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TAX INFORMATION EXCHANGE AGREEMENTS ON THE INCREASE

As pressure mounts for more transparency, the number of tax information exchange agreements (TIEAs) between countries continues to rise. Britain's offshore territories appear to be leading the way with a further 17 signed towards the beginning of this year. Meanwhile Liechtenstein has also signed a very recent agreement with the US.

TIEAs are bilateral agreements which promote international co-operation in tax matters through exchange of information. Most TIEAs are based on an unbinding model agreement published by the OECD (Organisation for Economic Cooperation and Development) which provides for a commentary of its provisions.

According to the above mentioned OECD model, the contracting countries exchange information that is foreseeably relevant to the administration and enforcement of their domestic laws concerning taxes covered by the agreement. It includes information relevant to the determination, assessment and collection of such taxes, the recovery and enforcement of tax claims, or the investigation or prosecution of tax matters.

The taxes covered by the agreement can for example be taxes on income or profits, taxes on capital, taxes on net wealth or estate, inheritance or gift taxes.

The following recent bilateral agreements have been signed:

British Virgin Islands with UK (29 October 2008), Australia (27 October 2008) and US (03 April 2002)

Isle of Man with the UK (29 September 2008), Ireland (24 April 2008), Denmark (30 October 2007), Faroes (30 October 2007), Finland (30 October 2007), Greenland (30 October 2007), Iceland (30 October 2007), Norway (30 October 2007), Sweden (30 October 2007), the Netherlands (12 October 2005) and US (02 October 2002)

Guernsey with UK (20 January 2009), Denmark (28 October 2008), Faroes (28 October 2008), Finland (28 October 2008), Greenland (28 October 2008), Iceland (28 October 2008), Norway (28 October 2008), Sweden (28 October 2008), the Netherlands (25 April 2008) and US (19 September 2002)

Jersey with Denmark (28 October 2008), Faroes (28 October 2008), Finland (28 October 2008), Greenland (28 October 2008), Iceland (28 October 2008), Norway (28 October 2008), Sweden (28 October 2008), Germany (4 July 2008), the Netherlands (20 June 2007) and US (04 November 2002)

Bermuda with UK (4 December 2007) and Australia (15 November 2005)

Antigua and Barbuda with Australia (30 January 2007) and the US (06 December 2000)

The Netherlands Antilles with Spain (10 June 2008), New Zealand (01 March 2007), Australia (01 March 2007) and US (17 April 2002)

The US has also signed a recent TIEA with **Liechtenstein** (8 December 2008), although it will not include automatic tax information exchange. In other words the applying party has to show that all reasonable measures have been taken in the US to obtain the information. The US has also signed older TIEAs with **Aruba** (21 November 2003), the **Bahamas** (25 January 2002) and the **Cayman Islands** (27 November 2001).

Note: these agreements have to be combined with those signed by certain dependant territories of EU member states regarding application of the same measures contained in the EU savings directive.