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## SAINT CHRISTOPHER AND NEVIS

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STATEMENT  
BY  
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PRIME MINISTER AND MINISTER OF FINANCE,  
DEVELOPMENT, PLANNING AND NATIONAL SECURITY  
OF THE  
FEDERATION OF ST. KITTS AND NEVIS  
ON THE  
OECD HARMFUL TAX INITIATIVE

MARCH 5<sup>TH</sup> 2002

The Federation of St. Christopher (St. Kitts) and Nevis (hereinafter referred to as the Federation) is pleased to announce that it will participate in the OECD's Initiative on Harmful Tax Practices. By publishing the attached Annex, the Federation thereby commits to the principles of transparency and effective exchange of information.

The Federation has recently established a Financial Intelligence Unit, which facilitates the exchange of information with competent regulatory authorities of other jurisdictions and carries out investigations into suspicious activities that may occur in financial institutions within the Federation.

The Federation has also taken measures to ensure more transparency by making amendments to their respective Companies Acts to enable the identification of beneficial owners of bearer shares.

While the Federation strongly supports the OECD's work on Harmful Tax Practices, it remains committed to protecting its economic interests and fiscal autonomy in any negotiations with the OECD. The Federation wishes to stress that the issue of a level playing field is critical to those interests.

## **Annex**

This attachment outlines the measures that the Government of the Federation of the St. Christopher and Nevis (hereinafter referred to as "the Federation") will take on a phased basis by 31 December 2005 to implement its commitment to the principles of transparency and effective exchange of information.

### **1. Establishing a process for effective exchange of information**

1. The Federation agrees to the effective exchange of information for criminal tax matters beginning in the first year after 31 December 2003 and for civil tax matters beginning in the first year after 31 December 2005. Such exchanges shall be achieved through the adoption of tax information exchange agreements that require the effective exchange of information in specific tax matters upon request. The tax information exchange agreements will include protections against unauthorised disclosures or unauthorised use of information.
2. In a case involving information required for the investigation and prosecution of criminal tax matters information shall be provided without the requirement that the conduct being investigated must constitute a crime in the Federation.
3. In the case of information requested in the context of a civil tax matter, the absence of the Federation's tax interest in the case or in obtaining the information shall not be a bar to the provision of information. The incidence of costs incurred in providing such assistance shall be agreed in the context of the exchange of information agreements entered into by the Federation in satisfaction of its commitment. Flexibility is expected in determining the incidence of costs to take into account factors such as the likely flow of information requests between the two parties to the agreement, whether both parties have income tax administrations, the capacity of each party to obtain and provide information, and the volume of information involved.

### **2. Transparency**

1. The Federation will ensure that information on beneficial ownership of the Federation's companies, partnerships and other legal entities established in the Federation, including managers and beneficiaries of collective investment funds and trustees and beneficiaries of trusts is available to its tax or regulatory authorities. This will include companies and other legal entities operating from the Federation provided that the information is present within the territory, or in the possession or control of a person subject to the jurisdiction of the Federation. The Federation agrees that such information will be subject to exchange under the tax information exchange agreements referred to in paragraph 1.

2. Subject to de minimis exceptions to be developed by the Federation together with the OECD and other committed jurisdictions, the Federation will require that companies, partnerships, trusts and other legal entities established in the Federation or having a place of business in the Federation maintain accounts which are prepared in accordance with generally accepted accounting standards. Subject to other exceptions to be developed by the Federation together with the OECD and other committed jurisdictions, the companies, partnerships, trusts and other legal entities that are required to keep accounts will also be subject to either an audit or filing requirement. The Federation agrees that such statements will be subject to exchange under the tax information exchange agreements referred to in paragraph 1.
  
3. The Federation agrees that its Comptroller of Inland Revenue will have access to bank information of persons and companies liable to tax in OECD countries to the extent necessary to perform obligations under a tax information exchange agreement concluded pursuant to paragraph 1.