

EXCHANGE OF LETTERS  
CONCERNING ARRANGEMENTS BETWEEN THE UNITED KINGDOM  
AND ANGUILLA  
CONTAINED IN  
AN AGREEMENT ON THE TAXATION OF SAVINGS INCOME

Sir,

I refer to the text of the proposed model “Convention between the Government of Anguilla and [the Government of (EU Member State, other than Belgium, Austria and Luxembourg)] concerning the Automatic Exchange of Information about Savings Income in the form of Interest Payments” that was approved by the High Level Working Party (Taxation of Savings) of the Council of Ministers of the European Union on 22 June 2004.

In view of the above mentioned text, and respecting the constitutional relationship between the United Kingdom of Great Britain and Northern Ireland and Anguilla, I have the honour

- to propose to you the arrangements contained in the Convention concerning the automatic exchange of information about savings income in the form of interest payments at Appendix 1 to this letter;
- to propose that the said arrangements may come into effect on the date of application of Council Directive 2003/48/EC of 3 June 2003 on the taxation of savings income in the form of interest payments, which date shall be subject to the conditions set out in Article 17(2) of the Directive, and also subject to the notification to each other that the internal constitutional formalities for the coming into effect of these arrangements are completed;
- to propose our mutual commitment to comply at the earliest date with our said internal constitutional formalities and to notify each other without delay through the formal channels when such formalities are completed.

I have the honour to propose that, if the above is acceptable to your Government, this letter together with its Appendix 1 and your confirmation shall together constitute our mutual acceptance and making of the arrangements between the United Kingdom and Anguilla.

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

[signed]

Bill Rammell MP  
Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs

For the Government of **the United Kingdom**

Done in London on 22 July 2004 in three copies.

**Government of Anguilla**

Office of the Minister of Finance  
Economic Development,  
Investment and Commerce

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The Secretariat  
The Valley  
Anguilla  
West Indies

28 September 2004

Bill Rammell MP  
Minister for the Overseas Territories  
Foreign and Commonwealth Office  
King Charles Street  
London SW1A 2AH

**EU TAXATION OF SAVINGS DIRECTIVE: ANGUILLA**

I am able to confirm that the Government of Anguilla is in agreement with the contents of your letter dated 22 July 2004.

Please accept, Sir, the assurances of my highest consideration.

[signed]  
Victor F Banks  
Minister of Finance and Economic Development, Investment and Commerce

**CONVENTION BETWEEN THE GOVERNMENT OF ANGUILLA AND THE  
GOVERNMENT OF THE UNITED KINGDOM CONCERNING THE AUTOMATIC  
EXCHANGE OF INFORMATION ABOUT SAVINGS INCOME IN THE FORM OF  
INTEREST PAYMENTS**

The Government of Anguilla and the Government of the United Kingdom, desiring to conclude a Convention which enables savings income in the form of interest payments made in one of the Contracting Parties to beneficial owners who are individuals resident in the other Contracting Party, to be made subject to effective taxation in accordance with the laws of the latter Contracting Party in conformity with Directive 2003/48/EC of the Council of the European Union of 3 June 2003 on taxation of savings income in the form of interest payments, have agreed as follows:

**Article 1**

**General Scope**

1. This Convention shall apply to interest paid by a paying agent established within the territory of one of the Contracting Parties with a view to enable savings income in the form of interest payments made in one Contracting Party to beneficial owners who are individuals resident for tax purposes in the other Contracting Party to be made subject to effective taxation in accordance with the laws of the latter Contracting Party.
2. The scope of this Convention shall be limited to taxation of savings income in the form of interest payments on debt claims, to the exclusion, inter alia, of the issues relating to the taxation of pension and insurance benefits.

**Article 2**

**Definitions**

1. For the purposes of this Convention, unless the context otherwise requires:
  - a. The term “a Contracting Party” and “the other Contracting Party” mean Anguilla or the United Kingdom as the context requires;
  - b. The term “Directive” means the Directive 2003/48/EC of the Council of the European Union of 3 June 2003 on taxation of savings income in the form of interest payments, as applicable at the date of signing this Convention;
  - c. The term “United Kingdom” means Great Britain and Northern Ireland, including any area outside the territorial sea of the United Kingdom designated under its laws concerning the Continental Shelf and in accordance with international law as an area within which the rights of the United Kingdom with respect to the sea bed and sub-soil and their natural resources may be exercised;

- d. the term “beneficial owner” means the beneficial owner according to article 2 of the Directive;
  - e. the term “paying agent” means the paying agent according to article 4 of the Directive;
  - f. the term “competent authority” means
    - i) in the case of Anguilla, the Comptroller of Inland Revenue;
    - ii) in the case of the United Kingdom, the Commissioners of Inland Revenue or their authorised representative;
  - g. the term “interest payment” means the interest payment according to article 6, due account being taken of article 15 of the Directive;
  - h. any term not otherwise defined herein shall have the meaning given to it in the Directive.
2. For the purposes of this Convention, in the provisions of the Directives to which this Convention refers, instead of “Member States” has to be read: Contracting Parties.

### **Article 3**

#### **Identity and residence of beneficial owners**

Each Contracting Party shall, within its territory, adopt and ensure the application of the procedures necessary to allow the paying agent to identify the beneficial owners and their residence for the purpose of Article 4. These procedures shall comply with the minimum standards established in Article 3, paragraphs 2 and 3 of the Directive, with the proviso that, with respect to Anguilla and in relation to subparagraph (a) of each of these paragraphs, the identity and residence of the Beneficial Owner shall be established on the basis of the information which is available to the Paying Agent by virtue of the application of the relevant provisions of legislation in force in Anguilla on prevention of the use of the financial system for the purpose of money laundering.

### **Article 4**

#### **Automatic exchange of information**

1. The competent authority of the Contracting Party where the paying agent is established, shall communicate the information referred to in Article 8 of the Directive to the competent authority of the other Contracting Party of residence of the beneficial owner.
2. The communication of information shall be automatic and shall take place at least once a year, within six months following the end of the tax year of the Contracting Party of the paying agent, for all interest payments made during that year.
3. Information exchanged under this Convention shall be treated by the Contracting Parties in a manner consistent with the provisions of Article 7 of Directive 77/799/EEC.

## **Article 5**

### **Transposition**

Before 1 January 2005 the Contracting Parties shall adopt and publish the laws, regulations and administrative provisions necessary to comply with this Convention.

## **Article 6**

### **Annex**

The text of the Directive and of Article 7 of the Directive 77/799/EEC of the Council of the European Union of 19 December 1977 concerning mutual assistance by the competent authorities of the Member States in the field of direct and indirect taxation, as applicable at the date of signing this Convention, and to which this Convention refers, are appended as an Annex to, and form an integral part of, this Convention.

## **Article 7**

### **Entry Into Force**

1. This Convention shall enter into force on the thirtieth day after the latter of the dates on which the respective Governments have notified each other in writing that the formalities constitutionally required in their respective territories have been complied with, and its provisions shall have effect from the date from which the Directive is applicable according to Article 17, paragraph 2 and 3, of the Directive.
2. Article 4 of this Agreement shall not have effect in the United Kingdom in the absence of direct taxation in Anguilla.

## **Article 8**

### **Termination**

This Convention shall remain in force until terminated by one of the Contracting Parties. Either Party may terminate the Convention, through diplomatic channels, by giving notice of termination at least six months before the end of any calendar year after the expiration of a period of three years from the date of its entry into force. In such event the Convention shall cease to have effect for periods beginning after the end of the calendar year in which the notice of termination has been given.

**/Annex: text of the Directive and of Article 7 of Directive 77/799/EEC**

## Annex

### Text of the Directive<sup>1</sup> (appended) [not reproduced]

#### Text of Article 7 of Directive 77/799/EEC:

“Provisions relating to secrecy

1. All information made known to a Member State under this Directive shall be kept secret in that State in the same manner as information received under its national legislation. In any case, such information:

- may be made available only to the persons directly involved in the assessment of the tax or in the administrative control of this assessment,
- may be made known only in connection with judicial proceedings or administrative proceedings involving sanctions undertaken with a view to, or relating to, the making or reviewing the tax assessment and only to persons who are directly involved in such proceedings; such information may, however, be disclosed during public hearings or in judgements if the competent authority of the Member State supplying the information raises no objection at the time when it first supplies the information,
- shall in no circumstances be used other than for taxation purposes or in connection with judicial proceedings or administrative proceedings involving sanctions undertaken with a view to, or in relation to, the making or reviewing of the tax assessment.

In addition, Member States may provide for the information referred to in the first subparagraph to be used for assessment of other levies, duties and taxes covered by Article 2 of Directive 76/308/EEC<sup>2</sup>.

2. Paragraph 1 shall not oblige a Member State whose legislation or administrative practices lays down, for domestic purposes, narrower limits than those contained in the provisions of that paragraph, to provide information if the State concerned does not undertake to respect those narrower limits.
3. Notwithstanding paragraph 1, the competent authorities of the Member State providing the information may permit it to be used for other purposes in the requesting State if, under the legislation of the informing State, the information could, in similar circumstances, be used in the informing State for similar purposes.
4. Where a competent authority of a Member State considers that information which it has received from the competent authority of another Member State is likely to be useful to the competent authority of a third Member State, it may transmit it to the latter competent authority with the agreement of the competent authority which supplied the information. ”

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<sup>1</sup> OJ L 157, 26.06.2003, p.38.

<sup>2</sup> OJ L 73, 19.3.1976, p. 18.