



Euro Tax Flash from KPMG's EU Tax Centre



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The Council adds ten jurisdictions to its list of non-cooperative jurisdictions

[Council – Code of Conduct Group – Harmful Tax Regimes - EU Blacklist – Tax Transparency](#)

On March 12, 2019 the Council adopted a revised EU “black list” of non-cooperative jurisdictions for tax purposes. In addition to the five jurisdictions that were already listed, the revised list now includes ten additional jurisdictions that did not deliver on their commitments on time: Aruba, Barbados, Belize, Bermuda, Dominica, Fiji, Marshall Islands, Oman, United Arab Emirates and Vanuatu.

Background

The EU blacklist of non-cooperative jurisdictions for tax purposes, first adopted on December 5, 2017, is part of the EU's effort to clamp down on tax avoidance and harmful tax practices. As part of the listing process, jurisdictions identified as cooperative, subject to successful delivery on their commitments to comply with the EU screening criteria, were placed on Annex II of the Council conclusions of December 5, 2017, the so-called “grey-list”. In this respect, commitments taken by grey-listed jurisdictions are closely monitored. Following the [recommendations](#) of the Code of Conduct Group, the ECOFIN further concluded on December 4, 2018 that:

- Macao SAR should be removed from section 1.1 (Transparency),
- Oman should be removed from section 1.2 (Transparency),
- Andorra and San Marino should be removed from section 2.1 (Harmful Preferential Tax Regimes),
- Antigua and Barbuda, Dominica, Grenada and Saint Vincent and the Grenadines should be removed from section 3.1 (Implementation of the BEPS minimum standards).

Finally, the ECOFIN adopted [conclusions](#) welcoming the work performed by the Code of Conduct Group during the Austrian Presidency on the basis of the report presented on November 20, 2018 (see [ETF 387](#)). The Council particularly welcomed the completion of the assessment of the Member States' notional interest deduction regimes and invited the Group to develop guidance for other Member States that wish to implement a similar regime.

Regarding the EU blacklist, the Council further underlined its determination to update the list at the beginning of 2019 based on a review of the commitments taken by various jurisdictions to comply with the EU screening criteria by the end of 2018. It also endorsed draft guidance on the implementation of criterion 3.2 (country-by-country reporting), as well as the extension of the geographical scope of the EU screening and listing exercise as from 2020.

Revised EU Blacklist

Over the course of 2018, most of the countries and territories on the blacklist engaged in constructive dialogue with the EU and took commitments to comply with the EU's criteria. As such, by the end of 2018, only American Samoa, Guam, Samoa, Trinidad and Tobago and the US Virgin Islands remained on the blacklist. Most of the commitments taken by third country jurisdictions were given a deadline of the end of 2018 and their enactment into national law was carefully monitored at a technical level by the Code of Conduct Group on business taxation until the beginning of 2019.

The monitoring process revealed that the following ten jurisdictions either failed to deliver on their commitments by the agreed upon deadline or made no commitment to address the EU's concerns: Aruba, Barbados, Belize, Bermuda, Dominica, Fiji, Marshall Islands, Oman, United Arab Emirates and Vanuatu. According to the European Commission, these jurisdictions did not engage with the EU and failed to address the tax good governance shortcomings identified as part of the review process. Consequently, the aforementioned jurisdictions have been added to the revised blacklist, which is now comprised of fifteen jurisdictions.

EU Tax Centre Comment

The work on the EU blacklist is a dynamic process that will be regularly reviewed and updated. Additionally, the evolving deadlines will be closely monitored to ensure jurisdictions deliver on their commitments. Jurisdictions will only be removed from the list once they have engaged in dialogue with the EU and addressed EU concerns.

Should you have any queries, please do not hesitate to contact [KPMG's EU Tax Centre](#), or, as appropriate, your local KPMG tax advisor.



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