

OECD White List and the Isle of Man



The status of the Isle of Man as a co-operative, transparent and internationally responsible jurisdiction has been recognised by the Organisation for Economic Co-operation and Development (“**OECD**”).

The White List

On 2nd April 2009, the G20 leaders met in London to discuss the current economic crisis and “tax havens” were firmly on the agenda. A number of agreements were reached by the G20, including an agreement to take action against non-cooperative jurisdictions, including “tax havens”, and to stand ready to deploy sanctions to protect public finances and financial systems.

The G20 made reference to the report, issued by the OECD on the same day, detailing the progress of 82 jurisdictions in implementing internationally agreed tax standards on transparency and exchange of information. The Isle of Man, along with jurisdictions such as the UK, the US, France and Germany, was included on a white list of jurisdictions that have substantially implemented the internationally agreed tax standard.

The report also included a list (the “grey list”) of “tax havens” and other “financial centres” that have committed to the internationally agreed tax standard, but have not yet substantially implemented it and a list (the “black list”) of jurisdictions that have not committed to the internationally agreed tax standard. Subsequently, those jurisdictions initially placed on the black list have been moved to the grey list following representations to the OECD.

Background

As far back as 2000, the Isle of Man made a commitment to the OECD to work with the OECD in addressing harmful tax practices by improving transparency and establishing effective exchange of information on tax matters. In 2002, the OECD produced a model bilateral tax information exchange agreement to promote international co-operation in tax matters through the exchange of information. The model agreement was developed by an OECD working group to which the Isle of Man contributed.

The Isle of Man followed through on its commitment to the OECD and signed its first tax information exchange agreement (“**TIEA**”) with the US in 2002. A further TIEA with the Netherlands was signed in 2005, followed by seven TIEA’s with the Nordic countries in 2007. Since then the Island has signed TIEA’s with Iceland, Ireland, the UK, Australia, Germany and France, bringing its total number of TIEA’s to 14, 12 of which are with OECD member countries. There are several more TIEA’s in the pipeline.

The Isle of Man has signed more TIEA’s than any of its counterparts and the Island’s efforts have not gone unnoticed by the OECD. The Island’s 12th TIEA was described by the OECD as an important milestone in implementing the Island’s commitment to international co-operation.

What this means for the Isle of Man?

The Isle of Man has worked hard to ensure that it is not regarded as a tax haven with harmful tax practices and its inclusion on the most recent OECD white list is recognition of its efforts. It also demonstrates that the Isle of Man is a co-operative and transparent international financial services centre which takes its international responsibilities very seriously.

By being pro-active and entering into TIEA's with other jurisdictions, the Island is currently ahead of the game and a number of its competitors.

The Future

The Island is not complacent about its future and recognises the need to ensure that it maintains its international standing.

In view of the current economic climate, international financial services centres will remain in the spotlight and will continue to have their financial services regulation, anti-money laundering legislation and financial stability assessed by international organisations against internationally accepted benchmarks.

In November last year, the UK Government announced an independent review of its Crown Dependencies (which includes the Isle of Man) and Overseas Territories. The review will cover issues such as financial supervision and transparency, fiscal arrangements, financial crises management and resolution arrangements and international co-operation. The review will not include the Isle of Man's constitutional relationship with the UK.

Such external reviews are an opportunity for the Island to demonstrate that it is a well regulated, financially stable and co-operative jurisdiction that complies with internationally accepted standards.

Should you have any questions or require further information please contact:

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