



ASSISTANT TREASURER

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**PRESS
RELEASE**

AUSTRALIA AND CHILE TO SIGN HISTORIC TAX TREATY

The Assistant Treasurer, Senator Nick Sherry, today announced that Australia and Chile had reached agreement in principle on a new income tax treaty – the first between the two countries.

The proposed treaty is based on the OECD Model Tax Convention, with some mutually agreed variations reflecting the economic, legal and cultural interests of each country.

“Chile is a key economic and trading partner for Australia in the growing South American market, with two-way trade now worth over \$1.28 billion,” the Assistant Treasurer said.

“Chile is also a major destination for Australian investment in South America, especially in the mining sector.”

“The new treaty will extend Australia’s tax treaty network in South America and reduce taxation barriers to trade and investment between the countries – it’s a great step forward for Australian businesses that this tax treaty has been negotiated.”

“The treaty will help maintain the integrity of Australia’s tax base by allowing the exchange of taxpayer information, including bank information, between Australian and Chilean tax administrations.”

“This is consistent with current efforts by Australia and other countries to address international tax evasion.”

“The proposed treaty establishes an internationally accepted framework for the taxation of cross-border transactions which will also reduce investor risk by providing a degree of legal and fiscal certainty.”

Agreement on the new treaty follows recent changes to Chile’s domestic law to enable Chile to exchange banking information under its tax treaties in accordance with international best practice.

“This historic, new tax treaty will facilitate the ongoing expansion of trans-Pacific trade and investment flows between the two countries and will provide long-term benefits to Australian business interests in Chile,” the Assistant Treasurer said.

After the Governments of the two countries have completed the necessary procedures, the proposed treaty will be signed and submitted to the respective Parliaments. It will enter into force after approval by the Parliaments and an official exchange of notes.

CANBERRA

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