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IBSA CENTRE FOR
EXCHANGE OF TAX INFORMATION (IBSA CETI)

MEMORANDUM OF UNDERSTANDING

FOR THE CREATION OF IBSA CETI

BETWEEN

DEPARTMENT OF REVENUE
(as represented by Revenue Secretary)

AND

THE SECRETARIAT OF THE FEDERAL REVENUE OF BRAZIL
(as represented by the Secretary of the Federal Revenue)

AND

THE SOUTH AFRICAN REVENUE SERVICE
(as represented by the Commissioner for the South African Revenue Service)



IBSA CENTRE FOR EXCHANGE OF TAX INFORMATION

MEMORANDUM OF UNDERSTANDING

Preamble

The Department of Revenue of the Government of India, the Secretariat of the Federal Revenue of Brazil and the South African Revenue Service (hereinafter jointly referred to as the "Parties") agree to the formation of an IBSA Centre for Exchange of Tax Information (IBSA CETI) to supplement their ongoing work in identifying and curbing abusive tax avoidance transactions, arrangements and schemes (hereinafter referred to as abusive tax schemes).

1. Definitions

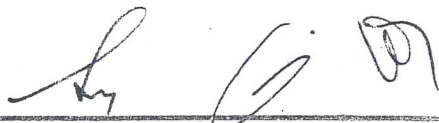
For the purposes of this Memorandum:

- (a) the term "abusive tax scheme" means a transaction or arrangement designed to reduce or defer taxation, typically in an artificial manner;
- (b) the term 'person' includes an individual, a company, a body of persons and any other entity;
- (c) the term "Moderator" means the authorized representative of the Competent Authority, as defined in the Agreements for the Avoidance of Double Taxation between the countries, who is responsible for standardizing and uploading schemes and information received from the Designated Officers.
- (d) the term "countries" means India, Brazil and South Africa;
- (e) the term 'electronic centre' means an electronic centre hosted by one of the Parties, for the purposes of operating a secure web based exchange of information;
- (f) the term "information" includes any data, whether or not processed or analyzed, any documents, reports, and other communications in any format, including electronic, or certified or authorized copies thereof; and
- (g) the term "Designated Officers" means the individuals responsible for collecting, sanitizing and recommending schemes and information for uploading to the Moderator in each of the respective countries.

2. Purpose

The purpose of IBSA CETI is to:

- (a) provide support to the Parties through the identification and understanding of abusive tax schemes and those who promote them;



(b) facilitate sharing of expertise, best practices and experiences in tax administration to combat abusive tax schemes;

(c) exchange information on abusive tax schemes in general, and on specific schemes, their promoters, and investors consistent with the provisions of bilateral Agreements for the Avoidance of Double Taxation between the countries and the Trilateral Agreement on Customs and Tax Administration Cooperation; and

(d) enable the Parties to better address abusive tax schemes promoted by persons who operate without regard to national borders.

3. Objectives

The objectives of IBSA CETI are to deter promotion of and investment in abusive tax schemes, and through information exchange and knowledge sharing, the Parties will:

(a) increase awareness of the potential risks of promoting and investing in abusive tax schemes;

(b) share best practices among the Parties' for identifying and addressing abusive tax schemes including exchanging information on forensic auditing, computer based auditing and specific legislation;

(c) enhance the compliance and enforcement efforts of the Parties through coordinated and "real time" exchanges of tax information consistent with the provisions of Agreements for the Avoidance of Double Taxation between the countries and the Trilateral Agreement on Customs and Tax Administration Cooperation;

(d) develop and share new internet search and other techniques for early identification of promoters and investors involved in abusive tax schemes;

(e) identify emerging trends and patterns to anticipate new, abusive tax schemes;

(f) improve the Parties' knowledge of techniques used to promote abusive tax schemes cross-border; and

(g) strengthen the modernization programmes of the administrations through capacity building and cooperation.

4. Legal Basis:

1. On 17th October, 2007, the Government of the Republic of India, The Government of the Federative Republic of Brazil and the Government of Republic of South Africa entered into an Agreement on Customs and Tax Administration

Cooperation (ACTAC), recognizing the need for trilateral cooperation between Customs and Tax Administrations to:

- (a) facilitate action against violation of Customs and Tax Laws and contribute to the modernization of the respective Customs and Tax Administrations; and
- (b) design and enhance Customs and Tax Administration cooperation and exchange experience and best practices.

2. The ACTAC between the Parties and the Article on Exchange of Information in the respective bilateral Agreements for the Avoidance of Double Taxation between the countries provide a legal basis for the cooperation envisaged in this Memorandum.

5. IBSA CETI Operations

- 1. IBSA CETI will initially have an electronic centre to be headquartered in India (host country) which can be used by the Parties. This electronic centre should be situated in the office of the Competent Authority of the host country and will be developed and maintained by the host country for this purpose.
- 2. The Parties will each appoint one or more officials as Designated Officers to IBSA CETI, trained and experienced in tax examinations as they relate to abusive tax schemes. These officers shall identify the schemes, sanitize the cases and information and upload the same, after approval from the Moderator.
- 3. Pursuant to the domestic procedures of the Parties, an authorized representative of the Competent Authorities from each of the Parties will be designated to act as a Moderator of the IBSA CETI for purposes of bilateral exchanges of information under this Memorandum.
- 4. Meetings of the Moderators and Designated Officers of the Parties will be held on a regular basis (at a minimum of one per calendar year) in the countries by rotation.

6. Dispute Resolution

- 1. In the event of a dispute under this MOU, the Moderators will each use their best endeavours to resolve the dispute between them at an operational level.
- 2. If a dispute is not resolved under paragraph 1 within six months of an issue being formally raised by the Parties, the dispute will be referred by the Moderators to Heads of Revenue Administrations Working Group (HRAWG) consisting of:
 - (i) Revenue Secretary, Government of India;
 - (ii) Secretary of the Federal Revenue, Brazil; and
 - (iii) Commissioner for the South African Revenue Service, South Africa.

3. The members of HRAWG will endeavour in good faith to agree upon a resolution of the dispute.

7. Review

The Parties will conduct an initial review of the IBSA CETI operations including functioning of the electronic centre after twelve months. Thereafter, if need be, a physical office of IBSA CETI may be considered with adequate staff in a suitable location in one of the countries as mutually agreed upon by the Parties.

8. Effective Date

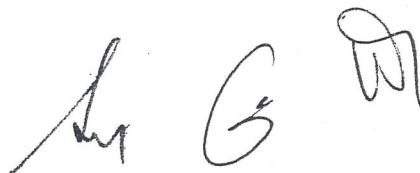
This Memorandum will become effective upon signature by the Parties.

9. Termination

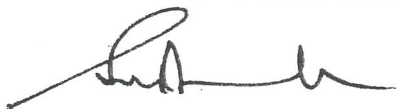
This Memorandum shall remain effective till such time it is terminated by mutual consent of the Parties

10. Amendments

This Memorandum may be amended at any time by agreement between the Parties.

Three handwritten signatures are present in the lower right quadrant of the page. The first signature is a stylized cursive 'L' followed by a 'G'. The second is a cursive 'G'. The third is a cursive 'W'.

For and on behalf of the Department of Revenue of the Government of India



Revenue Secretary

Date: 7th October, 2010

For and on behalf of the Secretariat of the Federal Revenue of Brazil



Secretary of the Federal Revenue

Date: 7th October, 2010

For and on behalf of the South Africa Revenue Service



Commissioner for the South African Revenue Service

Date: 7th October, 2010