

Multilateral Convention on Mutual Administrative Assistance in Tax Matters

The Mutual Administrative Assistance in Tax Matters Convention (“the Convention”) was extended to the British Virgin Islands on 4th September, 2013 and shall become effective 1st March 2014.

The Convention was developed in joint efforts by the OECD and the Council of the Europe in 1988 and subsequently amended by Protocol in 2010. The Convention is currently the most comprehensive exchange of information instrument for all forms of tax cooperation to tackle tax evasion and tax avoidance, a top priority for all countries.

Due to the amendment of the Convention in 2010 it has now been extended to Non-EU Countries. Additionally, it provides for all possible forms of administrative co-operation between states in the assessment and collection of taxes, in particular with a view to combating tax avoidance and evasion. This co-operation ranges from exchange of information, including automatic exchanges, to the recovery of foreign tax claims.

The decision to amend the Convention was a response to the G20 at its April 2009 London Summit to align the convention to the international standard on exchange of information and to open it to all countries, and more so to ensure that developing countries could benefit from the new more transparent environment. As such the amended Convention became effective as of 1st June, 2011 and was opened for signature as of that date.

As the G20 has indicated that Automatic Exchange of Information is to become the new international standards in exchange of information in July, 2013, the OECD has indicated that the Convention is the ideal instrument to implement automatic exchange of information swiftly and multilaterally.

The Convention covers a wider spectrum than the 25 Tax Information Agreements (TIEA) already signed by the BVI. This Convention is a multi-lateral instrument that provides a single legal basis for cooperation by the BVI on a multi-lateral basis. It also provides a mechanism for other types of Exchange of information such as spontaneous and automatic exchange, mechanisms that the BVI have not utilized in the past. In the first instance the BVI will only be required to exchange information Upon request under the Convention before any jurisdiction is able to exchange information automatically a Competent Authorities Agreement must first be negotiated to facilitate for this type of exchange.

There are presently 64 signatories to the Convention. They are: Albania, Andorra, Argentina, Australia, Austria, Azerbaijan, Belgium, Belize, Brazil, Canada, Chile, China, Columbia, Costa Rica, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Georgia, Germany, Ghana, Greece, Guatemala, Hungary, Iceland, India, Indonesia, Ireland, Italy,

Japan, Kazakhstan, Korea, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Mexico, Moldova, Morocco, Netherlands, New Zealand, Nigeria, Norway, Poland, Portugal, Romania, Russian Federation, San Marino, Saudi Arabia, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Tunisia, Turkey, Ukraine, United Kingdom, and United States.

In addition to those 64 countries, 13 jurisdictions are also covered by the Convention through territorial extension.

- (i) Through Denmark the Convention is extended to: the Faroe Islands and Greenland;
- (ii) Through the Netherlands the Convention is extended to: Aruba, Curaçao and Sint Maarten; and
- (iii) Through the United Kingdom, the Convention is extended to: Isle of Man (Crown Dependency) and Anguilla, Bermuda, British Virgin Islands, Cayman Islands, Gibraltar, Montserrat, and Turks & Caicos (Overseas Territories).

As such, the BVI has an obligation to enter into an information exchange agreements with jurisdictions in which the Convention has been enforced.

For More Information on the Multilateral Convention on Mutual Administration Assistance in Tax Matters, please visit OECD's website www.oecd.org/ctp/eoi/mutual.