

Minister of State Neale Richmond Opening Statement

I am pleased to be here today to bring before the committee two draft Government orders giving force of law in Ireland to a new Double Taxation Agreement with Oman and separately a new Protocol to the existing limited-scope Double Taxation Agreement with Jersey.

The new Double Taxation Agreement with Oman was signed by Ambassador Gerard Cunningham, Ireland's representative to Saudi Arabia, and Nasser bin Khamis bin Ali Al-Jashmi on behalf of Oman on the 30 of May 2024 in the Omani capital Muscat.

The Protocol to the Agreement with Jersey was signed on 23 November 2023 by the Minister for Finance Michael McGrath TD and the then Jersey Minister for the Treasury and External Relations, Deputy Ian Gorst in Dublin.

Treaty Network

Our network of Double Taxation Agreements is an important aspect of our competitiveness in attracting investment and facilitating Irish business in operating internationally. In addition, Double Taxation Agreements are a cornerstone of Ireland's trade policy and are a key element in stimulating trade and investment flows between countries. They provide greater certainty and

fairness for taxpayers regarding their tax obligations in foreign jurisdictions and they are key to the prevention of double taxation.

Furthermore, they provide for dispute resolution mechanisms and exchange of taxpayer information to enhance tax transparency.

The benefits of Double Taxation Agreements are well known but concerns were expressed that treaties may inadvertently facilitate aggressive tax planning. Considerable work has been undertaken to address such concerns in recent years. These reforms were central to the BEPS project and led to the development of the *OECD Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting*.

Updating our existing Double Taxation Agreements, whether via the Multilateral Convention or bilaterally, helps to ensure that they cannot be used for aggressive tax planning arrangements.

OECD BEPS

As the Committee may recall, arising from the OECD BEPS process, Ireland ratified the *Multilateral Convention to Implement Tax Treaty Related Measures to Prevent BEPS* in 2018. The Convention was discussed at this Committee and was included in Finance Act 2018. The BEPS Multilateral Convention came into force for Ireland in 2019 and updated the majority of Ireland's existing Double

Taxation Agreements to make them BEPS compliant. However, our existing Agreement with Jersey was not updated by the Multilateral Convention but will instead be updated bilaterally to reflect the BEPS changes. That is what the Jersey Protocol before the Committee today now seeks to do.

We are committed to ensuring that all of our Double Taxation Agreements meet the minimum standards agreed in the BEPS process.

A common feature of both the new Agreement with Oman and the Protocol with Jersey is the incorporation of strong tools for tackling tax treaty abuse and anti-avoidance measures; as such, both contain the minimum standards committed to during the OECD BEPS project.

New Tax Treaty with Oman

The new Double Taxation Agreement with Oman is comprehensive in scope and it generally follows the OECD Model Convention.

The treaty with Oman will enhance economic relations and cooperation in tax matters between Ireland and Oman. The treaty is designed to eliminate double taxation without creating opportunities for non-taxation. The reduced rates of withholding tax on certain dividends, interest and royalties and the safeguards against discriminatory taxation in the Agreement will support existing trade and facilitate further trade and investment between both States.

Protocol to Jersey Agreement

In 2009, Ireland and Jersey signed a limited-scope Agreement to afford relief from double taxation. A Protocol is now required in order to incorporate tax treaty-related measures, agreed as part of the G20/OECD Base Erosion and Profit Shifting (BEPS) project, into the 2009 Agreement. The Jersey authorities contacted the Revenue Commissioners seeking to update the 2009 agreement to ensure it was BEPS compliant. The 2009 Agreement had been intentionally drafted to afford relief in a very limited number of cases. For this reason, it was considered that it was not appropriate to amend the Agreement by way of the Multilateral Convention and a Protocol was required. This method of updating tax treaties is consistent with the procedure adopted previously for such limited scope treaties and ensures BEPS compliance through those amendments.

Conclusion

Should Dáil Éireann approve the making of these orders by Government, the Minister for Finance will include the orders in the Taxes Consolidation Act 1997 by way of an amendment in the upcoming Finance Bill. This will enable Ireland to complete the necessary notifications to finalise the ratifications of the new

Oman tax treaty and the Protocol to the Jersey Agreement as soon as possible thereafter.

I commend these draft orders to the committee. If required, I will be happy to answer whatever questions members may have.

ENDS