Tax information exchange agreement (TIEA)

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Why is it the news?

Recently India has notified a tax information exchange agreement (TIEA) with the Marshall Islands.

What is TIEA?

- A TIEA is a tax treaty variant to exchange information relevant to the administration and enforcement of their domestic tax laws
- The key purpose of this arraignment is to promote international cooperation in tax matters by exchanging tax related information.
- The OECD is the original proponent of TIEAs. They were developed by its Global Forum Working Group on Effective Exchange of Information to address harmful tax practices.
- The agreement enables exchange of information, including banking and ownership information, between the two countries for tax purposes
- The TIEA is based on international standards of tax transparency and exchange of information and enables the sharing of information on request.
- The agreement also provides for representatives of one country to undertake tax examinations in other countries.
- ***TIEAs are not binding instruments and can be terminated as stipulated in the agreements.***

Agreement with Marshal Islands

- The agreement will enhance mutual cooperation between India and the Marshall Islands by providing an effective framework for exchange of information on tax matters which will help curb tax evasion and tax avoidance.

- As of May 2019 India, has entered into 21 TIEA arrangements with the following countries: Argentina, Bahamas, Bahrain, Belize, Bermuda, British Virgin Islands, Cayman Islands, Gibraltar, Guernsey, San Mario, Isle of Man, Jersey, Liberia, Macao Sar, Maldives, Liechtenstein, Monaco, Saint Kitts and Nevis, and Seychelles.
- Very recently. India and Brunei Darussalam, a Southeast Asian country signed a TIEA.