

Her Excellency the Interim Minister of Finance
Ministry of Finance Tower, Level 10
Aitarak Laran
Dili Timor-Leste

Dear Minister,

I have the honour to refer to the *Treaty between Australia and the Democratic Republic of Timor-Leste Establishing their Maritime Boundaries in the Timor Sea*, done at New York on 6 March 2018 (the Maritime Boundaries Treaty), and the discussions that have taken place between representatives of our two Governments regarding establishing an agreement for the exchange of information for the purpose of tax administration, including for ensuring the avoidance of double taxation and the prevention of fiscal evasion, with regard to petroleum activities under the Maritime Boundaries Treaty.

The agreement will permit Australia and Timor-Leste (hereinafter referred to as ‘the Parties’) to co-operate and exchange information as is necessary for the effective administration of taxes affected by, or brought into existence as a consequence of, Annex D of the Maritime Boundaries Treaty and under domestic laws, in order to ensure petroleum activities that were undertaken pursuant to the terms of the *Timor Sea Treaty between the Government of East Timor and the Government of Australia*, done at Dili on 20 May 2002, may continue following the entry into force of the Maritime Boundaries Treaty under conditions equivalent.

I have the honour to confirm the following agreement reached between the Parties:

1. The competent authorities of the Parties shall exchange such information as is necessary for carrying out the provisions of Annex D of the Maritime Boundaries Treaty or of the domestic law of the Parties as in force from time to time concerning the administration of taxes affected by, or brought into existence as a consequence of, Annex D of the Maritime Boundaries Treaty, insofar as the taxation thereunder is not contrary to the Maritime Boundaries Treaty, in particular for the prevention of avoidance or evasion of such taxes. Any information received by the competent authority of a Party shall be treated as secret in the same manner as information obtained under the domestic law of that Party and shall be disclosed only to persons (natural or legal) or authorities (including courts and administrative bodies) involved in the assessment or collection of, the enforcement or prosecution in respect of, or the determination of appeals in relation to, the taxes affected by, or brought into existence as a consequence of, Annex D of the Maritime Boundaries Treaty and shall be used only for such purposes. Such persons or authorities may disclose the information in public courts or tribunal proceedings or in judicial or tribunal decisions relating to taxes affected by, or brought into existence as a consequence of, Annex D of the Maritime Boundaries Treaty.

2. In no case shall the provisions of paragraph 1 be construed so as to impose on the competent authority of a Party the obligation:
 - (a) to carry out administrative measures at variance with the law or the administrative practice of that or of the other Party;
 - (b) to supply information which is not obtainable under the law or in the normal course of the administration of that or of the other Party; or
 - (c) to supply information which would disclose any trade, business, industrial, commercial or professional secret or trade process, or to supply information the disclosure of which would be contrary to public policy.

3. Unless the context otherwise requires, the term ‘competent authority’ means, in the case of Australia, the Commissioner of Taxation or an authorised representative of the Commissioner and, in the case of Timor-Leste, the Minister for Finance or an authorised representative of the Minister, notably the Director General of Tax Authority or an authorised representative of the Director General.

4. The petroleum activities to which this agreement shall apply is limited to Joint Petroleum Development Area activities 03-12, 03-13, 06-105 and 11-106, as well as WA-523-P.

I have the further honour to propose that, if the foregoing is acceptable to Timor-Leste, this letter and your letter of confirmation in reply, both being equally authentic in the English and Portuguese languages, shall together constitute an agreement between our two Governments. This agreement shall enter into force on the date that the Parties have notified each other by an exchange of notes that they have completed their respective domestic processes to bring the agreement into force, or on a date otherwise mutually determined. This agreement shall terminate upon the commercial depletion (as defined in Article 1(e) of the Maritime Boundaries Treaty) of the oil and gas fields to which the agreement applies or by agreement between the Parties.

Yours sincerely

Treasurer of Australia, the Hon Josh Frydenberg MP

The Hon Josh Frydenberg MP
Treasurer
Parliament House
Canberra ACT 2600
Australia

Dear Treasurer,

I have the honour to refer to your letter dated [X] which reads as follows:

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only for such purposes. Such persons or authorities may disclose the information in public courts or tribunal proceedings or in judicial or tribunal decisions relating to taxes affected by, or brought into existence as a consequence of, Annex D of the Maritime Boundaries Treaty.

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3. Unless the context otherwise requires, the term 'competent authority' means, in the case of Australia, the Commissioner of Taxation or an authorised representative of the Commissioner and, in the case of Timor-Leste, the Minister for Finance or an authorised representative of the Minister, notably the Director General of Tax Authority or an authorised representative of the Director General.
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Yours sincerely

Her Excellency the Interim Minister of Finance of Timor-Leste