

## **AUSTRALIA AND COOK ISLANDS LEAD THE WAY IN ENDING PACIFIC TAX SECRECY**

RAROTONGA, COOK ISLANDS – Assistant Treasurer, Senator Nick Sherry, and Cook Islands Deputy Prime Minister, Minister for Finance, and Minister for Foreign Affairs, Sir Terepai Maoate KBE, met today in Rarotonga, to sign a comprehensive bilateral tax information exchange agreement between Australia and Cook Islands.

"G20 Leaders made it abundantly clear at the recent Pittsburgh Summit, that the era of tax havens is over," said the Assistant Treasurer.

"Australia, as chair of the Global Forum covering tax transparency issues, has led the way in delivering on this important G20 priority, and today we make another contribution by signing a comprehensive tax information exchange agreement with Cook Islands, one of the key offshore financial centres in our own region."

"But today we have gone further – as a global leader in ending cross-border tax evasion we have also signed a detailed Additional Benefits Agreement with Cook Islands that will see a substantial boost in technical assistance from the Australian Tax Office to Cook Islands tax authorities."

"Today's agreement signings with Cook Islands will send a very clear message to all of our Pacific regional neighbours that the international response to tax haven behaviour has shifted beyond recognition and all responsible jurisdictions need to step up to the challenge."

"Cook Islands has done just that today and I expressed a clear acknowledgement of this to the Deputy Prime Minister."

The G20 has endorsed a schedule of countermeasures to be imposed on jurisdictions that fail to conform to acceptable tax integrity and information exchange standards. The countermeasures will commence from March 2010 and include:

- withholding taxes on payments;
- asking international financial institutions to review their investment policies to avoid haven investments;
- denying deduction of expenses paid to residents of non-cooperative jurisdictions; and
- giving weight to tax haven status when designing bilateral aid programs.

Cook Islands is the ninth jurisdiction to sign a tax information exchange treaty with Australia in recent months.

"This rapidly growing network of agreements reflects the Rudd Government's leadership in the widespread implementation of international standards of tax transparency and information exchange," said the Assistant Treasurer.

"Concluding these agreements with countries that host offshore financial centres is an important component of the Rudd Government's initiatives to prevent tax avoidance and evasion."

"I repeated this message strongly during my talks with a range of Pacific economic and finance ministers here at the Pacific Islands Forum Economic Ministers Meeting."

An agreement on the allocation of taxing rights over certain income of individuals has also been signed. This agreement will eliminate double taxation of certain income derived by retirees, government employees and students. It will also establish an administrative mechanism to resolve transfer pricing disputes between taxpayers and the revenue authorities of Australia or Cook Islands.

Both agreements will enter into force after both countries have completed their relevant domestic requirements and legislation for this purpose will be introduced into the Australian Parliament as soon as practicable.

Copies of the agreements are available on the Treasury website at [www.treasury.gov.au](http://www.treasury.gov.au).

Tuesday 27 October (Cook Islands) / Wednesday 28 October (Australia).