



The Treasury

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NEWS RELEASE

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ISLE OF MAN SIGNS COMPREHENSIVE DOUBLE TAXATION AGREEMENT WITH ESTONIA

Signing a new double taxation agreement with Estonia, a European Union member state, further builds the Isle of Man's strength as an international business centre

The Isle of Man today signs a comprehensive double taxation agreement (DTA) with Estonia. A DTA is the benchmark agreement between countries to remove double taxation obstacles to the development of economic relations, and so facilitates the exchange of goods and services and movements of capital, technology and people.

The signing ceremony takes place today (8 May 2009) in Tallinn between Allan Bell MHK, the Isle of Man's Treasury Minister, and Urmas Paet, Minister of Foreign Affairs of the Republic of Estonia.

The agreement between the two governments is based on the model published by the Organisation for Economic Co-operation and Development (OECD). In addition to this agreement signalling that the Isle of Man and Estonia wish to develop their bilateral economic relations, the DTA will also act to prevent tax evasion, and delivers the OECD's agreed international standard on tax transparency and exchange of information.

Minister Bell said: 'The Isle of Man is a small, self-reliant nation characterised by an independent spirit, enterprise and innovation. Each of these factors has contributed to the evolution of our thriving, diverse economy and our success as a centre for quality

international business. These factors are also characteristic of Estonia, and I look forward to this agreement becoming the cornerstone of a friendship between our countries based on vibrant economic ties.'

The text of the agreement can be viewed on the International Agreements page of the Isle of Man Treasury Income Tax Division's website at:

<http://www.gov.im/treasury/incometax/sections/practitioners/internationalagreements.xml>

NOTES

MINISTER BELL'S COMMENTS MADE AT THE SIGNING CEREMONY

Minister, Ladies and Gentlemen

My Estonian is not very good, and so I hope that you will forgive me for speaking in English!

It is an honour to be in the beautiful city of Tallinn today and to sign what is an important agreement for the Isle of Man. Estonia and the Isle of Man have both built their economies on trade in goods and services, on being entrepreneurial and on being forward thinking. I see the double taxation agreement becoming the start of a strong economic link between two countries on the western and eastern edges of Europe, and I fully expect to be here again in the future as our economic relationship grows.

The Isle of Man is proud of its track record as a partner of other countries, both in terms of trade and commerce and in terms of regulatory and tax co-operation. We want to have ties with countries, such as Estonia, that produce prosperity without leading to risk; which as we all know is a key concern in these times.

I would like to express my thanks for the open and professional manner in which Estonia's representatives have undertaken the negotiations leading to today's signing ceremony. I look forward with confidence and pleasure to the future development of political, economic and cultural links between the Isle of Man and Estonia, and hope that you will be able to visit our country at an early opportunity. Thank you.

THE ISLE OF MAN

The Isle of Man (population 80,000) is in the middle of the Irish Sea at the centre of the British Isles. It is a self-governing British Crown Dependency with its own parliament, government and laws.

The Isle of Man is not part of the European Union, and not part of the United Kingdom. However, the British Queen is its head of state and the United Kingdom Government is ultimately responsible for its international relations.

Perhaps best known for financial services, the Isle of Man is developing a global reputation for a diverse array of niche, quality sectors including:

- High-tech manufacturing
- E-Business
- E-Gaming
- Ship and super yacht management
- Aircraft registration
- Agricultural and fisheries produce
- Film and television production
- Space commerce
- Entrepreneur/trading gateway

Financial services represent just 36% of the Island's diverse economy, with banking only narrowly ahead of manufacturing as the main source of employment; and while the Island's economy is diverse, a common set of advantages drive its success.

For instance, the Isle of Man is renowned for quality and efficient service, supported by outstanding professional services and capabilities. We enjoy a healthy relationship between the private and public sectors founded on a world class regulatory environment. We also have an international reputation as a tax-efficient, responsible and co-operative jurisdiction.

In fact the Isle of Man is ranked 4th "most business friendly" area in fDi Magazine's European Regions of the Future 2008/09.

A number of external bodies, including the International Monetary Fund, have confirmed that the Island's defences against money laundering comply with the highest global standards, and that it co-operates fully in combating international financial crime.

On 2 April 2009, the OECD acknowledged the Isle of Man's quality in regulation and co-operation by placing it on what many have referred to as the 'white list' of countries which have substantially implemented the internationally agreed tax standard.

Growth in the Isle of Man economy has been matched by investment in public services, funded by direct and indirect taxation. The Island is self-financing.
