

# Euro Tax Flash from KPMG's EU Tax Centre

## February 2026 update of the EU list of non-cooperative jurisdictions

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On February 17, 2026, the Economic and Financial Affairs Council adopted conclusions on the EU list of non-cooperative jurisdictions (Annex I) and the state of play with respect to commitments taken by cooperative jurisdictions to implement tax good governance principles (Annex II – so called “grey list”).

The Council agreed to add Turks and Caicos Islands and Viet Nam and to remove Fiji, Samoa and Trinidad and Tobago from the list of non-cooperative jurisdictions (Annex I). Following this latest revision Annex I of the EU list of non-cooperative jurisdictions therefore includes the following ten jurisdictions: American Samoa, Anguilla, Guam, Palau, Panama, the Russian Federation, Turks and Caicos Islands, the US Virgin Islands, Vanuatu and Viet Nam.

In addition, the Council agreed to remove Antigua and Barbuda and the Seychelles from Annex II (the grey list), as those jurisdictions have fulfilled their previous commitments. The grey list now includes the following nine jurisdictions: Belize, the British Virgin Islands, Brunei Darussalam, Eswatini, Greenland, Jordan, Montenegro, Morocco and Türkiye.



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## Council of the EU – Code of Conduct Group – Non-cooperative jurisdictions – Tax transparency – Automatic Exchange of Information – Exchange of Information on Request – Forum on Harmful Tax Practices – Harmful tax regimes – Substance requirements – Country-by-Country Reporting

### Background

The EU list of non-cooperative jurisdictions, first adopted in the Council conclusions of December 5, 2017, is part of the EU's efforts to curb tax avoidance and harmful tax practices. The list is the result of an in-depth screening of non-EU countries that are assessed against agreed criteria for tax good governance by the Code of Conduct Group ('CoCG' or 'Group'), which is composed of high-level representatives of the Member States and the European Commission.

The current screening criteria are founded upon tax transparency, fair taxation, and the implementation of OECD anti-BEPS measures. Jurisdictions that do not comply with all criteria, but that have committed to reform are included in a state of play document – the so-called "grey list" or Annex II. The lists are an on-going project and are updated and revised twice every year. Please refer to Euro Tax Flash [Issue 569](#) for details of the state of play following the previous revision of the lists (October 10, 2025).

### Update to Annex I

On February 17, 2026, the Economic and Financial Affairs (ECOFIN) Council [adopted](#) conclusions on the EU list of non-cooperative jurisdictions (Annex I) and the state of play with respect to commitments taken by cooperative jurisdictions to implement tax good governance principles (Annex II).

According to the Council [release](#) and the Code of Conduct Group [report](#), the EU Member States adopted the following key conclusions with respect to Annex I:

- The reference to criterion 1.3 (membership to the OECD multilateral convention on mutual administrative assistance in tax matters) was removed from the entries on **American Samoa, Guam** and the **US Virgin Islands** in Annex I. The removal follows clarifications provided by US Treasury regarding the legal basis for the exchange of information held by a person in the US territories, including American Samoa, Guam and the US Virgin Islands, in the absence of the possibility for US territories to enter into international agreements. However, both American Samoa and Guam remain on Annex I in respect of criterion 1.1<sup>1</sup> (automatic exchange of tax information), whereas the US Virgin Islands remain on Annex I in respect of both criterion 1.1 and criterion 2.1<sup>2</sup> (preferential tax regimes) that have not been solved.
- **Fiji** was deemed compliant with criterion 1.3 after signing the OECD multilateral convention on mutual administrative assistance in tax matters on January 15, 2026. Furthermore, Fiji was also deemed compliant with criterion 2.1 following confirmation by the Forum for Harmful Tax Practices (FHTP) that two harmful regimes in scope of the review were abolished (i.e. Export Income Deduction and ICT incentive's regime). Fiji has therefore been removed from Annex I.
- **Samoa** was removed from Annex I due to compliance with criterion 2.1 following the abolition of its preferential tax regime (Offshore Business) in January 2026.
- **Trinidad and Tobago** was removed from Annex I after the country's legal framework implementing the Automatic Exchange of Information (AEOI) Standard received a rating of "in place but needs improvement" in the recent AEOI peer review published by the OECD Global Forum on transparency and exchange of information for tax purposes.
- **Turks and Caicos Islands** was added to Annex I in respect of criterion 2.2<sup>3</sup> (no facilitating offshore structures) as the jurisdiction received a so-called "hard" recommendation by the FHTP 'to further undertake compliance actions and to ensure the compliance actions are followed by sanctions where appropriate'.

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<sup>1</sup> Under criterion 1.1 (automatic exchange of tax information), if a report concludes that a jurisdiction is overall 'not compliant' or 'partially compliant' with the standard, that jurisdiction is then proposed to be included on the EU list of non-cooperative jurisdictions for tax purposes. If the Global Forum accepts a request for a supplementary review from a jurisdiction on the EU list, that jurisdiction can then be proposed to be removed from Annex I (and included in Annex II pending the outcome of that review).

<sup>2</sup> Under criterion 2.1 (no harmful preferential tax measures), jurisdictions should not have harmful preferential tax measures. The screening of preferential tax regimes is coordinated by the CoCG with the OECD Forum on Harmful Tax Practices, but the EU Group also reviews additional types of regimes. If either body finds a regime harmful, the jurisdiction must commit to amending or abolishing it.

<sup>3</sup> Under criterion 2.2 (no facilitating of offshore structures), jurisdictions should not facilitate offshore structures or arrangements seeking to attract profits without any real economic activity. Since July 2021, the monitoring of the implementation of economic substance legislation relies on the assessment by the Forum on Harmful Tax Practices (FHTP) of no or only nominal tax jurisdictions to the extent that the EU criterion 2.2 and the FHTP standard overlapped in terms of scope and jurisdictions concerned.

- **Viet Nam** was added to Annex I in respect of criterion 1.2<sup>4</sup> (exchange of tax information on request - EOIR), after being assessed as “non-compliant” in the Global Forum’s EOIR peer review report. Furthermore, the 2025 BEPS Inclusive Framework peer review report issued two general recommendations to Viet Nam on parts B(1) and B(2) of the country-by-country reporting (CBCR) terms of reference. Under criterion 3.2<sup>5</sup> (implementation of anti-BEPS minimum standards), Viet Nam was asked for a commitment to address those general recommendations.

Following this latest revision Annex I of the EU list of non-cooperative jurisdictions therefore includes the following ten jurisdictions: American Samoa, Anguilla, Guam, Palau, Panama, the Russian Federation, Turks and Caicos Islands, the US Virgin Islands, Vanuatu and Viet Nam.

## Update to Annex II

The ECOFIN Council adopted the following changes with respect to Annex II:

- **Antigua and Barbuda** was removed from section 1.2 of Annex II (and therefore removed completely from the grey list) after the country received a rating of “largely compliant” in the Global Forum’s EOIR peer review.
- **Brunei Darussalam** remains in section 2.1 of Annex II after requesting an additional six months to complete the main part of the reform of the harmful foreign-source income exemption (FSIE) regime and twelve months to include foreign-source capital gains in the reform (with retroactive effect as of January 1, 2026).
- **Seychelles** was removed from section 1.2. of Annex II (and therefore removed completely from the grey list) after the country received a rating of “largely compliant” in the Global Forum’s EOIR peer review.
- **Türkiye** remains in section 1.1 (automatic exchange of information) of Annex II. The Council conclusions note that Türkiye is still not fully in line with the commitments required in connection with the exchange of information with all Member States (Türkiye does not currently exchange data with Cyprus).

The grey list now includes the following nine jurisdictions: Belize, the British Virgin Islands, Brunei Darussalam, Eswatini, Greenland, Jordan, Montenegro, Morocco and Türkiye.

## Next steps

The revision will take effect from the day of publication in the Official Journal of the European Union of the revised Annexes I and II. The next update of the EU list of non-cooperative jurisdictions is expected to take place in October 2026.

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<sup>4</sup> Under criterion 1.2 (Exchange of information on request), if a report concludes that a jurisdiction is overall ‘not compliant’ or ‘partially compliant’ with the standard, that jurisdiction is then proposed to be included on the EU list of non-cooperative jurisdictions for tax purposes. If the Global Forum accepts a request for a supplementary review from a jurisdiction on the EU list, that jurisdiction can then be proposed to be removed from Annex I (and included in Annex II pending the outcome of that review).

<sup>5</sup> Under criterion 3.2 (implementation of anti-BEPS minimum standards), jurisdictions should be compliant as regards the implementation of the anti-BEPS minimum standards. This criterion is designed to remain aligned with evolving international standards on BEPS. In particular, the OECD Inclusive Framework on BEPS monitors the implementation of the 2015 BEPS Action Plan through structured peer reviews. Further to the peer reviews, if jurisdictions receive general recommendations, they are asked to make a commitment to address these recommendations by a certain deadline. Jurisdictions that do not make or do not fulfil the commitment are then proposed for inclusion on the EU list.

## ETC Comment:

It is important for taxpayers to monitor the evolution of the list in light of defensive measures applied by EU Member States against listed jurisdictions in form of e.g., non-deductibility of costs, CFC rules, increased WHT or limitation of participation exemption. Taxpayers should be mindful that EU countries may refer to different (local) lists and apply different defensive measures, based on different application timelines, and have other varying requirements in this context. For more information on defensive measures, please [click here](#).

The CoCG report submitted to the ECOFIN Council in December 2025 provided a revised state of play of the implementation by Member States of defensive measures against non-cooperative jurisdictions (as at September 30, 2025). In this context, it is important to keep in mind that EU countries may refer to different (local) lists and apply different defensive measures, based on different application timelines and have other varying requirements.

In addition, note that the CoCG is in the process of conducting an in-depth follow-up review of how Member States apply the measures in practice and whether they meet the Group's expectations in terms of efficiency. This additional investigation would offer the CoCG an overview of the practical impact of the defensive measures and could serve as a starting point for potential additional guidance to better coordinate existing measures as well as to introduce new types of defensive measures.

The EU list of non-cooperative jurisdictions is also relevant for the purposes of the EU mandatory disclosure rules under DAC6, where recipients of cross-border payments are resident for tax purposes in a jurisdiction that is included in Annex I. Under Hallmark C1b(ii) of DAC6, such payments may trigger a reporting obligation irrespective of whether the transaction is aimed at generating a tax benefit (i.e., the main benefit test does not apply). Note that consensus has not formed among Member States on the point in time at which the list should be tested (e.g., the triggering date, or the reporting date).

In addition, the EU list has a direct impact on EU Public Country-by-Country Reporting obligations that generally apply in relation to financial years starting on or after June 22, 2024 (exceptions apply). Based on the EU Public Country-by-Country Reporting Directive, relevant data points should be made publicly available on a country-by-country basis for each EU Member State as well as for each jurisdiction listed on Annex I of the EU list of non-cooperative jurisdictions and for each jurisdiction that has been on the grey list (Annex II) for a minimum of two years (i.e. as opposed to disclosure of aggregated amounts, which is the requirement for the rest of non-EU jurisdictions). For more information on EU public CbCR, please [click here](#).

The EU list also impacts the FASTER Directive that aims to establish two fast-track procedures complementing the existing standard refund procedure in each Member States. The fast-track withholding tax procedure will be facilitated by so-called Certified Financial Intermediaries (CFIs) that will be subject to additional due diligence and common reporting requirements. Financial intermediaries established outside the EU may apply for registration as a CFI provided that the third country of residence is neither on (i) Annex I of the EU list of non-cooperative jurisdictions, nor (ii) on the EU list of high-risk third countries (anti-money laundering list (subject to certain additional conditions).

The EU list further produces effects outside the tax area, such as in respect of EU Regulation 2021/557, which provides that securitization special purpose entities (SPEs) should only be established in third countries that are not listed in Annex I of the EU list, or in the list of high-risk third countries which have strategic deficiencies in their regimes on anti-money laundering and counter terrorist financing.

Finally, according to the CoCG report submitted to the ECOFIN Council in December 2025, the Group also continued reflections on a possible further strengthening of the EU listing process. However, with respect to the design of an additional criterion 1.4 on the exchange of beneficial ownership information, the CoCG report notes that Member States were not able to agree and identify viable solutions. Instead, the report indicates that the Commission should periodically review international developments and that the Group should revisit the matter at a later stage.

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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