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GRENADA, W.I.

27th February 2002

Mr. Donald Johnston
Secretary General
OECD
2 RUE André Pascal
75775 Paris Cedex 16
France

Via fax: 011 33 1 44 30 63 21, Email, and post

Dear Mr. Johnston,

COMMITMENT OF GRENADA

I am writing in connection with the OECD's project on harmful tax competition. I am pleased to inform you that the Government of Grenada commits to the principles of effective exchange of information in tax matters and transparency. To ensure compliance with these principles, the Government of Grenada will implement the measures outlined in the Attachment.

The detailed implementation of specific commitments will be subject to Grenada Parliamentary approval on an ongoing basis as individual legislation and policy proposals are advanced.

We understand that the OECD is prepared to assist Grenada in establishing, improving, or maintaining such practices as are necessary to comply with the commitments.

These commitments will have significant adverse costs impacts on the small economy of Grenada; but, taking into account the need to pursue the long term development of its economy, and recognizing the important roles of fiscal and other measures in this context, and the need to maintain its fiscal autonomy, Grenada makes these commitments in the hope that the OECD and other international organizations will be responsive to these objectives. Areas of possible assistance could include tax policy, tax administration and generally assistance in strengthening capacities in financial services.

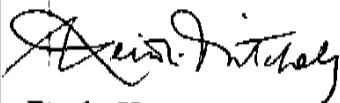
The commitment is offered on the basis that:

1. Grenada is not included on the OECD list of un-cooperative tax havens.
2. Grenada will not be subject to any framework of coordinated defensive measures by members of the OECD.
3. Grenada is determined to protect its economic interests and fiscal autonomy in any future negotiations with the OECD. The issue of a level playing field is critical to those interests.
4. Those jurisdictions, including OECD Member countries and other countries and jurisdictions yet to be identified, that fail to make equivalent commitments or to satisfy the standards in the 1998 Tax Competition Report will be the subject of a framework of coordinated defensive measures; and
5. Grenada is invited to participate fully on an equal basis with all committed jurisdictions and OECD countries in any discussions in the Global Forum on the design of internationally accepted standards for the application of these and any similar commitments.

The Government of Grenada will ensure that:

1. No new regime or practice is introduced that fails to comply with the principles of transparency and effective exchange of information; and
2. No existing regime or practice is modified in such a way that after the modification it would not comply with the principles of transparency and effective exchange of information.

Yours faithfully,



Dr. the Honourable Keith C. Mitchell
Prime Minister

Attachment

This Attachment outlines the measures that the Government of Grenada will take on a phased basis by 31 December 2005 to implement its commitment to the principles of transparency and effective exchange of information. Details of these measures and a specific timetable will be developed together with the OECD.

1. Establishing a process for effective exchange of information

1. Grenada agrees to the effective exchange of information for criminal tax matters beginning in the first year after 31 December 2003 and for civil tax matters beginning in the first year after 31 December 2005. Such exchanges shall be achieved through the adoption of tax information exchange agreements that require the effective exchange of information in specific tax matters upon request. The tax information exchange agreements will include protections against unauthorised disclosures or unauthorised use of information. Grenada is therefore prepared to enter into tax information exchange agreements with OECD countries that do not presently have an arrangement for the effective exchange of information with Grenada.

- In a case involving information required for the investigation and prosecution of criminal tax matters, the information will be provided without the requirement that the conduct being investigated would constitute a crime under the Laws of Grenada if it occurred in Grenada.

In the case of information requested in the context of a civil tax matter, the absence of a Grenadian tax interest in the case or in obtaining the information shall not be a bar to the provision of information. The incidence of costs incurred in providing such assistance shall be agreed in the context of the exchange of information agreements entered into by Grenada in satisfaction of its commitment. Flexibility is expected in determining the incidence of costs to take into account factors such as the likely flow of information requests between the two parties to the agreement, whether both parties have income tax administrations, the capacity of each party to obtain and provide information, and the volume of information involved.

2. Transparency

- Grenada will ensure that information on beneficial ownership of Grenada companies, partnerships and other legal entities established in Grenada, including managers and beneficiaries of collective investment funds and trustees and beneficiaries of trusts is available to its tax or regulatory authorities. This will include companies and other legal entities operating from Grenada provided that the information is present within the territory, or in the possession or control of a person subject to the jurisdiction of Grenada. Grenada agrees that such information will be subject to exchange under tax information exchange agreements referred to in paragraph 1 above.

- Subject to de minimis exceptions to be developed by Grenada together with the OECD and other committed jurisdictions, Grenada will require that companies, partnerships, trusts and other legal entities established in Grenada or having a place of business in Grenada maintain up to date accounts which are prepared in accordance with generally accepted accounting standards. Subject to other exceptions to be developed by Grenada together with the OECD and other committed jurisdictions, the companies, partnerships, trusts and other legal entities that are required to keep accounts will also be subject to either an audit or filing requirement. Grenada agrees that such statements will be subject to exchange agreements referred to in paragraph 1 above.
- Grenada agrees that its Commissioner of Inland Revenue or other competent authorities will have access to bank information of persons and companies liable to tax in OECD countries to the extent necessary to perform obligations under a tax information exchange agreement concluded pursuant to paragraph 1.