

MALTA
ADVANCE COMMITMENT LETTER



AMBASSADE DE MALTE

Mr D. Johnston
Secretary General
OECD
2, Rue Andre Pascal
75.775 Paris Cedex 16

Paris, 19th May 2000

Dear Mr Johnston,

I am writing in connection with OECD's project on harmful tax competition. The Government of Malta shares the concerns of the OECD about the global effects of harmful tax competition and would like to associate itself with that work. To this end, I am pleased to inform you that the Government of Malta hereby commits to the principles of the OECD's Report " Harmful Tax Competition : An Emerging Global issue " (the "OECD Report"). In fulfilment of this commitment, the Government of Malta undertakes to implement such measures (including through any legislative changes) as are necessary to eliminate any harmful aspects of Malta's regimes that relate to financial and other services. The Government of Malta commits in particular to a programme of effective exchange of information in tax matters, transparency, and the elimination of any aspects of the regimes for financial and other services that attract business with no substantial domestic activities. Details of these steps and a specific timetable will be agreed with the Forum. The Government of Malta understands that the OECD is prepared to assist us in establishing, improving or maintaining such practices and procedures as are necessary to comply with these principles.

The Government of Malta further commits to refrain from :

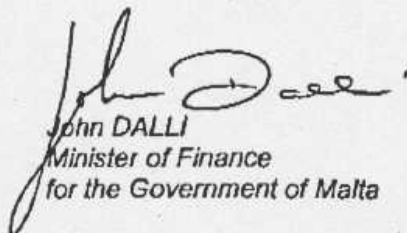
- 1. introducing any new regime that would constitute a harmful tax practice under the OECD Report ;*
- 2. for any existing regime related to financial and other services that currently does not constitute a harmful tax practice under the OECD Report, modifying the regime in such a way that, after the modification, it would constitute a harmful tax practice under the OECD Report ; and*
- 3. strengthening or extending the scope of any existing measure that currently constitutes a harmful tax practice under the OECD Report.*

... / ...

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The Government of Malta intends to release this letter of commitment to the public and would welcome the OECD's release of this letter after the Committee of Fiscal Affairs reports to the OECD Council on the progress of its work which we understand is expected by mid-June 2000.

Yours sincerely,



John DALLI
Minister of Finance
for the Government of Malta