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INTERNATIONAL AGREEMENTS ON TAX COOPERATION : IMPERATIVES FOR THE PHILIPPINES

**Congressional Planning and Budget Department
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Abstract

The Organization for Economic Cooperation and Development (OECD) listed the Philippines as one of four countries that have not committed to the international standards for tax cooperation. The main problem being pointed out for its inclusion in the OECD list of tax havens is the existence of laws that strictly uphold confidentiality of bank accounts which make it very difficult to access relevant bank information for tax purposes.

After expressing its commitment to meet international standards, the country was immediately removed from the list of "uncooperative tax havens" and transferred to the "grey" list of countries "committed to the internationally agreed tax standards but have not yet substantially implemented". Failure to implement the required reform measures may unduly expose the country to a number of sanctions that would have negative repercussions on the whole economy. Among the possible sanctions are the following: (i) withdrawal of financing by multilateral institutions; (ii) reduction of ODA funds from donor countries; (iii) depreciation of the peso; and (iv) pressure on interest rates. The imposition of any of the sanctions would make doing business with other countries difficult, expensive and time consuming.

The OECD is expected to monitor the progress in the implementation of the agreements of countries concerned and it is scheduled to release another report by November this year. To be fully compliant to the international standards and avoid sanctions, the country needs to align local laws with globally accepted standards. Specifically, the amendment of laws that restrict access to bank information and the passage of a law that seek to promote transparency in tax collection are very important.

International Agreements on Tax Cooperation: Imperatives for the Philippines*

by Rosemarie R. Sawali

On 2 April 2009, the Organization for Economic Cooperation and Development (OECD)¹ listed the Philippines along with Costa Rica, Uruguay and Malaysian territory of Labuan² as the countries that have not committed to the international standards for tax cooperation. The internationally agreed tax standard “requires exchange of information on request in all tax matters for the administration and enforcement of domestic tax law without regard to a domestic tax interest requirement or bank secrecy for tax purposes, and provides for extensive safeguards to protect the confidentiality of the information exchanges.”³

The list came as a response to concerns that tax evasion and bank secrecy have helped worsen the current global economic crisis by covering up the true value of some global assets. Moreover, developed countries such as the United States, the United Kingdom and France blame illegal tax evasion through offshore shelters for worsening the global economic crisis.

A week after the Philippines expressed commitment to meet international standards, it was immediately removed from the list of “uncooperative tax havens”⁴. The country is now in the “grey” list of countries “committed to the internationally agreed tax standards but have not yet substantially implemented”. It now needs to firm up its commitments by modifying relevant laws to be transferred to the list of those that have “substantially implemented the internationally agreed tax standard.”

Tax Information Exchange Agreement

Developed by the OECD Global Forum Working Group on Effective Exchange of Information⁵, the Tax Information Exchange Agreement (TIEA) aims to promote international cooperation in tax matters through exchange of information. The TIEA outlines an agreement between two countries to help each other through the exchange of correct tax information relevant to the administration and enforcement of their respective domestic civil and criminal tax laws.

* This paper benefitted from the discussions with Director General Rodolfo V. Vicerra, Executive Director Romulo E. Miral Jr. and Director Manuel P. Aquino.

¹ The OECD has 30 member countries and maintains extensive contacts with over 70 non-member countries. Among others, the OECD aims to bring together countries committed to democracy and the market economy from around the world to support sustainable economic growth. (Please see *Annex 1* for more information on the OECD.)

² Labuan is the main island of the Malaysian Federal Territory of Labuan. It is best known as an offshore financial centre offering international financial and business services via Labuan IBFC (International Business and Financial Center) since 1990 as well as a tourist destination for nearby Bruneians and scuba divers.

³ It was developed by the OECD in cooperation with non-OECD countries and was endorsed by the G20 Finance Ministers at their Berlin meeting in 2004 and by the UN Committee of Experts on International Cooperation in Tax Matters at its October 2008 meeting.

⁴ The OECD uses four key factors in determining whether a jurisdiction is a taxhaven: (i) whether no or only nominal taxes; (ii) whether there is a lack of transparency; (iii) whether there are laws or administrative practices that prevent the effective exchange of information for tax purposes with other governments on taxpayers benefiting from the no or nominal taxation; and (iv) whether there is an absence of a requirement that the activity be substantial.

⁵ The Group consisted of representatives from OECD Member countries as well as delegates from Aruba, Bermuda, Bahrain, Cayman Islands, Cyprus, Isle of Man, Malta, Mauritius, the Netherlands Antilles, the Seychelles and San Marino.

A TIEA differs from a comprehensive international tax agreement (e.g., tax treaty) as it does not contain any provision concerning the allocation of taxing rights over income. Provisions concerning the exchange of information also differ: (i) TIEAs are broader than international tax agreements as they cover all taxes administered by the Internal Revenue Commissioner as well as criminal and civil tax matters; and (ii) they are narrower in that the information exchanged can only relate to a specific investigation— the information exchange article under the traditional international tax agreements allows for specific, spontaneous and automatic exchange of information.

TIEAs play a key role in promoting international financial stability. These also aid in maintaining higher standards for the collection of taxpayer and accounting information and, in the process, promoting transparency and good governance. To some extent, these can also be used as instruments to track down criminal activities.

For the countries subscribing to the international tax standards, the following benefits have also been identified:

- (i) improvement of the integrity of the tax system;
- (ii) enhancement of revenue base through access to both local and offshore tax related information;
- (iii) promotion of justice and fairness in tax payments as it prevents tax evasion practices; and
- (iv) provision of an important deterrent to taxpayers considering entering into offshore arrangements to avoid or evade tax.

G20⁶ Statement on Transparency and Exchange of Information for Tax Purposes

Finance Ministers and Central Bank Governors of the G20 issued the *2004 G20 Statement on Transparency and Exchange of Information for Tax Purposes* declaring the following requirements:

- (i) **On high standards of transparency**, government authorities should have access to bank information and other financial information held by financial intermediaries and to beneficial ownership information regarding the ownership of all types of entities.
- (ii) **On high standards of exchange of information**, information should be available for exchange with other countries in civil and criminal tax matters. Moreover, it should not be limited by dual incrimination principles in criminal tax matters or by the lack of domestic tax interest⁷ in civil tax matters.

The 2004 G20 Statement further highlighted the need for appropriate safeguards on the use and disclosure of any information exchanged by implementing it through legal mechanisms.

⁶ G20 is The Group of Twenty (G-20) Finance Ministers and Central Bank Governors was established in 1999 to bring together systemically important industrialized and developing economies to discuss key issues in the global economy. It is composed of the finance ministers and central bank governors of the following countries: Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, United Kingdom, and United States of America.

⁷ It refers to domestic legislation that would prohibit the Philippines from providing information to another treaty partner because the country did not have interest in such information for its own purposes.

Information exchanged should only be used for authorized tax purposes to ensure protection of the rights of taxpayers and the confidentiality of tax information.

International Progress Report on Improving Access to Bank Information for Tax Purposes

To ensure that countries comply with the internationally agreed standards for tax cooperation, the Committee on Fiscal Affairs (CFA) of the OECD published a report in 2000 on *Improving Access to Bank Information for Tax Purposes* which outlined the ideal standard of access to bank information. The standard states that “***all member countries should permit access to bank information, directly or indirectly, for all tax purposes so that tax authorities can fully discharge their revenue raising responsibilities and engage in effective exchange of information with their treaty partners***”. The report also identified the following measures that should be adopted by countries to move towards the standard:

- (i) Prohibit anonymous accounts;
- (ii) Require financial institutions to identify their usual or occasional customers, as well as those persons to whose benefit a bank account is opened or a transaction is carried out;
- (iii) Review any domestic tax interest requirement that prevents the tax authorities from obtaining information for a tax treaty partner, in the context of a specific request;
- (iv) Re-examine policies and practices that do not permit tax authorities to have access to bank information, directly or indirectly, for purposes of exchanging such information in tax cases involving intentional conduct which is similar to tax prosecution;
- (v) Take appropriate initiatives to achieve access for the verification of tax liabilities and their tax administration purposes;
- (vi) Improve the administrative feasibility and the capability of information systems; and
- (vii) Examine how to develop a voluntary compliance strategy to enable non-compliant taxpayers into declaring income and wealth that they have in the past concealed by means of taking advantage of strict bank secrecy laws in some jurisdiction.

When necessary, countries are expected to make changes to their laws, regulations and administrative practices to be able to implement the above measures.

The CFA also monitored the progress of countries in the implementation of the measures. It already conducted two comprehensive reviews. The first was in 2003 where the following positive developments were identified: (i) anonymous accounts could no longer be opened in any OECD country; (ii) customer identification requirements were established in all OECD countries; and (iii) there was no longer any OECD country that required a domestic tax interest to obtain information for a tax treaty partner. Two key areas were identified where little progress was observed: (i) access to bank information in criminal matters in countries that apply the double incrimination standard and that have a narrow definition of tax fraud; (ii) and access to bank information for civil tax purposes.

The second review released on April 2009 detailed the progress by financial centers around the world towards the implementation of the international tax standard or exchange of information for tax purposes. The countries were classified according to their compliance to the international tax standards. (Please refer to *Annex 2* for the OECD report.)

Banking Secrecy

In the case of the Philippines, the main problem being pointed out for the inclusion in the OECD list of tax havens is the restrictive *Banking Secrecy Law* or Republic Act (RA 1405) of the country. The law specifically provides that all bank deposits in the Philippines including investments in bonds issued by the Government of the Philippines may not be examined, inquired or looked into except upon written permission of the depositor, or in cases of impeachment, or upon order of a competent court in cases of bribery or dereliction of duty of public officials, or in cases where the money deposited or invested is the subject matter of the litigation. The said *Banking Secrecy Law* was enacted in 1955, and was deemed very important in encouraging the flow of investments in the country. It guaranteed confidentiality of information about their deposits in local banks.

In 2000, the restrictive *Banking Secrecy Law* was cited by the Financial Action Task Force on Money Laundering to be promoting the country as a haven for the laundering of proceeds from illegal activities such as drug trafficking, kidnapping and gambling. To address the issue, RA 9160 or the Anti Money Laundering Act (AMLA) was passed, amended by RA 9194, to address the deficiencies of RA 1405 by imposing requirements on customer identification, record keeping and reporting of covered and suspicious transactions and requiring banks to disclose suspicious deposit accounts of P500,000 and above within one banking day.

The AMLA, however, has not been totally effective in liberalizing the restrictive provision which is deemed to have impeded in the resolution of very important cases in the country. Recent newspaper reports involving the Legacy Group cited that, to some extent, RA 1405 prevented Bangko Sentral ng Pilipinas (BSP) examiners from acting immediately on fraudulent and unsafe banking practices. A temporary restraining order was issued by a regional trial court and affirmed by the Court of Appeals which initially prevented the BSP from further examining the books in an effort to file criminal charges against the owners and officials of Legacy Group. The same law was used as a scapegoat during the investigation of the fertilizer fund scam involving frozen accounts of former Agriculture Undersecretary Jocelyn Bolante. During its hearing, the Senate Blue Ribbon Committee was prevented from inspecting or securing information about Bolante's bank accounts due to bank secrecy provisions.

Apart from RA 1405, there are two other laws which uphold confidentiality of bank accounts in the country. One is the Foreign Currency Deposit Act (RA 6426) which provides that foreign currency deposits are of an absolutely confidential nature and cannot be examined, inquired or looked into by any person, government official, bureau or office whether judicial or administrative or legislative or any other entity whether public or private. Under this law, disclosure of information is allowed only with the written permission of the depositor. The other law is RA 8791 or the General Banking Law which covers other forms of investments. RA 8791 prohibits the disclosure by any director, official, employee or agent of any bank any information relative to the funds or properties in the custody of the bank belonging to private individuals, corporations or any other entity unless there is a court order of competent jurisdiction.

Tax Information Secrecy

The Tax Reform Act of 1997 (RA 8424) provides for the privacy of tax information in the country. Sections 270 and 278 of the said law bar BIR officers and employees from

disclosing tax related information . These sections provide the penalties – payment of fines and imprisonment – for any BIR officer or employee who divulges to any person or makes known in any other manner than may be provided by law information regarding the business, income or estate of any taxpayer, the secrets, operation, style or work, or apparatus of any manufacturer or producer, or confidential information regarding the business of any taxpayer, knowledge of which was acquired by him in the discharge of his official duties.

Teves (2001) argued that the inability of the BIR to provide information on tax payments of individuals and corporations has been a hindrance to policy formulation. He also stated that the confidentiality provisions only protect the rich, reinforce graft and corruption in the BIR and perpetuate dishonesty in tax declaration/tax payment.

Possible Sanctions for Non-implementation of Required Reform Measures

While the Philippines has been removed from the list of “uncooperative tax havens” and transferred to the “grey” list of countries, it is important that the country fulfills its commitments to the internationally agreed tax standards. Even the mere inclusion of the country in the list of non-cooperative jurisdiction to the internationally agreed tax standards has already given it a negative perception to investors.

The OECD is expected to monitor the progress of countries in the implementation of the agreements and is scheduled to release another report by November this year. Failure by the country to implement the required reform measures may unduly expose the country to a number of sanctions that would have negative implications on the whole economy.

- (i) **Withdrawal of financing by multilateral institutions.** With the very limited resources to fund developmental activities, the adverse impact of the reduction, if not total withdrawal of ODA funds, could imperil the country’s development plans.
- (ii) **Reduction of ODA funds from donor countries.** OECD countries such as the US and Japan continue to be among the top donor countries in the Philippines. The negative listing could impinge on their plans to support development in the country.
- (iii) **Possible depreciation of the peso.** The expected withdrawal of donor funds and decline in foreign direct investments could result in the decline of dollar reserves. These factors, in turn, could put pressure on the peso.
- (iv) **Possible pressure on interest rates.** The expected reduction of the flow of foreign funds, could put an upward pressure on interest rates. During this time of uncertainty on where the economy is heading, investments may further slow down when the cost of capital is high.

The imposition of any of these sanctions would make business with other countries difficult, expensive (e.g., high cost of borrowing) and time consuming. In general, it may further weaken the flow of funds into the country. The flow of foreign direct investments (FDI) which is already very low (amounting to US\$1.3 billion in 2008) compared to neighboring economies could be further hampered. For this year, the BSP expects FDI to be cut by half to \$700 million as a result of a weaker global economy and increased risk aversion to emerging markets such as the Philippines.

Furthermore, advisories made by global financial centers are highly considered as an important factor in the selection of investment destination. OECD can put political pressure

on global companies to withhold investment to a tax haven. Banking relationships with other countries could also be adversely affected as foreign banks may avoid transactions with local banks. There might also be an increase in disclosure requirements by companies and individuals using tax havens. Another consequence is the possible increase in bank transaction costs which would affect the remittances of overseas Filipino workers which amounted to \$16.4 billion in 2008.

Imperatives

It is very critical for the country to put into concrete actions its commitments to the OECD to avoid receiving the sanctions. Part of the commitment is the aligning of local laws with globally accepted standards. Specifically, the amendment of laws that restrict access to bank information and the passage of a law that seeks to promote transparency in tax collection are very important.

Amendment of laws that restrict access to bank information. There are three laws containing provisions that support the confidentiality of bank information: Bank Secrecy Law⁸, Foreign Currency Deposit Act and General Banking Law. In amending these laws, it is important to strike a balance between protecting the confidentiality of legitimate deposit accounts and being able to identify/expose illegal money. Unrestrained access to deposit information account may unduly expose depositors to various security risks. It is therefore important to safeguard any information and make sure that only authorized authorities have access to these, with appropriate accountability system established. To expedite the process of investigation, removing the requirement for a court order to secure access to bank information should also be considered. Furthermore, the authority of regulatory agencies should be strengthened by giving them access to deposit accounts whenever necessary to help detect fraudulent and irregular practices.

Exclusion of the use of alias or a number in opening a deposit account should also be considered. This is one of the recommended measures that countries should adopt to move towards compliance to the international tax cooperation agreement. At present, there is no specific banking law that prevents the use of alias in opening account in the country.⁹ The BSP has, however, issued several banking regulations that prohibit the practice.

The BIR supports the easing of the bank secrecy law conceding that current measures to apprehend tax evaders are no longer enough. The lifting or easing of the law provisions could help the BIR in determining the actual income of both individual and corporate taxpayers by looking into their bank accounts. At present, the enforcement effort of the BIR is limited to the tapping of cash registers or point-of-sale (POS) machines of stores. However, these machines can store very limited data and most companies are continuously

⁸ At present, House Bill No. 6051 seeking to ease the banking secrecy law by Representative Rufus B. Rodriguez is already filed at the House of Representatives. However, the coverage of the bill is limited to bouncing checks where drawee banks are allowed to disclose the signatories of the bouncing checks even if the cases are not yet filed in court. At the Senate, Senator Richard Gordon, chairman of the Senate Blue Ribbon committee, and members filed Senate Bill No. 3116 seeking to lift the prohibition on the investigation into the bank deposits of former and current government officials and employees who are facing corruption charges.

⁹ There are non-banking laws on the use of aliases but the provisions still allow its use under certain circumstances. RA 6085 (Regulating the Use of Aliases) provides that, except only as a pseudonym for literary purposes and athletic events, it is unlawful for a person to use an alias, unless the name is duly recorded in the proper local civil registry. Articles 379 and 380 of the Civil code provide that no person shall use different names and surname except the employment of pen and stage names provided it is done in good faith and there is no injury to third persons.

innovating on ways to under-declare sales. Access to bank accounts is expected to promote transparency in tax payments which can help improve revenue collection performance.

Briones (2009) cited that tax collections in the country have always been understated because of the bank secrecy law. Moreover, Muten, et al., (1985) and Paz and Pitargue (1986) as cited in Manasan (1988) pointed out that RA 1405 is a major impediment in the investigation of tax evasion cases. As also noted in a Business Mirror editorial, there are unscrupulous individuals who maintain bank deposits that are obviously beyond their declared and taxable income.

During these times of economic slowdown where revenue collections are also expected to decline, lifting of the bank secrecy law could facilitate in bolstering collections, as pronounced by the BIR. It is an opportunity for the BIR to go after those who are not paying the right amount of tax which will also promote and improve equity in tax payments. For the period 2006-2007, the National Tax Research Center (NTRC) estimated that the individual income-tax gap averaged P47.5 billion annually. In 2007, almost P40 billion or 80% of the estimated total income tax gap was attributed to businessmen and professionals.

Passage of a law that seeks to promote transparency in tax collection. From the 11th to the 13th Congress, the House of Representatives approved a bill by Representative Herminio G. Teves on Transparency in Tax Collection.¹⁰ However, a counterpart bill in the Senate was never discussed. The objective of the bill was to remove the legal impediment in ensuring transparency in the operations of the BIR. Specifically, it sought to repeal Sections 270 and 278 of RA 8424 or the National Internal Revenue Code (NIRC) of 1997 to enable the BIR to implement total transparency in tax collections. All information related to tax collections shall be made available to the public within a reasonable time frame.

For its part, the Department of Finance (DOF) is seeking for the amendment of relevant provisions of RA 8424 - Sections 6(F), 71 and 270 - to comply with the provisions of the international standard for information exchange. The proposed amendments will enable tax authorities of the country's treaty partners to obtain information held by banks and financial institutions of taxpayers, through the Commissioner of Internal Revenue, for the proper determination and collection of taxes on the foreign-sourced income of taxpayers. The DOF noted that this arrangement will also benefit the country because similar information can be obtained from tax treaty partners to effectively access the foreign income of Filipino taxpayers and determine their correct tax liabilities under domestic tax laws. Penalties are also included under the proposed amendments to prevent unlawful divulgence of information. It is important to note, however, that while this may address concerns of international treaty partners, it will fall short of addressing local issues, e.g., tax evasion, as the power of the BIR Commissioner to access bank deposit account information is limited to request of tax treaty partners. Thus, relaxing the *Banking Secrecy Law* is very important.

¹⁰ House Bill No. 283. An Act Instituting Full Transparency in Tax Collection and Repealing Sections 270 and 278 of the National Internal Revenue Code, as amended.

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Annex 1

More on OECD

The OECD is composed of the following 30 countries: Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Korea, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Spain, Sweden, Switzerland, Turkey, United Kingdom, United States. It also has extensive contacts with non-member economies and maintains co-operative relations with more than 70 of them.

OECD engages with civil society and parliamentarians in member countries, notably through its close and long-standing links with the Council of Europe and its Parliamentary Assembly, and with the Economic Committee of the NATO Parliamentary Assembly. It also maintains official relations with other international organisations such as the International Labour Organization, Food and Agriculture Organization, International Monetary Fund, World Bank, International Atomic Energy Agency, and other United Nations bodies. It also coordinates with the International Transport Forum, an independent body linked to OECD that deals with issues of improvement of all forms of transport.

The mission of OECD is to bring together the governments of countries committed to democracy and the market economy from around the world to: (i) support sustainable economic growth; (ii) boost employment; (iii) raise living standards; (iv) maintain financial stability; (v) assist other countries' economic development; and (vi) contribute to growth in world trade. It provides a setting where governments compare policy experiences, seek answers to common problems, identify good practice and coordinate domestic and international policies.

Source: OECD Website

Annex 2

A PROGRESS REPORT ON THE JURISDICTIONS SURVEYED BY THE OECD GLOBAL FORUM IN IMPLEMENTING THE INTERNATIONALLY AGREED TAX STANDARD¹

Progress made as at 2nd April 2009

Jurisdictions that have substantially implemented the internationally agreed tax standard			
Argentina	Germany	Korea	Seychelles
Australia	Greece	Malta	Slovak Republic
Barbados	Guernsey	Mauritius	South Africa
Canada	Hungary	Mexico	Spain
China ²	Iceland	Netherlands	Sweden
Cyprus	Ireland	New Zealand Norway	Turkey
Czech Republic	Isle of Man	Poland	United Arab Emirates
Denmark	Italy	Portugal	United Kingdom
Finland	Japan	Russian Federation	United States
France	Jersey		US Virgin Islands

Jurisdictions that have committed to the internationally agreed tax standard, but have not yet substantially implemented

Jurisdiction	Year of Commitment	Number of Agreements	Jurisdiction	Year of Commitment	Number of Agreements
Tax Havens³					
Andorra	2009	(0)	Marshall Islands	2007	(1)
Anguilla	2002	(0)	Monaco	2009	(1)
Antigua and Barbuda	2002	(7)	Montserrat	2002	(0)
Aruba	2002	(4)	Nauru	2003	(0)
Bahamas	2002	(1)	Neth. Antilles	2000	(7)
Bahrain	2001	(6)	Niue	2002	(0)
Belize	2002	(0)	Panama	2002	(0)
Bermuda	2000	(3)	St Kitts and Nevis	2002	(0)
British Virgin Islands	2002	(3)	St Lucia	2002	(0)
Cayman Islands ⁴	2000	(8)	St Vincent & Grenadines	2002	(0)
Cook Islands	2002	(0)	Samoa	2000	(0)
Dominica	2002	(1)	San Marino	2002	(0)
Gibraltar	2002	(1)	Turks and Caicos Islands	2003	(0)
Grenada	2002	(1)	Vanuatu		
Liberia	2007	(0)			
Liechtenstein	2009	(1)			
Other Financial Centres					
Austria ⁵	2009	(0)	Guatemala	2009	(0)
Belgium ⁵	2009	(1)	Luxembourg ⁵	2009	(0)
Brunei	2009	(5)	Singapore	2009	(0)
Chile	2009	(0)	Switzerland ⁵	2009	(0)

Jurisdictions that have not committed to the internationally agreed tax standard			
Jurisdiction	Number of Agreements	Jurisdiction	Number of Agreements
Costa Rica	(0)	Philippines	(0)
Malaysia (Labuan)	(0)	Uruguay	(0)

1. The internationally agreed tax standard, which was developed by the OECD in co-operation with non-OECD countries and which was endorsed by G20 Finance Ministers at their Berlin Meeting in 2004 and by the UN Committee of Experts on International Cooperation in Tax Matters at its October 2008 Meeting, requires exchange of information on request in all tax matters for the administration and enforcement of domestic tax law without regard to a domestic tax interest requirement or bank secrecy for tax purposes. It also provides for extensive safeguards to protect the confidentiality of the information exchanged.

2. Excluding the Special Administrative Regions, which have committed to implement the internationally agreed tax standard.

3. These jurisdictions were identified in 2000 as meeting the tax haven criteria as described in the 1998 OECD report.

4. The Cayman Islands has enacted legislation that allows it to exchange information unilaterally and has identified 12 countries with which it is prepared to do so. This legislation is being reviewed by the OECD.

5. Austria, Belgium, Luxembourg and Switzerland withdrew their reservations to Article 26 of the OECD Model Tax Convention. Belgium has already written to 48 countries to propose the conclusion of protocols to update Article 26 of their existing treaties. Austria, Luxembourg and Switzerland announced that they have started to write to their treaty partners to indicate that they are now willing to enter into renegotiations of their treaties to include the new Article 26.

Source: OECD Website