



INTERNATIONAL TRADE AND INVESTMENT ORGANISATION
a forum for small and developing economies

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Global Transparency, Exchange of Tax Information and Small Nations – Much Has Been Done, But More Needed to Ensure a Level Playing Field

29 May 2006 – Negotiation of agreements between countries that provide for the exchange of tax information need to proportionately benefit nations of all sizes, said the International Trade and Investment Organisation (ITIO), commenting on a report published today by the Organisation for Economic Cooperation and Development's (OECD) Global Forum on Taxation.¹

“While the OECD’s report shows important progress in the process of working towards a global level playing field, small nations are still disadvantaged when it comes to negotiating tax related treaties and agreements,” said Brenda Heather Latu, representing Samoa, the current Chair of the ITIO. She noted that many ITIO members actively participated in the OECD’s review of legal and administrative frameworks providing for transparency and exchange of tax information in more than 80 countries.

Ms. Latu also explained that the exchange of tax information between countries has traditionally been covered in what are known as double taxation agreements (DTAs). There are more than 2,000 DTAs in existence.²

“Small and developing countries are frequently excluded from or not given the opportunity to participate in such treaty networks because they do not have the economic influence of larger nations – specifically in such areas as trade and export of commodities or resources,” said Ms. Latu. “This becomes a ‘vicious circle’ in which the economic influence of small and developing countries is held back by being excluded from treaty networks.”

Ms. Latu stated that what has emerged is a “two tiered system” in which larger and more developed countries offer DTAs to each other and certain other nations – like those which have sought-after natural resources such as oil – while smaller and developing countries are subject to a, “second-class arrangement in the form of stand-alone tax information exchange agreements, which do not provide the types of benefits found in DTAs.”

“ITIO members will continue to actively advance our position individually, in our bilateral relations and collectively. We look forward to the next step in the ongoing process of creating a level playing field which will involve reviewing what is done in practice and therefore what impediments exist to the exchange of tax information between all countries,” says Malcolm Couch, representing the Isle of Man, and currently ITIO Deputy Chair.

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The ITIO wishes to recognise the hard work and commitment of those countries and organisations that have been involved in progressing the level playing field project, and in particular the Commonwealth, which has worked tirelessly to promote fairness.

“Many ITIO members and non-members have worked diligently to put in place the necessary legal and administrative frameworks to support agreements which include provisions for the effective exchange of tax information,” says Shawna Brisbane representing St. Kitts, the Secretary of the ITIO. “Our members continue to be open and willing to negotiate appropriate bilateral agreements that promote a common framework for transparency and tax information exchange around the world and which provide for competition on a level playing field.”

Background on ITIO’s Involvement in the OECD Global Forum on Taxation

ITIO members have been involved in the OECD’s Global Forum on Taxation since 2001 and have invested significantly in international cooperation as part of the organisation’s collective commitment to assist in creating a fair and equitable global regulatory framework. A working group, which includes ITIO members, has worked since 2003 to identify issues associated with creating a level playing field. There has been substantial progress on the issues surrounding technical standards relating to exchange of information, but much work is left to be done in relation to standards for fair competition and non-discrimination.

Background on the ITIO

Formed in 2001, the ITIO works for a level playing field in the trade in services, particularly in the development and implementation of new regulatory standards. This includes, but extends beyond, taxation issues and entails dealing with a wide range of international bodies. The ITIO is unique among groupings of small and developing economies, being funded entirely by its members, which gives it total independence. It seeks to take account of members’ varying needs and stages of development and to produce results that are of benefit to all.

The ITIO members are: Anguilla, Bahamas, Barbados, Belize, British Virgin Islands, Cayman Islands, Cook Islands, Isle of Man, Panama, St Kitts & Nevis, Samoa, St Lucia, St Vincent & the Grenadines, Turks & Caicos and Vanuatu. The Commonwealth Secretariat, CARICOM, Pacific Islands Forum, Caribbean Development Bank and Eastern Caribbean Central Bank have Observer status. For additional information please visit www.itio.org.

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REFERENCES

1. The report, *Tax Co-operation: Towards a Level Playing Field – 2006 Assessment by the Global Forum on Taxation* was released on 29 May 2006 and is available from the OECD web site at www.oecd.org.
2. Based on data reported by the United Nations Conference on Trade and Development. This report can be found at www.unctad.org/en/docs/c2em11d2_en.pdf.