

PORTCULLIS TRUSTNET

PTN eUpdates – Keeping you informed **(Issue 18 – October 2009)**

Singapore, Samoa and Cook Islands **– More Tax Information Exchange Agreements**

As outlined in our most recent eUpdates, it has become clear that the majority of international financial centers are moving towards endorsing the OECD's Agreement on Exchange of Information on Tax Matters with an aim to promoting international co-operation in tax matters through exchange of information.

In recent news:

SINGAPORE

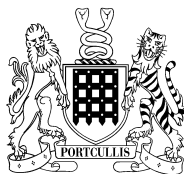
The Republic of Singapore and the Government of New Zealand have recently signed a revised Agreement for the avoidance of double taxation ("DTA"). While the DTA will enhance cooperation in information exchange upon request for tax matters, it will also minimize the double taxation of income that may occur as a result of cross-border economic activities between both countries.

It is hoped that the DTA will promote bilateral trade and investment by:

- a) Lowering withholding tax rates for dividends, interest and royalties, which are 15% under the existing DTA. The new withholding tax rates for interest and royalties are 10% and 5% respectively, while the withholding tax rates for dividends are 5% or 15%, depending on the shareholding structure; and
- b) Changing the definition of a Permanent Establishment to incorporate a building site, a construction, installation or assembly project if it lasts more than 12 months, instead of six months in the existing DTA.

Furthermore, an enhanced DTA was also signed with Australia on the 8th September 2009, bringing the total number of countries with which Singapore has signed protocols to enable the exchange of tax information to 6 - namely Australia, New Zealand, Belgium, United Kingdom, Denmark and the Netherlands.

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More information can be obtained from the Singaporean Inland Revenue of Authority website at <http://www.iras.gov.sg/irashome/latest.aspx>

SAMOA

Samoa has shown its willingness to commit to the OECD's standard of transparency and exchange of tax information with its recent announcement that it is progressing towards the completion of 17 tax information exchange agreements (TIEA's). 7 TIEA's were initialed on the 1st and 2nd September 2009 at the 5th OECD Global Forum in Los Cabos, Mexico.

In summary, Samoa has to date:

- signed a TIEA with the Netherlands and San Marino;
- initialed TIEA's with Mexico, Korea, Ireland, Italy, Finland, Denmark, Australia and Monaco; and
- approved (though not yet initialed) in text TIEA's with Sweden, Greece (Hellenic Republic), Greenland, Iceland, Norway, and the Faroes Islands.

Once signed the TIEA's will become effective upon the enactment of the enabling legislation in Samoa, namely the Samoa International Finance Services Cooperation Bill 2009/2010.

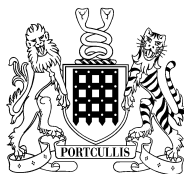
COOK ISLANDS

Since the signing of their first TIEA with New Zealand several months ago the Cook Islands have been very pro-active in its commitment to the process of transparency and exchange of tax information.

In summary, Cook Islands have to date:

- signed a TIEA with the Netherlands and New Zealand;
- initialed TIEA's with Mexico, Korea, Ireland, Italy, Finland, Denmark, and Monaco; and

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- pending approval of text - TIEA's with Sweden, Greece (Hellenic Republic), Greenland, Iceland, Norway, and the Faroes Islands.

It is expected that a TIEA will be signed shortly with Australia, the final text is in the process of being completed.

Legislation to effect the TIEA's being signed is in progress and is also expected to be completed very shortly. The New Zealand government is assisting in the process.

At the annual conference of the Asia Pacific Group ("APG") on Money Laundering held in Brisbane, Australia in July and attended by more than 300 people from 40 nations the Cook Islands were singled out for making significant progress in the fight against money laundering and the financing of terrorism.

Given the progress made in signing TIEA's and the positive APG country report the Cook Islands is welcoming the recent increased interest by overseas clients. Several international banks have indicated their renewed confidence in the jurisdiction.

Information regarding all jurisdictions that have entered into TIEAs can be viewed on the OECD website at

<http://www.oecd.org>

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