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## Commonwealth International Tax Roundtable

### Outcome Statement

London 20 - 21 June 2016

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1. Twenty-two representatives of eighteen small state Commonwealth jurisdictions that host international financial centres (IFCs) met in London on 20-21 June 2016 to discuss recent international taxation and related developments, their implications for small state IFCs and how jurisdictions can best respond to these developments. Participants from across the Caribbean, the Pacific, Africa and Europe were joined by a range of speakers and presenters including representatives of the Organisation for Economic Cooperation and Development, the Secretariat for the Global Forum on Transparency and Exchange of Information in Tax Matters and the Tax Justice Network.
2. Delegates welcomed the forum, recognising that there were few opportunities where such jurisdictions could come together to discuss the international tax and related regulatory agenda and how it impacts them. The timeliness of the meeting was also acknowledged given the number and breadth of recent developments as well as the increased public scrutiny on the role of IFCs following the release of the 'Panama Papers'.
3. Delegates emphasised the important role that IFCs play in many small states, offering a means by which such jurisdictions can diversify their economies. They also highlighted the positive role that IFCs can play, in both small and large countries, in facilitating international investment flows. However, it was acknowledged that there are challenges in effectively communicating this positive role given the strong and often negative views that exist regarding the role of IFCs.
4. Presentations on current international initiatives to promote tax and broader regulatory transparency to combat tax evasion and other illicit activities were welcomed. There was broad support of international efforts in promoting greater international tax transparency, including greater collaboration between jurisdictions. All jurisdictions represented at the roundtable have committed to the agreed international tax transparency standards and are active members of the Global Forum.
5. Recent developments around public registers of beneficial ownership information and the automatic exchange of such information between authorities were also considered. This included an acknowledgement of the value of sharing such information between authorities. Discussions also highlighted the importance of balancing different public policy priorities, including privacy considerations in the context of public registers. A number of smaller jurisdictions noted the challenges in simply keeping up with these different developments. With the increased flow of information between jurisdictions, the importance of effective data management and data security was also emphasised.
6. The discussion on transparency initiatives, in particular those relating to beneficial

ownership, highlighted the links between the international taxation and regulatory agendas. These were further explored in the roundtable, which included a presentation by the Commonwealth on its upcoming report on “de-risking” across the Commonwealth. The report, drawing on a pan-Commonwealth survey, highlighted the significant and increasing concerns of many Commonwealth members regarding the loss of correspondent banking relationships and the very real danger this poses to already vulnerable states should their access to the global financial system be further limited. Given that this access is crucial to the viability of a financial centre, “de-risking” presents particular challenges to small state IFCs.

7. The level of resources required by small jurisdictions to meet international standards, including tax transparency and Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) standards, was discussed. As well as the resources needed for ongoing monitoring and compliance, putting in place new systems, processes and frameworks to meet any new standards poses particular challenges for jurisdictions that may need to re-allocate already scarce resources.
8. Delegates welcomed the presentation from the OECD on the G20/OECD Base Erosion and Profit Shifting (BEPS) project which aims at addressing multinational tax avoidance. As well as providing an overview of the project, the OECD also presented on the development of the inclusive implementation framework which is open to all jurisdictions to participate in. As many of the jurisdictions represented had not been engaged in the BEPS project to date there was a strong desire to learn more about the project and the implications it would have for IFCs.
9. Whilst the invitation to participate in the implementation of the agenda was welcome, concerns were raised regarding the lack of engagement in the development of the standards themselves. A number of delegates emphasised the importance of giving jurisdictions a voice in the development of international standards and rules, rather than expecting them to implement them once they had been determined. This was a similar sentiment expressed at the Commonwealth’s 4<sup>th</sup> Global Biennial Conference on Small States held in May in the Seychelles.
10. In addition to recent initiatives around beneficial ownership, other developments that have followed the release of the ‘Panama Papers’ were discussed. This included the development of objective criteria by both the OECD (at the request of the G20) and the European Commission to identify ‘uncooperative jurisdictions’ with the prospect of measures being applied against such jurisdictions.
11. Given strong concerns by a number of jurisdictions around the publication of the European Union blacklist in 2015, the development of objective criteria based on agreed international standards was welcome. The importance of giving jurisdictions an opportunity to comment on draft criteria was also emphasised. Moreover, there was a strong view that the development of any blacklists and the application of any measures had to be undertaken fairly, ensuring that it applied equally to all jurisdictions that do not meet the objective criteria.

## Conclusion

11. Overall, delegates welcomed the discussions at the roundtable, noting the need to be proactive in responding to the international taxation and regulatory agendas.
12. Jurisdictions expressed a strong desire to work more closely with the Commonwealth Secretariat to gain a clearer understanding of recent developments and their

implications for small states and their IFC models.

13. Delegates welcomed the opportunity to build relationships with like jurisdictions and agreed that there was value in ongoing collaboration both with regions and across the Commonwealth. A Commonwealth proposal to develop a virtual network to encourage this collaboration was welcomed.
14. More generally, delegates welcomed the Commonwealth's engagement in these issues and called on the Commonwealth to provide leadership and a voice for smaller states in international fora such as the G20 and the Global Forum. In addition, there was a strong recognition of the value in facilitating a dialogue on these and related issues amongst the broader Commonwealth membership to help identify common ground amongst jurisdictions that may bring different perspectives to the issues. Delegates agreed that the upcoming Commonwealth Finance Minister's Meeting in October would provide a good opportunity to promote this dialogue.