

BERMUDA ON ITS WAY TO 19TH TIEA

Karen Corless – January 2010

On 20 December, 2009, Bermuda's Finance Ministry announced that it had concluded negotiations for Bermuda's latest TIEA with Portugal, following the conclusion of negotiations for TIEAs with Canada, Japan, Spain and Belgium, among others. Bermuda expects to sign these in early 2010, as it continues its commitment to the Organisation for Economic Cooperation and Development (OECD) initiative to implement standards of information exchange and transparency by negotiating and concluding TIEAs.

Bermuda's foresight in negotiating TIEAs with a number of countries meant it was well placed to sign off quickly on the requisite 12 TIEAs to earn OECD 'white list' status, following heightened international focus on tax evasion and the implementation of internationally agreed tax standards developed by the OECD in light of the global financial crisis, which culminated in the G20 London Summit announcement in April 2009 of a hardened approach to tax evasion.

Bermuda became the first jurisdiction to move up from the OECD 'grey list' following its 12th TIEA with the Netherlands on June 8, 2009, when it was added to the top tier of countries that have 'substantially implemented' internationally agreed tax standards, as monitored by the OECD.

Bermuda has since also signed TIEAs in 2009 with Germany (3 July), Ireland (28 July), the Netherlands Antilles (28 September), France (7 October), Mexico (15 October) and Aruba (20 October).

Bermuda's TIEA's are OECD compliant, but have been negotiated with a view to securing benefits for Bermuda and have inbuilt protections as to how information exchange in relation to tax matters is to occur. For example, the recently concluded deal with Portugal provides that Bermuda will be removed from Portugal's list of tax havens upon the TIEA entering into force thereby exempting Bermuda from certain punitive tax measures that apply to listed countries with direct benefits for Bermuda registered entities and individuals.

Bermuda's ongoing commitment to the OECD initiative ensures the continuation of its longstanding position as an attractive, well regulated, top tier international financial centre.

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Notes to Editors

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