
STATUTORY INSTRUMENTS

2018 No. 518

TAXES

The International Tax Enforcement (Bermuda) Order 2018

Made - - - - *24th April 2018*

At the Court at Windsor Castle, the 24th day of April 2018

Present,

The Queen's Most Excellent Majesty in Council

A draft of this Order was laid before the House of Commons in accordance with section 173(7) of the Finance Act 2006⁽¹⁾ and approved by a resolution of that House.

Accordingly, Her Majesty, in exercise of the powers conferred upon Her by section 173(1) of the Finance Act 2006, by and with the advice of Her Privy Council, orders as follows—

Citation

1. This Order may be cited as the International Tax Enforcement (Bermuda) Order 2018.

International tax enforcement arrangements to have effect

2.—(1) It is declared that—

- (a) the arrangements specified in the Exchange of Letters set out in the Schedule to this Order replace the arrangements set out in the Schedule to the International Tax Enforcement (Bermuda) Order 2008⁽²⁾;
- (b) the arrangements have been made with a view to the exchange of information foreseeably relevant to the administration or enforcement or recovery of the taxes, and debts relating to the taxes, covered by the arrangements; and
- (c) it is expedient that those arrangements should have effect.

(2) Accordingly, those arrangements have effect immediately after this Order is made.

Revocation

3. The International Tax Enforcement (Bermuda) Order 2008 is revoked.

(1) 2006 c. 25.

(2) S.I. 2008/1789.

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

Richard Tilbrook
Clerk of the Privy Council

SCHEDULE

Article 2

EXCHANGE OF LETTERS

BETWEEN THE UNITED KINGDOM AND BERMUDA REPLACING THE
2007 ARRANGEMENT BETWEEN THE TWO GOVERNMENTS FOR THE
EXCHANGE OF INFORMATION WITH RESPECT TO TAXES

London, 19th June

Dear Minister,

TAXATION ARRANGEMENTS BETWEEN THE UNITED KINGDOM AND BERMUDA

Having regard to the wish of our respective governments to enhance and facilitate the terms and conditions governing the exchange of information relating to taxes, and in particular to our common commitment to comply with international standards on the exchange of information relating to tax matters, including the OECD standard for Automatic Exchange of Financial Account Information, referred to as the Common Reporting Standard, and respecting the constitutional relationship between the United Kingdom of Great Britain and Northern Ireland and Bermuda, I have the honour

- to propose to you the provisions contained in this letter which constitutes the Arrangement on Tax Information Exchange;
- to propose that the said provisions may come into force on the date mentioned in Paragraph 13;
- to propose our mutual commitment to undertake at the earliest date any internal legislative formalities necessary for the coming into force of these provisions and to notify each other without delay when such formalities are completed.

This exchange of letters would replace the letter and its Appendix of 4th December 2007 from Meg Munn MP, Parliamentary Under-Secretary of State, Foreign and Commonwealth Office, the Government of the United Kingdom, and accepted by the letter of 4th December 2007 from The Honourable Paula A Cox, JP, MP, Deputy Premier Minister of Finance, for the Government of Bermuda (“the 2007 Arrangement”).

In the light of the experience of operating these provisions, or to reflect changing circumstances either Government may wish to propose a variation to the provisions. If so, it is understood that the other Government will agree to hold³timely discussions with a view to revising the provisions to enhance their effectiveness.

The Government of the United Kingdom of Great Britain and Northern Ireland and the Government of Bermuda.

PARAGRAPH 1

Object and scope of the Arrangement

The competent authorities of the Territories shall provide assistance through exchange of information that is relevant to the administration or enforcement of the domestic laws of the Territories concerning taxes covered by this Arrangement. Such information shall include information that is relevant to the determination, assessment and collection of such taxes, the recovery and enforcement of tax claims, or the investigation or prosecution of tax matters. Information shall be exchanged in accordance with the provisions of this Arrangement and shall be treated as confidential in the manner provided in Paragraph 9.

PARAGRAPH 2

Jurisdiction

A requested Territory is not obligated to provide information which is neither held by its authorities nor in the possession or control of persons who are within its territorial jurisdiction.

PARAGRAPH 3

Taxes covered

- 1) The existing taxes which are the subject of this Arrangement are taxes of every kind and description imposed in the Territories.
- 2) This Arrangement shall also apply to any identical or substantially similar taxes imposed after the date of signature of this Arrangement in addition to, or in place of, the existing taxes. The competent authorities of the Territories shall notify each other of any substantial changes to the taxation and related information gathering measures covered by this Arrangement.

PARAGRAPH 4

Definitions

- 1) For the purposes of this Arrangement, unless otherwise defined:

- a) "United Kingdom" means Great Britain and Northern Ireland but, when used in a geographical sense, means the territory and territorial sea of Great Britain and Northern Ireland and the areas beyond that territorial sea over which Great Britain and Northern Ireland exercise sovereign rights or jurisdiction in accordance with their domestic law and international law;
- b) "Bermuda" means the Islands of Bermuda;
- c) "applicant Territory" means the Territory requesting information;
- d) "collective investment fund or scheme" means any pooled investment vehicle, irrespective of legal form. The term "public collective investment fund or scheme" means any collective investment fund or scheme provided the units, shares or other interests in the fund or scheme can be readily purchased, sold or redeemed by the public. Units, shares or other interests in the fund or scheme can be readily purchased, sold or redeemed "by the public" if the purchase, sale or redemption is not implicitly or explicitly restricted to a limited group of investors;
- e) "company" means any body corporate or any entity that is treated as a body corporate for tax purposes;
- f) "competent authority" means, in the case of the United Kingdom, the Commissioners for Her Majesty's Revenue and Customs or their authorised representative and, in the case of Bermuda, the Minister of Finance or an authorised representative of the Minister;
- g) "Territory" means the United Kingdom or Bermuda as the context requires;
- h) "information" means any fact, statement or record in any form whatever;
- i) "information-gathering measures" means laws and administrative or judicial procedures that enable a Territory to obtain and provide the requested information;
- j) "national" means:
 - i) in the case of the United Kingdom,
 - (A) any British citizen, or any British subject not possessing the citizenship of any other Commonwealth country or territory, provided he has the right of abode in the United Kingdom, and
 - (B) any legal person, partnership, association or other entity deriving its status as such from the laws in force in the United Kingdom; and
 - ii) in the case of Bermuda, any legal person, partnership, company, trust, association or other entity deriving its status as such from the laws in force in Bermuda;

- k) "person" includes an individual, a company and any other body of persons;
 - l) "principal class of shares" means the class or classes of shares representing a majority of the voting power and value of the company;
 - m) "publicly traded company" means any company whose principal class of shares is listed on a recognised stock exchange provided its listed shares can be readily purchased or sold by the public. Shares can be purchased or sold "by the public" if the purchase or sale of shares is not implicitly or explicitly restricted to a limited group of investors;
 - n) "recognised stock exchange" means any stock exchange agreed upon by the competent authorities of the Territories;
 - o) "requested Territory" means the Territory requested to provide information;
 - p) "resident" means:
 - i) in the case of the United Kingdom, a person who is a resident in the United Kingdom for the purposes of taxation in the United Kingdom; and
 - ii) in the case of Bermuda, an individual who has the status of a legal resident of Bermuda; and a company, partnership, trust or association created under the laws of Bermuda;
 - q) "serious tax evasion" means wilfully, with dishonest intent to defraud the public revenue, evading or attempting to evade any tax liability where an affirmative act or omission constituting an evasion or attempted evasion has occurred. It also includes intentional obstructing, hindering, intimidating or resisting public officials. The tax liability must be of a significant or substantial amount, either as an absolute amount or in relation to an annual tax liability, and the conduct involved must either constitute a systematic effort or a pattern of activity designed or tending to conceal pertinent facts from or provide inaccurate facts to the tax authorities of either Territory, or constitute falsifying or concealing identity. The competent authorities shall agree on the scope and extent of matters falling within this definition; and
 - r) "tax" means any tax to which this Arrangement applies.
- 2) The term "relevant" wherever used in the Arrangement with respect to information, shall be interpreted in a manner that ensures that information will be considered relevant notwithstanding that a definite assessment of the pertinence of the information to an on-going investigation could only be made following the receipt of the information.
- 3) As regards the application of this Arrangement at any time by a Territory, any term not defined herein shall, unless the context otherwise requires, have the meaning that it has at the time under the law of that Territory, any meaning under the applicable tax laws of that Territory prevailing over a meaning given to the term under other laws of that Territory.

PARAGRAPH 5

Exchange of information upon request

- 1) The competent authority of the requested Territory shall provide upon request information for the purposes referred to in Paragraph 1. Such information shall be exchanged without regard to whether the conduct being investigated would constitute a crime under the laws of the requesting Territory if such conduct occurred in the requested Territory.
- 2) If the information in the possession of the competent authority of the requested Territory is not sufficient to enable it to comply with the request for information, the requested Territory shall use all relevant information gathering measures to provide the applicant Territory with the information requested, notwithstanding that the requested Territory may not need such information for its own tax purposes.
- 3) If specifically requested by the competent authority of the applicant Territory, the competent authority of the requested Territory shall provide information under this Paragraph to the extent allowable under its domestic laws, in the form of depositions of witnesses and authenticated copies of original records.
- 4) Each Territory shall ensure that its competent authority, for the purposes of this Arrangement, has the authority to obtain and provide upon request:
 - a) information held by banks, other financial institutions, and any person, including nominees and trustees, acting in an agency or fiduciary capacity;
 - b) information regarding the ownership of companies, partnerships and other persons, including, within the constraints of Paragraph 2, ownership information on all such persons in an ownership chain; in the case of trusts, information on settlors, trustees, beneficiaries and the position in an ownership chain.
- 5) This Arrangement does not create an obligation on the Territories to obtain or provide:
 - a) ownership information with respect to publicly traded companies or public collective investment funds or schemes unless such information can be obtained without giving rise to disproportionate difficulties;
 - b) information that is not present in the Territory;
 - c) information relating to a period more than six years prior to the tax period under consideration;
 - d) information unless the applicant Territory has pursued all means available in its own territory to obtain the information, except those that would give rise to disproportionate difficulties;
 - e) information in the possession or control of a person other than the taxpayer that does not directly relate to the taxpayer.

- a) the identity of the taxpayer under examination or investigation;
 - b) the nature and type of the information requested, including a description of the specific evidence, information or other assistance sought and the form, if practicable, in which the applicant Territory prefers to receive the information;
 - c) the tax purposes for which the information is sought and why it is relevant to the determination of the tax liability of a taxpayer under the laws of the applicant Territory;
 - d) evidence that such taxpayer is a resident in, or national of, or carrying on business in, one of the Territories, or that it is necessary for the determination of the tax liability of a taxpayer under the laws of the applicant Territory;
 - e) the period of time with respect to which the information is required for the tax purposes;
 - f) grounds for believing that the information requested is present in the jurisdiction of the requested Territory or is in the possession or control of a person subject to the jurisdiction of the requested Territory;
 - g) to the extent known, the name and address of any person believed to be in possession or control of the information requested;
 - h) a statement that the request conforms to the law and administrative practice of the applicant territory and would be obtainable by the applicant territory under its laws in similar circumstances, both for its own tax purposes and in response to a valid request from the requested Territory under this Arrangement;
 - i) a statement that the applicant Territory has pursued all means available in its own territory to obtain the information, except those that would give rise to disproportionate difficulties.
- 8) The competent authority of the requested Territory shall forward the requested information as promptly as possible to the applicant Territory. To ensure a prompt response, the competent authority of the requested Territory shall:
- a) confirm receipt of a request in writing to the competent authority of the applicant Territory and shall notify the competent authority of the applicant Territory of deficiencies in the request, if any, within 60 days of the receipt of the request; and
 - b) if the competent authority of the requested Territory has been unable to obtain and provide the information within 90 days of receipt of the request, including if it encounters obstacles in furnishing the information or it refuses to furnish the information, it shall immediately inform the applicant Territory, explaining the reason for its inability, the nature of the obstacles or the reasons for its refusal.
- 9) For the purposes of subparagraph 7(d), a taxpayer shall be regarded as carrying on business:
- a) in the United Kingdom if that business is carried on through a permanent establishment

PARAGRAPH 6

Automatic Exchange of Information

With respect to categories of cases and in accordance with procedures which they shall determine by mutual agreement, the Territories shall automatically exchange information for the purposes referred to in Paragraph 1 (Object and scope of the Arrangement).

PARAGRAPH 7

Tax examinations abroad

1) The requested Territory may allow, to the extent permitted under its domestic law, representatives of the competent authority of the applicant Territory to enter the territory of the requested Territory to interview individuals and examine records with the written consent of the persons concerned. The competent authority of the applicant Territory shall notify the competent authority of the requested Territory of the time and place of the meeting with the individuals concerned.

2) At the request of the competent authority of the applicant Territory, the competent authority of the requested Territory may allow representatives of the competent authority of the applicant Territory to be present at the appropriate part of a tax examination in the requested Territory.

3) If the request referred to in sub-paragraph 2 is acceded to, the competent authority of the requested Territory conducting the examination shall, as soon as possible, notify the competent authority of the applicant Territory about the time and place of the examination, the authority official designated to carry out the examination and the procedures and conditions required by the requested Territory for the conduct of the examination. All decisions with respect to the conduct of the tax examination shall be made by the requested Territory conducting the examination.

PARAGRAPH 8

Possibility of declining a request

1) The competent authority of the requested Territory may decline to assist where:

- a) the request is not made in conformity with this Arrangement;
- b) the disclosure of the information requested would be contrary to the public policy of the requested Territory;
- c) the applicant Territory would not be able to obtain the information
 - i) under its own laws for purposes of administration or enforcement of its own tax law or
 - ii) in response to a valid request from the requested Territory under this Arrangement

- a) are communications between a professional legal adviser and a client made in connection with the giving of legal advice to the client;
 - b) are communications between a professional legal adviser and a client, professional legal adviser acting for the client and another person, or the client and another person made in connection with or in contemplation of legal proceedings and for the purposes of such proceedings; and
 - c) include items enclosed with or referred to in such communications and made:
 - i) in connection with the giving of legal advice; or
 - ii) in connection with or in contemplation of legal proceedings and for the purposes of such proceedings, when the items are in the possession of a person who is entitled to possession of them.
- 4) A request for information shall not be refused on the ground that the tax claim giving rise to the request is disputed.
- 5) The requested Territory may decline a request for information if the information is requested by the applicant Territory to administer or enforce a provision of the tax law of the applicant Territory, or any requirement connected therewith, which discriminates against a national of the requested Territory as compared with a national of the applicant Territory in the same circumstances.

PARAGRAPH 9

Confidentiality

Any information received by a Territory under this Arrangement shall be treated as confidential and may be disclosed only to persons or authorities (including courts and administrative bodies) within the jurisdiction of the Territory concerned with the assessment or collection of, the enforcement or prosecution in respect of, or the determination of appeals in relation to, the taxes covered by this Arrangement, and to persons concerned with the regulation of disclosure and use of information. Such persons or authorities shall use such information only for such purposes. They may disclose the information in public court proceedings or in judicial decisions. The information may not be disclosed to any other person or entity or authority or any other jurisdiction without the express written consent of the competent authority of the requested Territory.

PARAGRAPH 10

Safeguards

The rights and safeguards secured to persons by the laws or administrative practices of the requested Territory remain applicable. The rights and safeguards may not be applied by the requested Territory in a manner that unduly prevents or delays effective exchange of information.

PARAGRAPH 12

Mutual Agreement Procedure

- 1) The competent authorities of the Territories shall jointly endeavour to resolve any difficulties or doubts arising as to the interpretation or application of this Arrangement.
- 2) In addition to the endeavours referred to in sub-paragraph 1, the competent authorities of the Territories may mutually determine the procedures to be used under Paragraphs 5, 6, and 7.
- 3) The competent authorities of the Territories may communicate with each other directly for the purposes of this Paragraph.

PARAGRAPH 13

Entry into Force

- 1) This Arrangement shall enter into force on the date of the letter of acceptance of the provisions of this Arrangement by the Government of Bermuda.
- 2) This Arrangement shall have effect:
 - a) with respect to the exchange of information on request foreseen in Paragraph 5 for tax periods beginning on or after 4 December 2008, or, where there is no taxable period, all charges to tax arising on or after 4 December 2008;
 - b) with respect to the automatic exchange of information foreseen in Paragraph 6 for calendar years commencing on or after 1 January 2016.

PARAGRAPH 14

Termination

- 1) Either Territory may terminate the Arrangement by serving a notice of termination on the other Territory.
- 2) Such termination shall become effective on the first day of the month following the expiration of a period of six months after the date of receipt of notice of termination by the other Territory.
- 3) In the event of termination, both Territories shall remain bound by the provisions of Paragraph 9 with respect to any information obtained under the Arrangement.

I have the honour to confirm that, if the above is acceptable to your Government, this letter and your confirmation will together constitute our mutual acceptance of the provisions of the Arrangement.

Minister the Honourable Mel Stride
Financial Secretary to the Treasury and Paymaster General
United Kingdom of Great Britain and Northern Ireland

Minister Stride,

I have the honour to acknowledge receipt of your letter dated 19th June 2017, which reads as follows:

“Dear Minister,

TAXATION ARRANGEMENTS BETWEEN THE UNITED KINGDOM AND BERMUDA

Having regard to the wish of our respective governments to enhance and facilitate the terms and conditions governing the exchange of information relating to taxes, and in particular to our common commitment to comply with international standards on the exchange of information relating to tax matters, including the OECD standard for Automatic Exchange of Financial Account Information, referred to as the Common Reporting Standard, and respecting the constitutional relationship between the United Kingdom of Great Britain and Northern Ireland and Bermuda, I have the honour

- to propose to you the provisions contained in this letter which constitutes the Arrangement on Tax Information Exchange;
- to propose that the said provisions may come into force on the date mentioned in Paragraph 13;
- to propose our mutual commitment to undertake at the earliest date any internal legislative formalities necessary for the coming into force of these provisions and to notify each other without delay when such formalities are completed.

This exchange of letters would replace the letter and its Appendix of 4th December 2007 from Meg Munn MP, Parliamentary Under-Secretary of State, Foreign and Commonwealth Office, the Government of the United Kingdom, and accepted by the letter of 4th December 2007 from The Honourable Paula A Cox, JP, MP, Deputy Premier Minister of Finance, for the Government of Bermuda (“the 2007 Arrangement”).

In the light of the experience of operating these provisions, or to reflect changing circumstances, either Government may wish to propose a variation to the provisions. If so, it is understood that the other Government will agree to hold timely discussions with a view to revising the provisions to enhance their effectiveness.

The Government of the United Kingdom of Great Britain and Northern Ireland and the Government of Bermuda,

Desiring to facilitate the exchange of information with respect to taxes,

Have arranged as follows:

PARAGRAPH 1

Object and scope of the Arrangement

The competent authorities of the Territories shall provide assistance through exchange of information that is relevant to the administration or enforcement of the domestic laws of the Territories concerning taxes covered by this Arrangement. Such information shall include information that is relevant to the determination, assessment and collection of such taxes, the recovery and enforcement of tax claims, or the investigation or prosecution of tax matters. Information shall be exchanged in accordance with the provisions of this Arrangement and shall be treated as confidential in the manner provided in Paragraph 9.

PARAGRAPH 2

Jurisdiction

A requested Territory is not obligated to provide information which is neither held by its authorities nor in the possession or control of persons who are within its territorial jurisdiction.

PARAGRAPH 3

Taxes covered

- 1) The existing taxes which are the subject of this Arrangement are taxes of every kind description imposed in the Territories.
- 2) This Arrangement shall also apply to any identical or substantially similar taxes imposed after the date of signature of this Arrangement in addition to, or in place of, the existing taxes. The competent authorities of the Territories shall notify each other of any substantial changes to the taxation and related information gathering measures covered by this Arrangement.

PARAGRAPH 4

Definitions

- 1) For the purposes of this Arrangement, unless otherwise defined:
 - a) "United Kingdom" means Great Britain and Northern Ireland but, when used in a geographical sense, means the territory and territorial sea of Great Britain and Northern Ireland and the areas beyond that territorial sea over which Great Britain and Northern Ireland exercise sovereign rights or jurisdiction in accordance with their domestic law or international law;
 - b) "Bermuda" means the Islands of Bermuda;
 - c) "applicant Territory" means the Territory requesting information;
 - d) "collective investment fund or scheme" means any pooled investment vehicle, irrespective of legal form. The term "public collective investment fund or scheme" means any collective investment fund or scheme provided the units, shares or other interests in the fund or scheme can be readily purchased, sold or redeemed by the public. Units, shares or other interests in the fund or scheme can be readily purchased, sold or redeemed "by the public" if the purchase, sale or redemption is not implicitly or explicitly restricted to a limited group of investors;
 - e) "company" means any body corporate or any entity that is treated as a body corporate for tax purposes;
 - f) "competent authority" means, in the case of the United Kingdom, the Commissioners for Her Majesty's Revenue and Customs or their authorised representative and, in the case of Bermuda, the Minister of Finance or an authorised representative of the Minister;
 - g) "Territory" means the United Kingdom or Bermuda as the context requires;
 - h) "information" means any fact, statement or record in any form whatever;
 - i) "information-gathering measures" means laws and administrative or judicial procedures that enable a Territory to obtain and provide the requested information;

- (A) any British citizen, or any British subject not possessing the citizenship of any other Commonwealth country or territory, provided he has the right of abode in the United Kingdom, and
- (B) any legal person, partnership, association or other entity deriving its status as such from the laws in force in the United Kingdom; and
 - ii) in the case of Bermuda, any legal person, partnership, company, trust, association or other entity deriving its status as such from the laws in force in Bermuda;
- k) "person" includes an individual, a company and any other body of persons;
- l) "principal class of shares" means the class or classes of shares representing a majority of the voting power and value of the company;
- m) "publicly traded company" means any company whose principal class of shares is listed on a recognised stock exchange provided its listed shares can be readily purchased or sold by the public. Shares can be purchased or sold "by the public" if the purchase or sale of shares is not implicitly or explicitly restricted to a limited group of investors;
- n) "recognised stock exchange" means any stock exchange agreed upon by the competent authorities of the Territories;
- o) "requested Territory" means the Territory requested to provide information;
- p) "resident" means:
 - i) in the case of the United Kingdom, a person who is a resident in the United Kingdom for the purposes of taxation in the United Kingdom; and
 - ii) in the case of Bermuda, an individual who has the status of a legal resident of Bermuda; and a company, partnership, trust or association created under the laws of Bermuda;
- q) "serious tax evasion" means wilfully, with dishonest intent to defraud the public revenue, evading or attempting to evade any tax liability where an affirmative act or omission constituting an evasion or attempted evasion has occurred. It also includes intentional obstructing, hindering, intimidating or resisting public officials. The tax liability must be of a significant or substantial amount, either as an absolute amount or in relation to an annual tax liability, and the conduct involved must either constitute a systematic effort or a pattern of activity designed or tending to conceal pertinent facts from or provide inaccurate facts to the tax authorities of either Territory, or constitute falsifying or concealing identity. The competent authorities shall agree on the scope and extent of matters falling within this definition; and
- r) "tax" means any tax to which this Arrangement applies.

PARAGRAPH 5

Exchange of information upon request

- 1) The competent authority of the requested Territory shall provide upon request information for the purposes referred to in Paragraph 1. Such information shall be exchanged without regard to whether the conduct being investigated would constitute a crime under the laws of the requesting Territory if such conduct occurred in the requested Territory.
- 2) If the information in the possession of the competent authority of the requested Territory is not sufficient to enable it to comply with the request for information, the requested Territory shall use all relevant information gathering measures to provide the applicant Territory with the information requested, notwithstanding that the requested Territory may not need such information for its own tax purposes.
- 3) If specifically requested by the competent authority of the applicant Territory, the competent authority of the requested Territory shall provide information under this Paragraph to the extent allowable under its domestic laws, in the form of depositions of witnesses and authenticated copies of original records.
- 4) Each Territory shall ensure that its competent authority, for the purposes of this Arrangement, has the authority to obtain and provide upon request:
 - a) information held by banks, other financial institutions, and any person, including nominees and trustees, acting in an agency or fiduciary capacity;
 - b) information regarding the ownership of companies, partnerships and other persons, including, within the constraints of Paragraph 2, ownership information on all such persons in an ownership chain; in the case of trusts, information on settlors, trustees, beneficiaries and the position in an ownership chain.
- 5) This Arrangement does not create an obligation on the Territories to obtain or provide:
 - a) ownership information with respect to publicly traded companies or public collective investment funds or schemes unless such information can be obtained without giving rise to disproportionate difficulties;
 - b) information that is not present in the Territory;
 - c) information relating to a period more than six years prior to the tax period under consideration;
 - d) information unless the applicant Territory has pursued all means available in its own territory to obtain the information, except those that would give rise to disproportionate difficulties;
 - e) information in the possession or control of a person other than the taxpayer that does not directly relate to the taxpayer.

- a) the identity of the taxpayer under examination or investigation;
 - b) the nature and type of the information requested, including a description of the specific evidence, information or other assistance sought and the form, if practicable, in which the applicant Territory prefers to receive the information;
 - c) the tax purposes for which the information is sought and why it is relevant to the determination of the tax liability of a taxpayer under the laws of the applicant Territory;
 - d) evidence that such taxpayer is a resident in, or national of, or carrying on business in, one of the Territories, or that it is necessary for the determination of the tax liability of a taxpayer under the laws of the applicant Territory;
 - e) the period of time with respect to which the information is required for the tax purposes;
 - f) grounds for believing that the information requested is present in the jurisdiction of the requested Territory or is in the possession or control of a person subject to the jurisdiction of the requested Territory;
 - g) to the extent known, the name and address of any person believed to be in possession or control of the information requested;
 - h) a statement that the request conforms to the law and administrative practice of the applicant territory and would be obtainable by the applicant territory under its laws in similar circumstances, both for its own tax purposes and in response to a valid request from the requested Territory under this Arrangement;
 - i) a statement that the applicant Territory has pursued all means available in its own territory to obtain the information, except those that would give rise to disproportionate difficulties.
- 8) The competent authority of the requested Territory shall forward the requested information as promptly as possible to the applicant Territory. To ensure a prompt response, the competent authority of the requested Territory shall:
- a) confirm receipt of a request in writing to the competent authority of the applicant Territory and shall notify the competent authority of the applicant Territory of deficiencies in the request, if any, within 60 days of the receipt of the request; and
 - b) if the competent authority of the requested Territory has been unable to obtain and provide the information within 90 days of receipt of the request, including if it encounters obstacles in furnishing the information or it refuses to furnish the information, it shall immediately inform the applicant Territory, explaining the reason for its inability, the nature of the obstacles or the reasons for its refusal.
- 9) For the purposes of subparagraph 7(d), a taxpayer shall be regarded as carrying on business:
- a) in the United Kingdom if that business is carried on through a permanent establishment

PARAGRAPH 6

Automatic Exchange of Information

With respect to categories of cases and in accordance with procedures which they shall determine by mutual agreement, the Territories shall automatically exchange information for the purposes referred to in Paragraph 1 (Object and scope of the Arrangement).

PARAGRAPH 7

Tax examinations abroad

- 1) The requested Territory may allow, to the extent permitted under its domestic law, representatives of the competent authority of the applicant Territory to enter the territory of the requested Territory to interview individuals and examine records with the written consent of the persons concerned. The competent authority of the applicant Territory shall notify the competent authority of the requested Territory of the time and place of the meeting with the individuals concerned.
- 2) At the request of the competent authority of the applicant Territory, the competent authority of the requested Territory may allow representatives of the competent authority of the applicant Territory to be present at the appropriate part of a tax examination in the requested Territory.
- 3) If the request referred to in sub-paragraph 2 is acceded to, the competent authority of the requested Territory conducting the examination shall, as soon as possible, notify the competent authority of the applicant Territory about the time and place of the examination, the authority official designated to carry out the examination and the procedures and conditions required by the requested Territory for the conduct of the examination. All decisions with respect to the conduct of the tax examination shall be made by the requested Territory conducting the examination.

PARAGRAPH 8

Possibility of declining a request

- 1) The competent authority of the requested Territory may decline to assist where:
 - a) the request is not made in conformity with this Arrangement;
 - b) the disclosure of the information requested would be contrary to the public policy of the requested Territory;
 - c) the applicant Territory would not be able to obtain the information
 - i) under its own laws for purposes of administration or enforcement of its own tax law or
 - ii) in response to a valid request from the requested Territory under this Arrangement

- a) are communications between a professional legal adviser and a client made in connection with the giving of legal advice to the client;
 - b) are communications between a professional legal adviser and a client, professional legal adviser acting for the client and another person, or the client and another person made in connection with or in contemplation of legal proceedings and for the purposes of such proceedings; and
 - c) include items enclosed with or referred to in such communications and made:
 - i) in connection with the giving of legal advice; or
 - ii) in connection with or in contemplation of legal proceedings and for the purposes of such proceedings, when the items are in the possession of a person who is entitled to possession of them.
- 4) A request for information shall not be refused on the ground that the tax claim giving rise to the request is disputed.
- 5) The requested Territory may decline a request for information if the information is requested by the applicant Territory to administer or enforce a provision of the tax law of the applicant Territory, or any requirement connected therewith, which discriminates against a national of the requested Territory as compared with a national of the applicant Territory in the same circumstances.

PARAGRAPH 9

Confidentiality

Any information received by a Territory under this Arrangement shall be treated as confidential and may be disclosed only to persons or authorities (including courts and administrative bodies) within the jurisdiction of the Territory concerned with the assessment or collection of, the enforcement or prosecution in respect of, or the determination of appeals in relation to, the taxes covered by this Arrangement, and to persons concerned with the regulation of disclosure and use of information. Such persons or authorities shall use such information only for such purposes. They may disclose the information in public court proceedings or in judicial decisions. The information may not be disclosed to any other person or entity or authority or any other jurisdiction without the express written consent of the competent authority of the requested Territory.

PARAGRAPH 10

Safeguards

The rights and safeguards secured to persons by the laws or administrative practices of the requested Territory remain applicable. The rights and safeguards may not be applied by the requested Territory in a manner that unduly prevents or delays effective exchange of information.

PARAGRAPH 12

Mutual Agreement Procedure

- 1) The competent authorities of the Territories shall jointly endeavour to resolve any difficulties or doubts arising as to the interpretation or application of this Arrangement.
- 2) In addition to the endeavours referred to in sub-paragraph 1, the competent authorities of the Territories may mutually determine the procedures to be used under Paragraphs 5, 6, and 7.
- 3) The competent authorities of the Territories may communicate with each other directly for the purposes of this Paragraph.

PARAGRAPH 13

Entry into Force

- 1) This Arrangement shall enter into force on the date of the letter of acceptance of the provisions of this Arrangement by the Government of Bermuda.
- 2) This Arrangement shall have effect:
 - a) with respect to the exchange of information on request foreseen in Paragraph 5 for tax periods beginning on or after 4 December 2008, or, where there is no taxable period, all charges to tax arising on or after 4 December 2008;
 - b) with respect to the automatic exchange of information foreseen in Paragraph 6 for calendar years commencing on or after 1 January 2016.

PARAGRAPH 14

Termination

- 1) Either Territory may terminate the Arrangement by serving a notice of termination on the other Territory.
- 2) Such termination shall become effective on the first day of the month following the expiration of a period of six months after the date of receipt of notice of termination by the other Territory.
- 3) In the event of termination, both Territories shall remain bound by the provisions of Paragraph 9 with respect to any information obtained under the Arrangement.

I have the honour to confirm that, if the above is acceptable to your Government, this letter and your confirmation will together constitute our mutual acceptance of the provisions of the Arrangement.

I am able to confirm that the contents of your letter dated 19th June 2017, are acceptable to the Government of Bermuda, and therefore that this letter together with your letter constitutes our mutual acceptance of the provisions of your letter which constitutes the Arrangement on Tax Information Exchange between Bermuda and the United Kingdom of Great Britain and Northern Ireland.

Please accept, Minister Stride, the assurance of my highest consideration.

The Honourable E.T. Bob Richards, JP, MP

Deputy Premier and Minister of Finance

Signed in Bermuda on 27 day of June 2017

EXPLANATORY NOTE

(This note is not part of the Order)

An arrangement comprising an Exchange of Letters dealing with the exchange of information for tax purposes between the United Kingdom and the British Overseas Territory of Bermuda (“the 2017 Arrangement”) is set out in the Schedule to the Order.

A previous arrangement dealing with exchange of information for tax purposes between the United Kingdom and the British Overseas Territory of Bermuda was signed on 4 December 2007 (“the 2007 Arrangement”), and was set out in the Schedule to the International Tax Enforcement (Bermuda) Order 2008 (S.I. 2008 No.1789).

The 2017 Arrangement replaces the 2007 Arrangement and makes provision for automatic exchange of tax information, which was not provided for in the 2007 Arrangement.

The 2017 Arrangement was concluded on 27 June 2017 on the date of signature of the responding letter from Bermuda. The 2007 Arrangement was replaced on that date.

Article 2 makes a declaration that it is expedient that the 2017 Arrangement should have effect and provides that it has effect.

Article 3 revokes the International Tax Enforcement (Bermuda) Order 2008.

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

A Tax Information and Impact Note has not been produced as Tax Information Exchange Arrangements/Agreements (TIEAs) impose no obligations on taxpayers.