

PORTCULLIS TRUSTNET

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BRITISH VIRGIN ISLANDS AND AUSTRALIA

Tax Information Exchange Agreement

On 27 October 2008, the Premier of the British Virgin Islands (“BVI”), the Honourable Ralph O’Neal OBE, and the Australian Assistant Treasurer and Minister for Competition Policy and Consumer Affairs, Chris Bowen announced in a joint press release the signing of a Tax Information Exchange Agreement (“TIEA”) between Australia and the BVI.

The TIEA provides for full exchange of information on requests in both criminal and civil tax matters and builds upon legislation in both jurisdictions which already provides for mutual assistance in criminal matters. The TIEA reflects both Governments’ shared commitment to implement Organisation for Economic Cooperation and Development (“OECD”) principles of transparency and effective exchange of information, to eliminate harmful tax practices.

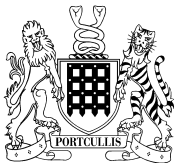
Under the terms of the TIEA, Australia and the BVI have agreed not to apply prejudicial or restrictive measures based on harmful tax practices to residents or nationals while the TIEA is in force and effective. Furthermore, Australia will remove any governmental references to the BVI as a “tax haven” and will list the BVI as an “information exchange country” in the ***Taxation Administration Regulations 1976***. This will provide residents of the BVI with access to reduced withholding tax rates* on distributions of certain income they may receive from Australian managed investment trusts.

In additions to the TIEA, Australia and the BVI have signed an agreement for the allocation of taxing rights with respect to certain income of individuals, which will provide benefits to Australian and BVI residents. Australia and the BVI have also agreed to enter into discussion, when appropriate, to foster further co-operation in areas of mutual interest.

*** Residents of “information exchange countries” are subject to withholding tax at the following rates:**

- ***22.5% for fund payments made between 01 July 2008 and 30 June 2009***
 - ***15% (final) for fund payments made between 01 July 2009 and 30 June 2010;***
- and;**
- ***7.5% (final) for fund payments made from 01 July 2010.***

All information provided in this eUpdate has been sourced from the Joint Press Release of the British Virgin Islands and Australia from London on 27 October 2008. Please note that the information contained herein is not intended to be exhaustive with respect all issues or matters arising directly or indirectly out of the TIEA. It is provided as a general guide or reference point and is in no way intended and should not be relied upon as legal advice.



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As an interim measure for the 2008-09 year of income, investors resident in information exchange countries are eligible to claim a deduction of expenses relating to fund payments. The net amount will be subject to tax at 22.5%.

Residents of other countries are subject to a final withholding tax of 30%

Copies of the agreements will be available on the Australian Treasury website at www.treasury.gov.au and, on the BVI Government website at www.bvi.gov.vg

The complete Joint Press Release from the BVI and Australia regarding the TIEA can be viewed at :

<http://www.bviplatinum.com/news.php?section=article&source=1225160529>

For further discussion on any aspect of the TIEA between the BVI and the Australia Governments, please do not hesitate to contact your usual Portcullis TrustNet representative for assistance.

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