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Review of Selected Countries

The results of the review of the 25 countries may be taken in conjunction with the appendices set out at the end of this paper. Appendix I provides a table of information from the World Bank's data-resource for OECD countries. Appendix II provides a similar report for the countries targeted by the Harmful Tax Competition Initiative. Appendix III sets out the counterparties to the double taxation conventions with the countries included in this review.

First Group: OECD Countries

1. United States of America

Overview: The most recent World Bank statistical database indicates that the GDP of the USA is \$12,409 billion with a gross national income per capita (GNIPC) of \$41,950 and a population of 296.4 million. The World Bank ranks the USA as first in the world for GDP and third in both population and GNIPC.⁵²

Mechanism for Exchange of Information: The 2006 Assessment indicates that the USA has entered into 55 double tax conventions and 30 tax information exchange agreements.⁵³ Further analysis of information from the US Treasury indicates that the counterparties to 29 of the DTCs are other OECD countries, while the vast majority of the remaining 26 counterparties are large developed or natural resource-rich countries.⁵⁴ Similar analysis of US TIEAs indicates that 18 of the TIEAs are with small and developing countries which were originally targeted by the OECD in 2000.⁵⁵ Further, with the exception of the TIEAs with Jamaica, Mexico and Barbados, US TIEAs were all 'stand-alone' agreements, that is, they were not associated with DTCs.⁵⁶ Nine of the 12 'stand-alone' TIEAs, not with countries targeted in the Harmful Tax Competition Initiative, are with poor and developing countries, principally in Latin America.

Limitations: The limitations to the effective exchange of information in the USA, as noted in the 2006 Assessment, as well as by the General Accountability Office of the US Government and the FATF, include the lack of availability of information on beneficial ownership in respect of companies registered in certain US states.⁵⁷ Further, the mechanism for exchange of information is exercised at federal level, while the availability of information on the beneficial ownership of corporate entities is typically controlled at state level. In states such as Delaware and Nevada, company formation procedures and reporting requirements may not accurately or adequately capture or retain information on beneficial ownership of corporate vehicles.⁵⁸ This is of some significance in that Delaware companies are arguably the corporate vehicles most frequently used by non-residents of the USA for so-called offshore transactions. Bearer share companies are also permitted.

2. United Kingdom

Overview: The World Bank statistical database indicates that the GDP of the UK is \$1,927 billion with a GNIPC of \$32,690 and a population of 60.2 million. The World Bank ranks the UK as sixth in the world for GDP, thirteenth in GNIPC and twenty-first in population.⁵⁹

Mechanism for Exchange of Information: The 2006 Assessment indicates that the UK has entered into 109 DTCs and has no TIEAs.⁶⁰ Further analysis of information from HM Revenue and Customs indicates that the counterparties to 29 of the DTCs are OECD countries, seven are with EU members or EU applicant countries other than OECD countries, 41 are with former British colonies or affiliated territories and 27 are with important trading partners or countries with important natural resources such as oil and minerals.⁶¹

Limitations: The legal and administrative limitations to the effective exchange of information in the UK include the availability of bearer shares and the lack of requirements for companies to have beneficial ownership information.

3. Canada

Overview: The World Bank statistical database indicates that the GDP of Canada is \$1,061 billion with a GNIPC of \$32,220 and a population of 32.27 million. The World Bank further ranks Canada as twelfth in the world for GDP, sixteenth in GNIPC and thirty-sixth in population.⁶²

Mechanism for Exchange of Information: The 2006 Assessment indicates that Canada has entered into 83 DTCs and has one TIEA with Mexico, an OECD country with which Canada also has a DTC.⁶³ Further analysis of information from the Canadian Department of Finance's database indicates that the counterparties to 27 of the DTCs are OECD countries, eight are with EU or EU applicant countries other than OECD countries, 26 are with important trading partners or countries with important natural resources such as oil and minerals, nine are with former British colonies (Commonwealth countries) or affiliated territories other than OECD countries and six are with former French colonies (La Francophonie).⁶⁴

Limitations: The limitations to the effective exchange of information in Canada include the availability of bearer shares and limitations on the availability of information regarding beneficiaries of trusts where there is no Canadian tax interest.

4. Japan

Overview: The World Bank statistical database indicates that Japan's GDP is \$3,944 billion with a GNIPC of \$31,410 and a population of 128 million. The World Bank ranks Japan as third in the world for GDP, nineteenth in GNIPC and tenth in population.⁶⁵

Mechanism for Exchange of Information: The 2006 Assessment indicates that Japan

has entered into 44 DTCs and had no TIEAs.⁶⁶ Further analysis of information from the Japanese Ministry of Finance indicates that the counterparties to 26 of the DTCs are OECD countries, two are with EU or EU applicant countries and 13 are with important trading partners and countries other than OECD countries with important natural resources such as oil or minerals.

Limitations: The legal and administrative framework in place in Japan provides for effective exchange of information pursuant to DTCs.

5. France

Overview: The World Bank statistical database indicates that the GDP of France is \$1,830 billion with a GNIPC of \$30,540 and a population of 60.7 million. The World Bank ranks France as seventh in the world for GDP, twenty-third in GNIPC and twentieth in population.⁶⁷

Mechanism for Exchange of Information: The 2006 Assessment indicates that France entered into 105 DTCs and had 11 TIEAs.⁶⁸ Further analysis of information from the French Ministry of Finance indicates that the counterparties to 29 of the DTCs are OECD countries, nine are with EU or EU applicant countries other than OECD countries, 30 are with important trading partners and countries with important natural resources such as oil or mining not falling into other classifications, and 20 are with former French colonies (La Francophonie).

Limitations: The limitations to the effective exchange of information in France include the availability of bearer share and debt securities.

6. Germany

Overview: The World Bank statistical database indicates that the GDP of Germany is \$2,418 billion with a GNIPC of \$29,210 and a population of 82.4 million. The World Bank ranks Germany as fifth in the world for GDP, twenty-seventh in GNIPC and fourteenth in population.⁶⁹

Mechanism for Exchange of Information: The 2006 Assessment indicates that Germany entered into 89 DTCs and had three TIEAs.⁷⁰ Further analysis of information from the German Ministry of Finance indicates that the counterparties to 29 of the DTCs are OECD countries, seven are with EU or EU applicant countries other than OECD countries and 30 are with important trading partners and countries with important natural resources such as oil or mining not included in the other categories.

Limitations: The limitations to the effective exchange of information in Germany include the availability of bearer share and debt securities.

7. Italy

Overview: The World Bank statistical database indicates that the GDP of Italy is \$1,668 bil-

lion with a GNIPC of \$28,840 and a population of 57.4 million. The World Bank ranks Italy as eighth in the world for GDP, twenty-ninth in GNIPC and twenty-third in population.⁷¹

Mechanism for Exchange of Information: The 2006 Assessment indicates that Italy entered into 73 DTCs and had no TIEAs.⁷² Further analysis of information from the Italian Ministry of Finance indicates that the counterparties to 28 of the DTCs are OECD countries, seven are with EU or EU applicant countries, and 28 are with important trading partners or countries with important natural resources such as oil or mining.

Limitations: The limitations to the effective exchange of information in Italy include the availability of bearer share and debt instruments.

8. Switzerland

Overview: The World Bank statistical database indicates that the GDP of Switzerland is \$256 billion with a GNIPC of \$37,080 and a population of 7.4 million. The World Bank ranks Switzerland as thirty-sixth in the world for GDP, sixth in GNIPC and ninety-second in population.⁷³

Mechanism for Exchange of Information: The 2006 Assessment indicates that Switzerland entered into 68 DTCs and had no TIEAs.⁷⁴ Further analysis of information from the Swiss Ministry of Finance indicates that the counterparties to 28 of the DTCs are OECD countries, five are with EU or EU applicant countries which are not members of the OECD and 23 are with important trading partners and countries with important natural resources such as oil or minerals which do not fall into either of the above two classifications.

Limitations: The limitations to the effective exchange of information in Switzerland generally include the limitation of tax information exchange to cases of tax fraud and the like. Switzerland has only two DTCs which contain what the OECD classifies as broad exchange of information provisions, and those two clauses do not cover all tax matters. Switzerland also permits the use of bearer shares and debt instruments.

9. Austria

Overview: The World Bank statistical database indicates that the GDP of Austria is \$276 billion with a GNIPC of \$33,130 and a population of 8.2 million. The World Bank ranks Austria as thirty-third in the world for GDP, twelfth in GNIPC and eighty-eight in population.⁷⁵

Mechanism for Exchange of Information: The 2006 Assessment indicates that Austria entered into 67 DTCs and had no TIEAs.⁷⁶ Further analysis of information from the Austrian Ministry of Finance indicates that the counterparties to 28 of the DTCs are OECD countries, six DTCs are with EU or EU applicant countries which are not OECD member states and 20 are with important trading partners which have important natural resources such as oil or minerals but are outside the OECD and EU groupings.

Limitations: The limitations to the effective exchange of information in Austria include a restriction on access to bank information to cases of tax evasion rather than all criminal and civil tax matters. Austria also permits bearer share and debt instruments. Companies are only required to have legal rather than beneficial ownership information on non-bearer shares. Austrian trustees are not required to have identity information on beneficiaries.

10. Luxembourg

Overview: The World Bank statistical database indicates that the GDP of Luxembourg is \$34 billion with a GNIPC of \$65,340 and a population of 0.46 million. The World Bank ranks Luxembourg as eighty-seventh in the world for GDP, first in GNIPC and one hundred and sixty-fourth in population.⁷⁷

Mechanism for Exchange of Information: The 2006 Assessment indicates that Luxembourg entered into 47 DTCs and had no TIEAs.⁷⁸ Further analysis of information from the Luxembourg Ministère des Finances indicates that the counterparties to 28 of the DTCs are OECD countries, two are EU or EU applicant countries which are not members of the OECD, and ten DTCs are with important trading partners and countries with important natural resources such as oil or minerals which do not fall into either of the above two classifications.

Limitations: The limitations to the effective exchange of information in Luxembourg include restricted access to bank and certain holding company information in the case of civil tax matters, the availability of bearer share and debt instruments, and the lack of obligation on limited liability companies to hold beneficial ownership information. Luxembourg trustees are not required to have identity information on beneficiaries.

Second Group: ITIO Countries

1. Cayman Islands

Overview: The World Bank statistical database indicates that information on the GDP of the Cayman Islands is unavailable, as is information on the GNIPC. However, the GNIPC has been estimated to be in the 'high-income' category.⁷⁹ The population is estimated to be 45,000 and ranks as two hundred and second.⁸⁰

Mechanism for Exchange of Information: The 2006 Assessment indicates that the Cayman Islands entered into no DTCs and has one TIEA – with the USA.⁸¹

Limitations: The legal and administrative framework in place in the Cayman Islands provides for effective exchange of information pursuant to an international agreement such as a DTC or TIEA.⁸²

2. British Virgin Islands

Overview: The World Bank statistical database does not include the British Virgin

Islands. The UN Department of Economic and Social Affairs indicates that the population is 22,000 and ranks as two hundred and fifteenth in the world.⁸³ The Government of the British Virgin Islands estimates the per capita GDP as \$16,312.⁸⁴

Mechanism for Exchange of Information: The 2006 Assessment indicates that the British Virgin Islands has entered into no DTCs and has one TIEAs with the United States of America.⁸⁵ The UK's DTC with Switzerland is extended to the British Virgin Islands.

Limitations: The legal and administrative framework for tax information exchange in the British Virgin Islands permits the effective exchange of information pursuant to an international obligation.

3. Barbados

Overview: The World Bank statistical database indicates that the GDP of Barbados is unavailable as is information on the GNIPC. However the GNIPC has been estimated to be in the 'upper middle-income' category.⁸⁶ The population is estimated to be 270,000 and ranks as one hundred and seventy-second.⁸⁷

Mechanism for Exchange of Information: The 2006 Assessment indicates that Barbados entered into 23 DTCs and had one TIEA.⁸⁸ Further analysis of information from the Barbados Ministry of Finance and Economic Affairs indicates that Barbados is one of 11 parties to the CARICOM multilateral tax treaty, which in effect produces ten bilateral DTCs. The counterparties to eight of the remaining DTCs are OECD countries, while an additional three are with other former British colonies or affiliated territories, and two are with important trading partners or countries with important natural resources such as oil or mining, which do not fall into any of the above classifications.⁸⁹

Limitations: The limitations to the effective exchange of information in Barbados, as identified in the 2006 Assessment, include the absence of client information retention requirements for partnerships not doing business in Barbados, as well as for trustees of Barbados trusts which are not doing business in Barbados.

4. St Kitts and Nevis

Overview: The World Bank statistical database indicates that the GDP of St Kitts and Nevis is \$0.69 billion with a GNIPC of \$12,500 and a population of 48,000. The World Bank ranks St Kitts and Nevis as one hundred and sixtieth in the world for GDP, seventieth in GNIPC and two hundred and first in population.⁹⁰

Mechanism for Exchange of Information: The 2006 Assessment and information from the Ministry of Finance in St Kitts and Nevis indicates that St Kitts and Nevis has entered into the multilateral CARICOM tax treaty, which provides ten DTCs, and that the country has no TIEAs.⁹¹

Limitations: The limitations to the effective exchange of information in St Kitts and Nevis identified in the 2006 Assessment include an absence of a record retention period for certain trusts and limited partnerships.

5. St Lucia

Overview: The World Bank statistical database indicates that the GDP of St Lucia is \$1.055 billion with a GNIPC of \$5,980 and a population of 166,000. The World Bank ranks St Lucia as one hundredth and fifty-fourth in the world for GDP, one hundred and twelfth in GNIPC and one hundred and eightieth in population.⁹²

Mechanism for Exchange of Information: The 2006 Assessment and information from the Ministry of Finance indicates that St Lucia entered into 11 DTCs and had one TIEA.⁹³ St Lucia is a signatory to the CARICOM multilateral tax treaty; the counterparty to the remaining DTC is an OECD country.

Limitations: The limitations to the effective exchange of information in St Lucia as identified in the 2006 Assessment include the absence of a record retention period for certain trusts.

6. Samoa

Overview: The World Bank statistical database indicates that the GDP of Samoa is \$1.22 billion with a GNIPC of \$6,480 and a population of 185,000. The World Bank ranks Samoa as one hundred and fifty-first in the world for GDP, one hundred and eightieth in GNIPC and one hundred and seventy-sixth in population.⁹⁴

Mechanism for Exchange of Information: The 2006 Assessment indicates that Samoa entered into no DTCs and had no TIEAs.⁹⁵

Limitations: The limitations to the effective exchange of information in Samoa according to the 2006 Assessment include the ability to exchange tax information only in respect of criminal tax matters and the availability of bearer share and debt instruments.

7. Vanuatu

Overview: The World Bank statistical database indicates that the GDP of Vanuatu is \$0.69 billion with a GNIPC of \$3,170 and a population of 211,000. The World Bank ranks Vanuatu as one hundred and sixty-first in the world for GDP, one hundred and forty-seventh in GNIPC and one hundred and seventy-fifth in population.⁹⁶

Mechanism for Exchange of Information: The 2006 Assessment indicates that Vanuatu has entered into no DTCs and had no TIEAs.⁹⁷

Limitations: The limitations to the effective exchange of information in Vanuatu according to the 2006 Assessment include the ability to exchange tax information only in respect of criminal tax matters and the availability of bearer share and debt instruments.

8. Isle of Man

Overview: The World Bank statistical database indicates that the GDP of the Isle of Man is not available. The GNIPC has been estimated to be \$27,770 with a ranking of twenty-second and the population is estimated to be 77,000 and ranks as one hundred and ninety-third.⁹⁸

Mechanism for Exchange of Information: The 2006 Assessment indicates that the Isle of Man entered into one double tax convention with the United Kingdom and had no TIEAs.⁹⁹ However since the Assessment, the Isle of Man has ratified tax information exchange agreements with the Kingdom of the Netherlands and the USA.

Limitations: The limitations to the effective exchange of information in the Isle of Man according to the 2006 Assessment include the absence of a specified record retention period for certain partnerships.

Third Group: Non-ITIO and Non-OECD Countries

1. Mauritius

Overview: The World Bank statistical database indicates that the GDP of Mauritius is \$15.5 billion with a GNIPC of \$12,450 and a population of 3.07 million. The World Bank ranks Mauritius as one hundred and fifteenth in the world for GDP, seventh-first in GNIPC and one hundred and thirty-second in population.¹⁰⁰

Mechanism for Exchange of Information: The 2006 Assessment indicates that Mauritius entered into 30 DTCs and had no TIEAs.¹⁰¹ Further analysis of information from the Mauritius Ministry of Finance indicates that the counterparties to seven of the DTCs are OECD countries, one is with an EU or EU applicant country which is not an OECD country and 11 are with important trading partners and countries with important natural resources such as oil or mining, which do not fall into either of the two previous groups.¹⁰²

Limitations: The legal and administrative framework in place in Mauritius provides for effective exchange of information pursuant to an international agreement such as a DTC or TIEA.

2. Singapore

Overview: The World Bank statistical database indicates that the GDP of Singapore is \$130.2 billion with a GNIPC of \$29,780 and a population of 4.35 million. The World Bank ranks Singapore as fifty-fourth in the world for GDP, twenty-fifth in GNIPC and one hundred and sixteenth in population.¹⁰³ Singapore is a member of the OECD's sister organisation, FATF.

Mechanism for Exchange of Information: The 2006 Assessment indicates that Singapore entered into 49 DTCs and had no TIEAs.¹⁰⁴ Further analysis of information

from the Inland Revenue Authority of Singapore indicates that the counterparties to 24 of the DTCs are OECD countries, five are with EU or EU applicant countries other than OECD countries and 15 are with important trading partners and countries with important natural resources such as oil or minerals.¹⁰⁵

Limitations: The limitations to the effective exchange of information in Singapore according to the 2006 Assessment include the ability to provide tax information only if there is a Singaporean domestic tax interest. With respect to companies, only legal ownership information, rather than beneficial ownership information, must be retained,

3. United Arab Emirates

Overview: The World Bank statistical database indicates that the GDP of the United Arab Emirates (UAE) is \$103 billion with a GNIPC of \$24,090 and a population of 4.5 million.¹⁰⁶ The World Bank ranks the UAE as fifty-sixth in the world for GDP, thirty-fourth in GNIPC and one hundred and twelfth in population.¹⁰⁷ One of the Emirates, Dubai, is an emerging financial centre. Apart from the taxation of its oil industry, the effective rate of personal and corporate income taxation is zero.

Mechanism for Exchange of Information: The 2006 Assessment indicates that the UAE entered into 25 DTCs and had no TIEAs.¹⁰⁸ Further analysis of information from the UAE Ministry of Finance indicates that the counterparties to 11 of the DTCs are OECD countries, one is with an EU applicant country and ten are with important trading partners and countries with important natural resources such as oil or minerals.

Limitations: The limitations to the effective exchange of information in the UAE according to the 2006 Assessment include the absence of requirements to retain beneficial ownership information of certain companies and the absence of a requirement for trustees to retain records after they give up their trusteeship.

4. Bahrain

Overview: The World Bank statistical database indicates that the GDP of Bahrain is \$14.8 billion with a GNIPC of \$21,290 and a population of 73,000. The World Bank ranks Bahrain as one hundred and seventeenth in the world for GDP, forty-seventh in GNIPC and one hundred and fifty-eighth in population.¹⁰⁹ Bahrain has no personal or corporate tax.

Mechanism for Exchange of Information: The 2006 Assessment indicates that Bahrain has entered into 11 DTCs, only three of which have specific exchange of information provisions, and that it has no TIEAs.¹¹⁰ Further analysis of information from the Bahrain Ministry of Finance indicates that the counterparty to one of the DTCs is France, an OECD country, and that four are with important trading partners and countries with important natural resources such as oil or minerals.

Limitations: The legal and administrative framework in place in Bahrain provides for

effective exchange of information pursuant to an international agreement such as a DTC or TIEA.

5. Hong Kong, China

Overview: The World Bank statistical database indicates that the GDP of Hong Kong, China is \$214.5 billion with a GNIPC of \$34,670 and a population of 6.9 million. The World Bank further ranks Hong Kong, China as fortieth in the world for GDP, tenth in GNIPC and one hundred and ninety-fourth in population.¹¹¹ Hong Kong is a member of the OECD's sister organisation, FATF.

Mechanism for Exchange of Information: The 2006 Assessment indicates that Hong Kong has entered into two conventional DTCs and has no TIEAs.¹¹² It is also a party to a number of tax treaties covering shipping and air transport. Further analysis of information from the Inland Revenue Department of Hong Kong indicates that the counterparty to one of the DTCs is an OECD country.¹¹³

Limitations: The limitations to the effective exchange of information in Hong Kong according to the 2006 Assessment include the inability to exchange tax information in the absence of a domestic tax interest and the absence of requirements for the obtaining and retention of beneficial ownership information with respect to companies. Similarly there is no obligation to obtain or retain trust, settlor or beneficiary information.

6. Costa Rica

Overview: The World Bank statistical database indicates that the GDP of Costa Rica is \$43.2 billion with a GNIPC of \$9,680 and a population of 4.3 million. The World Bank ranks Costa Rica as seventy-eighth in the world for GDP, eighty-third in GNIPC and one hundred and seventeenth in population.¹¹⁴

Mechanism for Exchange of Information: The 2006 Assessment indicates that Costa Rica has no conventional DTCs in force although it has signed DTCs with two OECD countries and has signed a TIEA with the USA.¹¹⁵

Limitations: The limitations to the effective exchange of information in Costa Rica according to the 2006 Assessment include the inability to exchange tax information for all tax purposes and the availability of bearer share and debt instruments.

7. Monaco

Overview: The World Bank statistical database indicates that information on the GDP of Monaco is unavailable as is information on the GNIPC. However, the GNIPC has been estimated to be in the 'high-income' category.¹¹⁶ The population of Monaco is 33,000 and ranks two hundred and fourth.¹¹⁷

Mechanism for Exchange of Information: The 2006 Assessment together with information from the Département des Finances et de l'Economie indicates that Monaco

entered into one conventional DTCs with France, an OECD country, and that it had no TIEAs.¹¹⁸

Limitations: The limitations to the effective exchange of information in Monaco according to the 2006 Assessment include the absence of any requirement for resident trustees of foreign trusts to retain trust records for any specified period of time.