



# The Treasury

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## NEWS RELEASE

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### ISLE OF MAN SIGNS TAX CO-OPERATION AGREEMENTS WITH GERMANY

The Isle of Man has taken a further important step today (Monday, 2 March 2009) in its programme of developing closer economic and taxation co-operation with other countries by concluded agreements with the government of Germany.

The signing ceremony took place in Berlin between Allan Bell MHK, the Isle of Man's Treasury Minister, and for Germany Nicolette Kressl, Parliamentary State Secretary in the Finance Ministry (Deputy Minister of Finance) and Georg Witschel, Director in the Foreign Affairs Department .

The two agreements are:

- a tax information exchange agreement based on the Organisation for Economic Co-operation and Development (OECD) model; and
- an agreement for the avoidance of double taxation with respect to enterprises operating ships in international traffic.

The Isle of Man now has tax co-operation agreements in place with 13 countries, 11 of which are members of the OECD.

Minister Bell commented: 'The Isle of Man has been committed to the OECD standards of transparency and effective exchange of information for tax purposes for over eight years, and we have worked hard to show clear evidence of those standards in action. I am

delighted that we have signed agreements today with a leading member of the OECD, and I look forward to working with Germany in the future.'

Minister Bell also said, 'Part of the Isle of Man's economy is based on financial services, and it is vital such financial services operate to the standards required by the global economic community. These agreements show once again how well we work with other countries and deliver global standards.'

Angel Gurría, Secretary-General of the Organisation for Economic Co-operation & Development (OECD), acknowledged in a speech given on 21 October 2008 that the Isle of Man was one of the finance centres actively negotiating tax agreements and making 'most of the progress' in delivering standards in the areas of transparency and exchange of information. He went on to call from the OECD member countries for 'a clear political recognition being given to those offshore financial centres that have made progress. The politicians in those jurisdictions have taken a high political risk. You need to show them that the choices that they made are the right ones...'

The diverse and flexible economy of the Isle of Man, coupled with prudent financial management, high reserves and low debt have led to both Standard and Poor's and Moody's maintaining the Island's 'AAA' credit rating.

Minister Bell said in a brief speech at the signing ceremony: 'The Isle of Man has regulatory systems for all financial services that meet international benchmark standards. Germany, and all of the other countries with which we have co-operation agreements, can rely on the Isle of Man to support them and to deliver all that is required from a small but significant player in the global economic community. Effective co-operation between countries must be based on agreed standards, and those standards should be adhered to clearly by all countries wishing to attract the best investment and business.'

The texts of each 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>.

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## Notes

### REMARKS BY ALLAN R BELL, MHK, ISLE OF MAN TREASURY MINISTER AT THE SIGNING CEREMONY IN BERLIN, GERMANY

Minister, Ladies and Gentlemen, I am honoured to be here in Berlin today as your guest and to be signing two tax co-operation agreements with Germany on behalf of the Isle of Man.

Our governments are agreeing to work together on taxation matters, and I am sure that we will continue to work together in a spirit of transparency and co-operation and to enhance and broaden the political and economic relationship between Germany and the Isle of Man.

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These agreements are the result of negotiations between Germany and the Isle of Man over a number of years, and I am delighted that we have now reached the point where we can conclude them.

Thank you.

### THE ISLE OF MAN

The Isle of Man was one of the first international financial services centres to make a commitment, in 2000, to work with the OECD in the tax co-operation field. It took a key role in the development of the OECD 'model agreement on exchange of information on tax matters'. A tax information exchange agreement was concluded with the United States of America in October 2002.

In October 2005 the Isle of Man broke new ground by signing bilateral agreements with the Netherlands based on mutual economic benefit and co-operation. The deal - the first of its kind between an international financial services centre and an OECD member - was negotiated within the context of the OECD programme to develop a global network of tax co-operation and information exchange.

In October 2007 the Isle of Man again proved its increasing strength in the international sphere by signing 28 bilateral taxation agreements: four with each of the seven countries of the Nordic Council (Denmark, the Faroe Islands, Finland, Greenland, Iceland, Norway and Sweden).

Two further agreements were signed with Ireland in April 2008.

New tax agreements between the Isle of Man and the United Kingdom were signed in September 2008.

The Isle of Man signed tax co-operation agreements with Australia in February 2009.

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.

The Isle of Man has had one of the fastest growing economies in Europe in recent years, led by its international financial services sector.

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.

Recent growth areas of the Isle of Man economy include e-commerce, the film industry, international shipping, and space and satellite business, while traditional sectors like tourism (and the famous TT motorcycle races), manufacturing and agriculture are still important.

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

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