

# Council Softens EU List of Tax Haven Countries

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European Law Forum: Prevention • Investigation • Prosecution

## News

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ISSN: 1862-6947

<https://euclid.eu>

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At its [meeting on 23 January 2018](#), the Economic and Financial Council removed eight jurisdictions from the [EU's list of non-cooperative countries for tax purposes](#). The removal ensued because of commitments at a high political level that address certain EU concerns. The eight jurisdictions are Barbados, Grenada, the Republic of Korea, Macao SAR, Mongolia, Panama, Tunisia, and the United Arab Emirates. They are now on a list of jurisdictions subject to close monitoring.

The first ever common EU list of non-cooperative jurisdictions assumed to be tax havens was agreed on by [Council conclusions adopted on 5 December 2017](#). It is part of the EU's external strategy to fight tax fraud, tax evasion, and tax avoidance. The main objective of the list is to deter countries that consistently do not play fair on tax matters. The list also aims to encourage countries to enter into a dialogue with the EU in order to meet international good governance standards of taxation.

The listing is the result of a thorough screening of and dialogue with non-EU countries. Non-EU countries are assessed against good governance criteria, agreed on by the EU Member States at the [November 2016 ECO-FIN Council](#). They form the basis of a screening "scoreboard." These criteria relate to the following:

- Tax transparency;
- Fair taxation;
- Implementation of the so-called OECD BEPS measures;
- Substance requirements for zero-tax countries.

BEPS stands for "Base Erosion and Profit Shifting" and refers to tax avoidance strategies that exploit gaps and mismatches in tax rules to artificially shift profits to low or no-tax locations.

Jurisdictions signalling cooperation are not listed, as long as they give a clear and concrete commitment to address the tax deficiencies identified by the EU.

Following their removal from the list, nine jurisdictions have currently been deemed to have tax good governance shortcomings: American Samoa, Bahrain, Guam, Marshall Islands, Namibia, Palau, Saint Lucia, Samoa, and Trinidad & Tobago.

Countries appearing on the EU list may face certain sanctions, e.g.:

- Being cut off from a number of EU funds;
- Being referred to in the list by the Commission in other relevant legislative EU proposals, which leads to stricter reporting requirements in the private sector;

- Having defence measures taken against them by EU Member States (although these countermeasures apply in accordance with national law, a coordinated set of possible actions was agreed on at the EU level).

The EU list will be updated at least once a year and listed jurisdictions will be removed from the list once they have addressed EU concerns.

The EU list of non-cooperative jurisdictions in tax matters must be distinguished from other lists that try to motivate “non-willing countries” to adhere to international standards in tax and money laundering matters, e.g. the [OECD list](#) on international tax transparency of June 2017 or the EU anti-money laundering list (for the latter, see also news on money laundering; [eucrim 2/2017](#), p. 67, and [eucrim 2/2016](#), p. 73).

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The project is co-financed by the Union Anti-Fraud Programme (UAFP), managed by the European Anti-Fraud Office (OLAF).



**Co-funded by  
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