

April 29, 2013

#### GLOBAL ACTION ON TACKLING TAX EVASION

Her Majesty's Government of the Turks and Caicos Islands congratulates Her Majesty's Government in the United Kingdom on its assumption of the Presidency of the G8. In that regard, we support the stated priorities of trade, tax compliance and transparency of the United Kingdom's G8 Presidency made by the Rt. Honourable David Cameron, Prime Minister. In particular we welcome the prominence of the issue of tax evasion and avoidance on the G8 agenda at its meeting to be held in Lough Erne, Northern Ireland in June 2013. We also support the United Kingdom Prime Minister's call to action in his letter addressed to the President of the European Council on April 26 2013, in the following four key areas:

- o A new global standard for multilateral information exchange;
- o Action plan to increase transparency in beneficial ownership;
- o Reform of global tax rules;
- o And improving the ability of developing countries to collect tax.

The Turks and Caicos Islands supports the efforts of the G8 and open governments everywhere in the battle against tax evasion and fraud; it has consistently worked with international partners to meet international standards and in particular, the Peer Review process by the Global Forum on Transparency in the Exchange of Tax Information. We welcome the work of the Organisation for Economic Co-operation and Development (OECD) to develop a common model for automatic exchange of bank information.

The United States Foreign Account Tax Compliance Act (FATCA) has become a catalyst for the global standard that the Prime Minister envisions. In the view of the Secretary-General of the OECD "the political support for automatic exchange of information on investment income has never been greater".

The Turks and Caicos Islands joins with our global partners in supporting the establishment of a multilateral automatic information exchange which will eventually emerge from the efforts of the G8. We subscribe to the notion that the fight against tax evasion and fraud is rightly a global priority, necessary to protect the integrity of public revenues, the confidence of taxpayers in the fairness and effectiveness of their tax systems and, ultimately, public confidence in open global capital markets.

The Turks and Caicos Islands is an open economy. We thrive in open, transparent and competitive markets. We are also committed to developing our financial service industry as a dynamic, successful and well regulated sector which meets globally recognised standards of transparency and compliance and we stand ready to respond to change. The Turks and Caicos Islands will embrace this next step and commits to entering into automatic exchange of information agreements with the UK to the same timetable as the agreements which we are currently finalising with the US.

History will reveal that since the Turks and Caicos Islands acceded to the OECD process in 2002 we have moved gradually to enacting appropriate legislation to give effect to the sixteen Tax Information Exchange Agreements (TIEAs) entered into to date, mainly with OECD countries. To this end the Turks and Caicos Islands has established an Exchange of Information Unit within the Ministry of Finance with dedicated staff working hard to ensure that the Turks and Caicos Islands meets all of its tax treaty obligations.

The Turks and Caicos Islands successfully underwent the Phase 1 Peer Review process and are among the first set of jurisdictions currently within the Phase 2 process. The Turks and Caicos Islands continues to work with our partners as we reform and strengthen our laws and administrative systems to ensure their effective implementation and values the recommendations that emanate from the reviews and assessments of our global partners and endeavour to give effect to them.

Since accepting the European Union Directive on the Taxation of Savings Income and enacting legislation in 2005, the Turks and Caicos Islands formally transitioned from the withholding tax arrangement under the Directive to the automatic exchange of information arrangement in July 2012.

With the advent of the FATCA, the Turks and Caicos Islands undertook the necessary consultations with all stakeholders in the jurisdiction with a view to bringing about cooperation on the subject with the US Government, and has decided to enter into a FATCA arrangement with the US as part of its negotiations to conclude a TIEA.

In the same vein, the Turks and Caicos Islands has taken the decision recently to thereafter engage Her Majesty's Government in the United Kingdom in negotiating and concluding an Inter-Governmental Agreement that emulates the US-type FATCA.

The Turks and Caicos Islands continues to negotiate TIEAs with jurisdictions that are inclined to concluding such an arrangements and have a further eleven TIEAs in various stages of negotiations and has decided to explore a multilateral approach.

Furthermore, building on our actions as regards the EU Savings Directive, we also commit to joining in due course the pilot multilateral automatic exchange of tax information announced recently by the United Kingdom, France, Germany, Italy, and Spain. The Turks and Caicos Islands also calls on other jurisdictions to commit to this initiative, and remove the opportunity for arbitrage between jurisdictions.

But the Turks and Caicos Islands is a small jurisdiction with limited resources. We therefore call upon the United States of America and the European Union to align their tax information requirements to avoid duplication of the burden placed upon the Turks and Caicos Islands by these requirements. We further call on the United Kingdom to deliver on its promise to assist the Turks and Caicos Islands in the development and expansion of its financial services industry.

The Turks and Caicos Islands recognises the need to work on going further to improve the robustness and availability of information on beneficial ownership. The work of the Global Forum and the Financial Action Task Force (through the regional oversight provided by the Caribbean Financial Action Task Force)

has led to significant improvements, which the Turks and Caicos Islands has supported. We recognise that the global standards continue to develop and we commit to internal assessment to ensure continued compliance with internationally established standards. We are determined to work with our partners to take forward this agenda and hereby commit to review the effectiveness of our legal and enforcement framework and to produce an Action Plan aimed at ensuring that we are in the forefront of jurisdictions in respect of information and enforcement of rules on beneficial ownership as well as the other required standards reflected in the 2012 revised FATF Recommendations and the methodology adopted in February 2013.

The Turks and Caicos Islands is a small jurisdiction with high standards in its financial services sector in sync with the required global standards. We are not a tax haven. High standards do not frighten us and we recognise that they are good for business. But we are determined to work for the fair application of those standards to all financial services sectors everywhere, whether off shore or on shore.

We look forward to working in close cooperation with the United Kingdom, the other Overseas Territories and international partners on these commitments and would urge rapid development of new global standards in these areas applied fairly to all, regardless to size and economy. April 29, 2013

Government of the Turks and Caicos Islands N.J.S. Francis Building, Pond St, Cockburn Town, Grand Turk,  
Turks & Caicos Islands Tel: (649) 946-2801 ext 40101 - Fax: (649) 946-1803 - email: premier@gov.tc -  
Twitter: @premier\_tci