



## EU list of non-cooperative jurisdictions

**9 April 2019 – The European Union (EU) recently announced its list of non-cooperative jurisdictions for tax purposes.**

Justifying the list, the EU explains that it is working to improve tax compliant governance on a global level in order to maximise efforts against tax fraud, evasion and avoidance, adding that it seeks to achieve this objective not by ‘naming and shaming’ certain jurisdictions but by encouraging positive change through cooperation.

After pre-assessment of third country jurisdictions based on factual information and risk indicators such as economic ties, financial activity and stability factors, an extensive screening and dialog process with the identified jurisdictions took place, with the criteria being assessed based on the following:

- Tax transparency – consisting of three criteria:
  - compliance with international standards on the automatic exchange of information (Common Reporting Standard) and on the exchange of information on request;
  - ratification of the OECD Multilateral Convention or bilateral agreements with all Member States; and
  - facilitation of the exchange of information.
- Fair taxation - the presence of harmful tax regimes, assessed based on reviews by the OECD Forum on Harmful Tax Practices; and
- Implementation of the BEPS minimum standards measured according to OECD BEPS Inclusive Framework reviews.

As a result of the screening process, the EU Council placed initially 17 countries on the EU list of non-cooperative jurisdictions out of nearly 100 chosen for screening and recommended that the list be revised at least once a year. Listed jurisdictions are encouraged to make the required changes and to engage in discussions with the EU that will be monitoring the criteria and commitments made.

As of 26 March 2019 (date of publication in the Official Journal), a revised EU list of 15 non-cooperative jurisdictions for tax purposes includes the following countries:

- American Samoa
- Aruba
- Barbados



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- Belize
  - Bermuda
  - Dominica
  - Fiji
  - Guam
  - Marshall Islands
  - Oman
  - Samoa
  - Trinidad and Tobago
  - United Arab Emirates (UAE)
  - US Virgin Islands
  - Vanuatu

Inclusion on the EU list of non-cooperative jurisdictions does not result in the imposition of any penalties or tax related sanctions. Taxpayers using the 15 listed jurisdictions may find themselves “sanctioned” too, with either drastically enhanced reporting, scrutiny and tax audits or with new legislative measures that could increase their costs and reduce net income.

Listed jurisdictions will be removed from the list once they have addressed EU concerns on facilitation of offshore structures and arrangements aimed at attracting profits without real economic substance, abolition of preferential tax regimes and implementation of exchanging information.

Historically, there had been a number of cases where jurisdictions were removed from the list within a couple of months. For example, the UAE had been "blacklisted" on 5 December 2017 and was subsequently removed from the list on 12 January 2018. It is now back on the list.

As always, the Taxation Department of Costas Tsielepis & Co Ltd is at your disposal should you require any further information or clarifications.