

Council of the EU approves changes to the EU list of non-cooperative tax jurisdictions

26 February 2024

In brief

What happened?

The EU General Affairs Council (acting as the Council of the EU) has approved the recommendations of the EU Code of Conduct Group in relation to the updated list of non-cooperative tax jurisdictions. The Council removed the Bahamas, Belize, Seychelles and Turks and Caicos Islands from the list of non-cooperative jurisdictions for tax purposes. With these updates, the EU list now consists of 12 jurisdictions.

Why relevant?

Being listed may lead to increased withholding taxes on payments to and non-deductibility of costs incurred in a listed jurisdiction, CFC issues, or limitations on the participation exemption on shareholder dividends.

What to consider?

Businesses should review the updated lists and consider the potential consequences for entities located in impacted jurisdictions.

In detail

Following the recommendations of the EU Code of Conduct Group, during a meeting on 20 February 2024, the Council adopted the EU Annex I list of non-cooperative jurisdictions, which now consists of the following 12 jurisdictions:

- American Samoa
- Anguilla
- Antigua and Barbuda
- Fiji
- Guam
- Palau
- Panama
- Russia
- Samoa
- Trinidad and Tobago
- US Virgin Islands
- Vanuatu

The Bahamas and Turks & Caicos Islands were removed from the Annex I list. This follows these jurisdictions taking action to engage in a constructive dialogue with the European Union on tax governance or having delivered on their commitments to implement the necessary reforms.

Belize and Seychelles, although removed from Annex I, are being added to the Annex II list of countries that do not yet comply with all international tax standards but have committed to implementing reforms.

Six jurisdictions were removed from Annex II after taking corrective actions:

- Albania
- Hong Kong
- Aruba
- Israel
- Botswana
- Dominica

Following these updates, the Annex II list of countries that do not yet comply with all international tax standards but have committed to implementing reforms consists of the 10 jurisdictions below:

- Armenia
- Costa Rica
- Malaysia
- Viet Nam
- Belize
- Curacao
- Seychelles
- British Virgin Islands
- Eswatini
- Türkiye

EU Code of Conduct Group

The EU Code of Conduct Group is responsible for assessing jurisdictions' adherence to global tax standards. If jurisdictions are found to be insufficiently compliant with minimum agreed standards; maintaining a harmful tax practice; or unresponsive in dealing with the Group's advice, the Group will recommend to the Council that the jurisdictions be listed. The Group has been in operation for 25 years, and recently adopted its Multiannual work package from 2023 - 2028.

Having reviewed hundreds of tax regimes since 1998, the Group will continue to monitor jurisdictions' adherence to the EU Code of Conduct. The Group also will look to expand the geographical scope of the EU list and adopt additional future criteria such as beneficial ownership, minimum effective taxation, and more.

Consequences of being on the non-cooperative list

The listing of a jurisdiction may result in different tax consequences, such as:

- increased withholding taxes on payments to and non-deductibility of costs incurred in a listed jurisdiction,
- CFC issues, or
- limitations on the participation exemption on shareholder dividends.

In 2024 there will also be implications with respect to public country-by-country reporting for jurisdictions in Annex I and Annex II of the EU list of non-cooperative tax jurisdictions. Additional information about both the tax and non-tax defensive measures that EU Member States can take against listed jurisdictions is available [here](#).

Let's talk

For a deeper discussion of how the EU list of non-cooperative jurisdictions might affect your business, please contact:

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