

## BVI Closes in on OECD's Internationally Agreed Tax Standard

On 17 June 2009, the British Virgin Islands (BVI) signed its 11th Tax Information Exchange Agreement (TIEA) with France. The BVI signed its first TIEA with the United States in 2002 and now has TIEA's with the United Kingdom, Australia and the Nordic Council (Denmark, Faroe Islands, Finland, Greenland, Iceland, Norway and Sweden).

Over the coming months, the BVI is expected to sign TIEA's with New Zealand and other countries. The signing of the agreements will almost certainly elevate BVI to the OECD's "White List" of jurisdictions. A jurisdiction must have signed an agreement for the exchange of tax information with a minimum of 12 jurisdictions to meet the OECD's internationally agreed tax standard.

The G20 world leaders met in April this year and discussed the global financial crisis and how to raise revenue globally through a crackdown on tax evasion. Following the meeting, the OECD Secretariat provided a report on the progress of financial centres from around the world. The report consisted of four parts:

- Jurisdictions that had "substantially implemented" the internationally agreed tax standard on exchange of information for tax purposes (the so-called "White List")
- Jurisdictions that had committed to the internationally agreed tax standard but had not yet substantially implemented it (the so-called "Grey List")
- Other Financial Centres that had committed to the internationally agreed tax standard but had not yet substantially implemented it
- Jurisdictions that had not committed to implementing the internationally agreed tax standard (the so-called "Black List")

All of the jurisdictions in which Appleby practices (Bermuda, BVI, Cayman Islands, Jersey, Mauritius and the Seychelles) were included on the White List or Grey List. At the time of the report they had either implemented the internationally agreed tax standard (Jersey, Mauritius and the Seychelles) or had at least demonstrated a commitment to the internationally agreed tax standard (Bermuda, BVI and the Cayman Islands).

### Seychelles and Isle of Man

Appleby will practice Isle of Man law from 1 October this year, through its merger with leading local firm Dickinson

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Cruickshank. Appleby has also recently opened an office in the Republic of Seychelles. Both of these jurisdictions are already on the OECD's White List.

## Bermuda

Since the release of the OECD's report in April, the OECD has elevated Bermuda to the "White List", Bermuda having signed a TIEA with The Netherlands in June 2009. Bermuda will soon sign TIEA's with Germany, Mexico and Canada. It is also at an advanced stage of negotiations with Japan and has commenced negotiations with France.

## Cayman Islands

The Cayman Islands are well on the way to being elevated to the "White List". The jurisdiction has demonstrated a commitment to high standards of international cooperation and transparency on tax. It recently signed a double tax agreement (including important provisions on tax information exchange) with the United Kingdom on 15 June 2009 and Ireland on 23 June 2009.

The Cayman Islands have in place ten bilateral tax agreements, and the Cayman Islands Government has stated it will have in place 12 TIEA's by September 2009. The Cayman Islands have negotiated an agreement with France which is expected to be signed shortly. Agreements between Cayman Islands and Australia, Canada, New Zealand, Netherlands and Germany are also in the pipeline.

The OECD's internationally agreed tax standard is designed to advance global efforts in relation to cooperation, transparency and effective exchange of tax information. In doing so, it will protect and enhance the reputation of jurisdictions that are committed to this standard. It is significant, but certainly no surprise, that all of Appleby's jurisdictions (soon to include the Isle of Man) have been recognised by the OECD as jurisdictions demonstrating a commitment to the internationally agreed tax standard and the principles in which this standard promotes.

Appleby will continue to closely monitor and keep you informed of developments in this area.

For further information, please contact:



**James McConvill**

BVI

Tel: +1 284 852 5304

Email: [jmconconvill@applebyglobal.com](mailto:jmconconvill@applebyglobal.com)

## Managing Partners

Shaun Morris	Managing Partner – Bermuda	+1 441 298 3230	<a href="mailto:smorris@applebyglobal.com">smorris@applebyglobal.com</a>
Michael Burns	Managing Partner – BVI	+1 284 852 5318	<a href="mailto:mburns@applebyglobal.com">mburns@applebyglobal.com</a>
Huw Moses	Managing Partner – Cayman	+1 345 814 2000	<a href="mailto:hmoses@applebyglobal.com">hmoses@applebyglobal.com</a>
Frances Woo	Managing Partner – Hong Kong	+852 2905 5720	<a href="mailto:fwoo@applebyglobal.com">fwoo@applebyglobal.com</a>
Mike O'Connell	Managing Partner – Jersey	+44 (0)1534 818 025	<a href="mailto:moconnell@applebyglobal.com">moconnell@applebyglobal.com</a>
Warren Cabral	Managing Partner – London	+44 (0)20 7469 0521	<a href="mailto:wcabral@applebyglobal.com">wcabral@applebyglobal.com</a>
Malcolm Moller	Managing Partner – Mauritius	+230 203 4301	<a href="mailto:mmoller@applebyglobal.com">mmoller@applebyglobal.com</a>
Malcolm Moller	Managing Partner – Seychelles	+248 225 283	<a href="mailto:mmoller@applebyglobal.com">mmoller@applebyglobal.com</a>
Jonathan Vanderkar	Managing Partner – Zurich	+41 44 214 6522	<a href="mailto:jvanderkar@applebyglobal.com">jvanderkar@applebyglobal.com</a>

# Offices



## **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

## **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

## **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

## **Hong Kong**

8<sup>th</sup> Floor  
Bank of America Tower  
12 Harcourt Road  
Central  
Hong Kong

Tel +852 2523 8123  
Fax +852 2524 5548

## **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

## **London**

2<sup>nd</sup> Floor  
2 Royal Exchange Bldgs  
London EC3V 3LF  
United Kingdom

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

## **Mauritius**

8<sup>th</sup> Floor  
Medine Mews  
La Chaussée  
Port Louis  
Mauritius

Tel +230 203 4300  
Fax +230 210 8792

## **Seychelles**

Level 2B  
Caravelle House  
Manglier Street  
Victoria, Mahe  
Seychelles

Tel +248 225281  
Fax +248 225282

## **Zurich**

Bahnhofstrasse 52  
CH-8001  
Zurich  
Switzerland

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