

**POLICY ON THE PAYMENT OF TAXES AND  
USE OF OFFSHORE FINANCIAL CENTRES**



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## **POLICY ON THE PAYMENT OF TAXES AND USE OF OFFSHORE FINANCIAL CENTRES**

- 1. CDC recognises the right of governments to tax and will respect the tax policies established by governments.**

We require our investee companies to pay the taxes required in the countries in which they operate, and we pay taxes wherever we are liable.

- 2. CDC only uses offshore financial centres to meet our priority to mobilise capital into developing countries.**

Offshore financial centres can provide straightforward and stable financial, judiciary and legal systems which facilitate investment. We will therefore often introduce such jurisdictions into transactions for non-tax related purposes. This may include insulating companies from legal risk, insulating classes of security from cross-default or improving the financial terms or security for different investors.

Certain investments may include structures that reduce the tax burden on investors. CDC will only acquiesce to such structures in order to facilitate a developmental impact, increasing investment and consequent job creation and economic growth.

- 3. CDC prefers to use offshore financial centres that are successfully participating in the OECD's Global Forum on Transparency and Exchange of Information for Tax Purposes (the "Global Forum").**

CDC will avoid making investments through a jurisdiction that does not adequately exchange tax information internationally. To specify, we deem this to mean a jurisdiction that either (i) has not undergone any peer review as part of the Global Forum, (ii) following a Phase 1 review, has not yet been found by the Global Forum able to proceed to its Phase 2 review or (iii) following a Phase 2 review, is determined to be "Non-Compliant" or "Partially Compliant".

This definition may be updated by CDC to reflect improvements in global standards.

CDC would only invest through a jurisdiction that is not successfully participating in the Global Forum in exceptional cases, and only if we consider that the developmental benefits of the investment justify the use of an intermediary located in such a jurisdiction.