Tax information exchange agreements (TIEA)

Detailed information about international tax information exchange agreements.

Tax information exchange agreements - overview

Discusses the role of tax information exchange agreements whereby participating partners can commit to eliminate harmful tax practices.

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The Organisation for Economic Cooperation and Development (OECD) has developed a process that enables certain non-OECD offshore financial centre jurisdictions to commit to eliminating harmful international tax avoidance and evasion practices. These jurisdictions can do this by signing taxation information exchange agreements (TIEAs) with OECD member countries and committed jurisdictions, collectively known as 'participating partners'.

TIEAs aim to establish effective information exchange and improve transparency of taxpayers' financial arrangements/transactions for tax purposes. TIEAs also provide important momentum to achieve the aims of the OECD's harmful tax practices initiative.

Many financial transactions are undertaken for sound commercial and legitimate tax planning reasons. However, financial transactions made in non-OECD offshore financial centre jurisdictions support international tax avoidance and are a real and ongoing risk to Australian revenue.

Australia has already signed a number of TIEAs and is in negotiations with a number of other offshore financial centre jurisdictions.

What is a taxation information exchange agreement?

Each TIEA outlines the obligation between Australia and the non-OECD participating partner to help each other by exchanging correct tax information relevant to the administration and enforcement of their respective domestic tax laws (civil and criminal). Information may only be provided on request - that is, a jurisdiction is not obliged to provide information it has not been asked for by the other jurisdiction.

Under the TIEAs, treaty partners must have legal and administrative frameworks in place to support their commitment to exchange information. For example, the ability to exchange information cannot be hindered by restrictions such as bank secrecy laws or a limitation to only be able to acquire and hence exchange information that is necessary for their domestic tax administration.

TIEAs differ from comprehensive international tax agreements (also known as tax treaties or double tax agreements) as they do not contain any provisions concerning the allocation of taxing rights over income.

TIEAs also differ from the exchange of information article of traditional international tax agreements in two ways:

- TIEAs are broader than international tax agreements as they cover all taxes administered by the Commissioner of Taxation and they cover criminal and civil tax matters
- TIEAs are narrower than international tax agreements in that the information exchanged can only relate to a specific investigation

occurring at the time – the exchange of information article under the traditional international tax agreements allows for specific, spontaneous and automatic exchange of information.

What do TIEAs aim to do?

Offshore tax evasion undermines the fairness and integrity of Australia's tax system. Furthermore, in an age of globalisation, the willingness of other governments to share information is an important element in the enforcement of domestic tax laws.

TIEAs provide broad benefits for the international financial community as well as specific benefits for the relevant offshore financial jurisdiction and Australia.

At an international level, TIEAs:

- maintain higher standards for the collection of taxpayer and accounting information, promoting transparency and good governance
- increase financial sector stability as well as combating criminal activity
- enhance the jurisdiction's reputation as a legitimate offshore financial centre
- assist integration of the offshore financial centre jurisdiction into the international financial system and global community.

For Australia, TIEAs:

- protect Australia's revenue base by providing access to necessary offshore information and improving the integrity of the tax system
- protect compliant businesses and individuals from unfair tax competition from those who evade their tax obligations
- provide an important deterrent to taxpayers considering entering into offshore arrangements to avoid or evade tax.

Which countries have a TIEA with Australia?

A full list of countries that currently have a TIEA with Australia is maintained by Treasury and can be found at Tax Information Exchange

Agreements.

More information

- Other international agreements
- International tax agreements

Proposed measures

The government is continually reviewing international tax arrangements. For information on how potential international legislative changes may affect you, see **New legislation**.

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