

Ireland joins fight against tax evasion

Ireland is the latest country to sign up to an international convention designed to help fight tax evasion.



Ireland has signed up to an international tax treaty developed by the OECD and Council of Europe Photo: Design Pics Inc/Rex Features

By Leah Hyslop

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Brian Hayes, minister of state at Ireland's department of finance, signed up to The Multilateral Convention on Mutual Administrative Assistance in Tax Matters at a meeting with the OECD last week.

The convention was developed jointly by the Council of Europe and the OECD, and is intended to promote international co-operation on tax matters – particularly as regards to fighting tax evasion and avoidance.

It was first introduced in 1988, but was amended last year to strengthen its requirements on tax information exchange, and to ensure that all countries, not just member states of the OECD and Council of Europe, could join it. So far, 21 countries have signed up to the amended agreement.

Ronnie Ludwig, a partner in the private wealth group at accountancy firm [Saffrey Champness](http://www.saffery.com/) (<http://www.saffery.com/>), said Ireland's involvement should be welcomed.

"In adopting this treaty, Ireland has signed up to a co-ordinated international effort to crack down on tax evaders," he said. "The global approach is the only way in which we can tackle this problem effectively, as it reduces the number of countries open to tax cheats."

[Expats hit by changes in EU tax law](http://www.telegraph.co.uk/finance/personalfinance/offshorefinance/4205338/Expats-hit-by-changes-in-EU-tax-law.html)

(<http://www.telegraph.co.uk/finance/personalfinance/offshorefinance/4205338/Expats-hit-by-changes-in-EU-tax-law.html>)

[UK and Switzerland edge closer to tax evasion solution](http://www.telegraph.co.uk/finance/personalfinance/offshorefinance/8490310/UK-and-Switzerland-edge-closer-to-tax-evasion-solution.html)

(<http://www.telegraph.co.uk/finance/personalfinance/offshorefinance/8490310/UK-and-Switzerland-edge-closer-to-tax-evasion-solution.html>)

[Indian government pressured to stop tax evasion](http://www.telegraph.co.uk/finance/personalfinance/offshorefinance/8293667/Indian-government-pressured-to-stop-tax-evasion.html)

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[Offshore tax havens: ideal destinations](http://www.telegraph.co.uk/finance/personalfinance/offshorefinance/7204934/Offshore-tax-havens-ideal-destinations.html)

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[A tax haven no more](http://www.telegraph.co.uk/finance/personalfinance/consumertips/tax/2917775/Europe-is-no-longer-a-tax-haven.html)

(<http://www.telegraph.co.uk/finance/personalfinance/consumertips/tax/2917775/Europe-is-no-longer-a-tax-haven.html>)

[Revenue sees Ireland as haven](http://www.telegraph.co.uk/news/uknews/1402902/Revenue-regards-Ireland-as-haven.html) (<http://www.telegraph.co.uk/news/uknews/1402902/Revenue-regards-Ireland-as-haven.html>)

"The world is becoming a much smaller place for tax evaders."

Kevin O'Doherty, director of the financial services management consultancy [Compliance Ireland](http://www.complianceireland.com) (<http://www.complianceireland.com>) said that Ireland's joining of the convention was not unexpected, given the "shambolic recent performance by the domestic banking sector".

"Ireland has a large and prosperous offshore financial services industry which, in contrast to the domestic banking sector, has remained relatively trouble-free for the Irish government, and is a major source of foreign direct investment," he said.

"However, the shortcomings of corporate governance uncovered in the domestic banks raise the risk of guilt by association for the offshore financial services firms. As leading providers in sectors such as mutual funds and hedge funds, it is vitally important for these firms' customers to unswervingly know that they can trust the Irish with their money.

"Some foreign commentators have pointed at Ireland's 12.5 per cent corporation tax rate and accused it of being nothing more than a tax haven. So, given this background, and perhaps a desire to repair

relations with its European partners, it is unsurprising that Ireland should attempt to demonstrate clear blue water between it and other locations more worthy of the pejorative tax haven label by signing the amended convention.”

Ireland expects to ratify the convention in 2012, as some changes need to be made to domestic law to enable it to fulfill all its obligations.

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