Draft Order in Council laid before the House of Commons under section 173(7) of the Finance Act 2006, for approval by resolution of that House.

DRAFT STATUTORY INSTRUMENTS

2010 No.

CAPITAL GAINS TAX
CORPORATION TAX
INCOME TAX
INHERITANCE TAX
VALUE ADDED TAX

The International Tax Enforcement (Turks and Caicos Islands) Order 2010

Made - - - - [date] [Month] 2010

At the Court at Buckingham Palace, the [date] day of [Month] 2010

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 (Turks and Caicos Islands) Order 2010.

Tax information exchange arrangements to have effect

2. It is declared that—

(**1**) 2006 c. 25.

(a) the arrangements specified in the Exchange of Letters set out in Part 1 of the Schedule to this Order and in the arrangement set out in Part 2 of that Schedule have been made with the Government of the Turks and Caicos Islands 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

(b) it is expedient that the arrangements should have effect.

Name
Clerk of the Privy Council

SCHEDULE Article 2

PART 1

EXCHANGE OF LETTERS BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM AND THE GOVERNMENT OF THE TURKS AND CAICOS ISLANDS CONCERNING AN ARRANGEMENT BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE GOVERNMENT OF THE TURKS AND CAICOS ISLANDS FOR THE EXCHANGE OF INFORMATION RELATING TO TAXES

Letter from UK Government

22 July 2009

Sir,

Having regard to the wish of the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Turks and Caicos Islands to enhance and facilitate the terms and conditions governing the exchange of information relating to taxes, I have the honour

- to propose to you the arrangements contained in the Arrangement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Turks and Caicos Islands for the exchange of information relating to taxes at Appendix 1 to this letter and that this will come into effect on the date mentioned in Paragraph 13 of the Arrangement;

- to propose our mutual commitment to undertake at the earliest date any internal legislative formalities necessary for the coming into effect of the arrangements and to notify each other without delay when such formalities are completed;

In proposing these arrangements, the intention of the Government of the United Kingdom and the Government of the Turks & Caicos Islands is not to apply prejudicial or restrictive measures based on harmful tax practices to residents or citizens of the other party so long as they are in force and effective. In the event that a party applies prejudicial or restrictive measures based on harmful tax practices to residents or citizens of the other party, it is understood that that other party may suspend the operation of the arrangements for as long as such measures apply.

For these purposes, a prejudicial or restrictive measure based on harmful tax practices means a measure applied by one party to residents or citizens of either party on the basis that the other party does not engage in effective exchange of information or because it lacks transparency in the operation of its laws, regulations or administrative practices, or on the basis of no or nominal taxes and one of the preceding criteria. Without limiting the generality of the term "prejudicial or

restrictive measures" it includes the denial of a deduction, credit or exemption, the imposition of a tax, charge or levy, or special reporting requirements. Such measures are not limited solely to either party against, amongst others, members of the OECD generally.

I have the honour to confirm that, if the above is acceptable to the Government of the Turks and Caicos Islands, this letter and Appendix 1 thereto together with your reply will constitute the mutual acceptance of the two Governments of the provisions of the said arrangements.

Please accept, Sir, the assurance of our highest consideration.

Andrew Allen
Acting Director, Overseas Territories Directorate
Foreign and Commonwealth Office

Letter of Reply from the Turks & Caicos Islands Government

22 July 2009

Sir,

I have the honour to acknowledge receipt of your letter dated 22nd July 2009, which reads as follows:

"Sir,

Having regard to the wish of the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Turks and Caicos Islands to enhance and facilitate the terms and conditions governing the exchange of information relating to taxes, I have the honour

- to propose to you the arrangements contained in the Arrangement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Turks and Caicos Islands for the exchange of information relating to taxes at Appendix 1 to this letter and that this will come into effect on the date mentioned in Paragraph 13 of the Arrangement;

- to propose our mutual commitment to undertake at the earliest date any internal legislative formalities necessary for the coming into effect of the arrangements and to notify each other without delay when such formalities are completed;

In proposing these arrangements, the intention of the Government of the United Kingdom and the Government of the Turks & Caicos Islands is not to apply prejudicial or restrictive measures based on harmful tax practices to residents or citizens of the other party so long as they are in force and effective. In the event that a party applies prejudicial or restrictive measures based on harmful tax practices to residents or citizens of the other party, it is understood that that other party may

suspend the operation of the arrangements for as long as such measures apply.

For these purposes, a prejudicial or restrictive measure based on harmful tax practices means a measure applied by one party to residents or citizens of either party on the basis that the other party does not engage in effective exchange of information or because it lacks transparency in the operation of its laws, regulations or administrative practices, or on the basis of no or nominal taxes and one of the preceding criteria. Without limiting the generality of the term "prejudicial or restrictive measures" it includes the denial of a deduction, credit or exemption, the imposition of a tax, charge or levy, or special reporting requirements. Such measures are not limited solely to taxation matters. However, they do not include any generally applicable measure, applied by either party against, amongst others, members of the OECD generally.

I have the honour to confirm that, if the above is acceptable to the Government of the Turks and Caicos Islands, this letter and Appendix 1 thereto together with your reply will constitute the mutual acceptance of the two Governments of the provisions of the said arrangements.

Please accept, Sir, the assurance of our highest consideration."

I am able to confirm that the contents of your letter dated 22nd July 2009 and Appendix 1 thereto are acceptable to the Government of the Turks and Caicos Islands and together with this reply will constitute the mutual acceptance of our two Governments of the provisions of the proposed arrangements.

Please accept, Sir, the assurance of our highest consideration.

The Honourable Royal Robinson,
Deputy Premier and Minister for Health and Finance