



**Isle of Man  
Government**

*Reilhtys Ellan Vannin*

# The Treasury *Yn Tashtey*

Assessor  
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## **INCOME TAX DIVISION**

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## **PRACTICE NOTE**

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### **TAX INFORMATION EXCHANGE AGREEMENTS**

#### **Introduction:**

In January 2001 the Isle of Man Government made a Commitment to the Organisation for Economic Co-operation and Development (OECD), one aspect of which related to effective exchange of information. Over the following 12 months the Isle of Man, together with other jurisdictions, negotiated a Model Tax Information Exchange Agreement (TIEA). The full text of the Model is available on the OECD website [www.oecd.org/daf/ctpa/http](http://www.oecd.org/daf/ctpa/http).

#### **Requests For Tiea's**

As with all jurisdictions that have made a commitment, the Isle of Man is required to enter into a TIEA with any OECD country (or other committed jurisdiction) that requests one. The Treasury has so far received three formal requests and discussions have been taking place based on the above Model

- **United States:** discussions are virtually complete and a date for signing by the Treasury Minister is in the process of being agreed;
- **Germany:** preliminary talks have taken place and early indications are that a completion date of late 2003 will be achieved;
- **Ireland:** an initial draft has been drawn up for discussion with an expected completion date of late 2003.

In each case the discussions have been amicable and ways are being explored for establishing closer economic ties.

A TIEA will be signed by the Treasury Minister on behalf of the Isle of Man Government and legislative effect will be given by the necessary provisions in the Taxes Bill which is currently being drafted.

#### **Exchanges On Request:**

The Model being adopted provides for exchange of information based upon a formal request being received by the Competent Authority in the Isle of Man. A request must be

made on an individual case basis and the subject of the request must be under investigation in the requesting jurisdiction. Other safeguards are included to prevent "fishing expeditions" for example the requesting party must first pursue all means available in its own jurisdiction to obtain the information. All information that is exchanged may not be passed on to third parties and there are strict confidentiality measures. Upon entry into force, the provisions of the Agreement shall have effect.

- from 1 January 2004 with respect to criminal tax matters relating to taxable periods beginning on or after 1 January 2004
- from 1 January 2006 with respect to all other tax matters relating to taxable periods beginning on or after 1 January 2006

For a more detailed explanation of the Model Agreement a study of the OECD website is recommended.

## **I Q Kelly Assessor Of Income Tax**

This practice note is intended only as a general guide and must be read in conjunction with the appropriate legislation. It does not have any binding force and does not affect a person's right of appeal on points concerning their own liability to income tax.

Comments and suggestions for improvements of issued Practice Notes and suggestions for future Practice Notes are always welcome.