

To: Our Clients and Friends

April 17, 2009

Global Leaders Meet and Draft Tools to Combat International Tax Evasion

G-20 Economic Summit

The G-20 economic summit was held two weeks ago in Brussels, Belgium. In conjunction with the G-20 meeting of global leaders, the Organization for Economic Cooperation and Development (“OECD”) issued a progress report on implementation by jurisdictions of the “Internationally Agreed Tax Standard” and published a “Black”, “Gray”, and “White” list of tax havens (See charts below). The Internationally Agreed Tax Standard requires exchange of information on request in all tax matters for the administration and enforcement of domestic tax law without regard to a domestic tax interest requirement or bank secrecy for tax purposes. It also provides for extensive safeguards to protect confidentiality of the information exchanged. Jurisdictions that have substantially implemented the Internationally Agreed Tax Standard are listed on the White list, jurisdictions that have committed to the Internationally Agreed Tax Standard, but have not yet substantially implemented it, are listed on the Gray list, and jurisdictions that have not committed to the Internationally Agreed Tax Standard are listed on the Black list.

Tool Box

At the meeting, the G-20 members agreed upon a “Tool Box” of measures that will be used to get countries to comply with an exchange of information to end bank secrecy that has been a foundation of tax evasion around the world. The Tool Box contains the following recommendations that the OECD can use to enforce information exchange. These measures are as follows:

1. Increased disclosure requirements on the part of taxpayers and financial institutions to report transactions involving non-cooperative jurisdictions;
2. Withholding of taxes in respect to a wide variety of payments;
3. Denial of deductions with respect to expense payments to payees resident in a non-cooperative jurisdiction;
4. Reviews of tax treaty policies;
5. Requiring international institutions in regional development banks to review aid if tax cooperation is not agreed; and
6. Giving extra weight to the principles of tax transparency and information exchange when designing bilateral aid programs.

Tax Haven Lists

White List

Argentina	Germany	Korea	Seychelles
Australia	Greece	Malta	Slovak Republic
Barbados	Guernsey	Mauritius	South Africa
Canada	Hungary	Mexico	Spain
China	Iceland	Netherlands	Sweden
Cyprus	Ireland	New Zealand	Turkey
Czech Republic	Isle of Man	Norway	United Arab Emirates
Denmark	Italy	Poland	United Kingdom
Finland	Japan	Portugal	United States
France	Jersey	Russian Federation	US Virgin Islands

Gray List

Andorra	Liberia	Panama
Anguilla	Liechtenstein	St. Kitts and Nevis
Antigua and Barbuda	Austria	St. Lucia
Aruba	Belgium	St. Vincent & Grenadines
Bahamas	Chile	Samoa
Bahrain	Costa Rica	San Marino
Belize	Malaysia (Labuan)	Turks and Caicos Islands
Bermuda	Marshall Islands	Vanuatu
British Virgin Islands	Monaco	Guatemala
Cayman Islands	Montserrat	Luxembourg
Cook Islands	Nauru	Singapore
Dominica	Netherlands Antilles	Switzerland
Gibraltar	Brunei	Philippines
Grenada	Niue	Uruguay

Black List - There are no countries currently on the Black list.

Conclusion

The agreement among the G-20 leaders in conjunction with the OECD report appears to mean that it will be far more difficult in the future for off shore funds to continue to be established in tax havens and be exempt from the exchange of taxpayer information.

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To discuss this issue further please contact a member of Bryan Cave's [Tax Advice and Controversy Client Service Group](#) or the author:

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