

An Update on Tax Information Exchange Agreements

As originally appeared in Offshore Insight

April 2009

applebyglobal.com

The signing of Tax Information Exchange Agreements (TIEAs) by international financial centres demonstrates their commitment to adhere to internationally agreed standards on exchanging information for tax purposes. The TIEAs represent the OECD approved standard for exchange of information for the purposes of preventing harmful tax practices. Participating jurisdictions have forged their agreements to comply with this standard by adopting international standards of transparency, while continuing to protect their investors' privacy. The recent report by the OECD on progress towards implementation of an internationally agreed standard on exchange of information for tax purposes has highlighted the present international focus on TIEAs.

Bermuda has announced eight TIEAs to be signed on 16 April 2009 by New Zealand and the Nordic Council which consists of Denmark, Faroe Islands, Finland, Greenland, Iceland, Norway and Sweden. In addition to these eight agreements, a signing with Germany is soon to follow. These signings will bring the total number of TIEAs for Bermuda to 12, which include the United

Kingdom (UK), Australia and (by a Tax Treaty) the United States.

British Virgin Islands have entered into advanced negotiations with the Nordic Council and the tax information exchange agreements are to be signed with each member state on 18 May 2009. In addition to the seven countries of the Nordic Council, the British Virgin Islands also has TIEAs with Australia, the USA and the UK.

The Cayman Islands has agreed to the signing of seven new TIEAs with the countries of the Nordic Council giving Cayman a total of eight such agreements, including the US. In addition to the TIEAs, Cayman has 12 unilateral arrangements under its 2008 Tax Information Authority Law for tax information assistance with Austria, Belgium, Czech Republic, Germany, Ireland, Japan, Luxembourg, the Netherlands, Slovak Republic, South Africa, the UK and Switzerland.

Jersey has taken another step forward with the signing of TIEAs with the UK, Ireland and France, thereby reaching a total of 13 TIEAs. Jersey has TIEAs with the Nordic Council, the US, the Netherlands, and Germany. Jersey is also in

negotiation with Australia, New Zealand, Italy and Spain.

Mauritius has entered into over 30 double-tax treaties and generally speaking, the treaty benefits are available to all Mauritian companies other than international companies. All treaties initiated or ratified by Mauritius are based on the OECD model treaty, and contain exchange of information clauses. Mauritius currently holds a TIEA with the UK.

The signing of such tax information exchange agreements goes a long way to further establish the reputation of the jurisdictions in which Appleby conducts its business. The TIEAs reinforce the fact that these jurisdictions as well regulated, well developed, and cooperate tax locations that remain

attractive choices for the conduct of international business. The aggressive negotiation and signing of these agreements makes this a rapidly changing area of tax law. Consult your Appleby lawyer for answers to any inquiries you may have.

This publication is intended only to provide a summary of the subject matter covered. It does not purport to be comprehensive or to provide legal advice. No person should act in reliance on any statement contained in this publication without first obtaining specific professional advice.

April 2009

© Appleby

The Right People. The Right Places.

Bermuda

Canon's Court
22 Victoria Street
PO Box HM 1179
Hamilton HM EX
Bermuda

Tel +1 441 295 2244
Fax +1 441 292 8666

Jersey

PO Box 207
13-14 Esplanade
St Helier
Jersey JE1 1BD
Channel Islands

Tel +44 (0)1534 888 777
Fax +44 (0)1534 888 778

British Virgin Islands

No 56 Admin Drive
Wickhams Cay 1
PO Box 3190
Road Town
Tortola VG 1110
British Virgin Islands

Tel +1 284 494 4742
Fax +1 284 494 7279

London

2nd Floor
2 Royal Exchange Bldgs
London EC3V 3LF
United Kingdom

Tel +44 (0)20 7283 6061
Fax +44 (0)20 7469 0540

Cayman Islands

Clifton House
75 Fort Street
PO Box 190
Grand Cayman KY1-1104
Cayman Islands

Tel +1 345 949 4900
Fax +1 345 949 4901

Mauritius

8th Floor
Medine Mews
La Chaussée
Port Louis
Mauritius

Tel +230 203 4300
Fax +230 210 8792

Hong Kong

8th Floor
Bank of America Tower
12 Harcourt Road
Central
Hong Kong

Tel +852 2523 8123
Fax +852 2524 5548

Zurich

Bahnhofstrasse 52
CH-8001
Zurich
Switzerland

Tel: +41 44 214 6525
Fax: +41 44 214 6524