

Updated EU list of Non-cooperative Jurisdictions for Tax Purposes – British Virgin Islands, Costa Rica, Marshall Islands and Russia added to the list

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On 17th October 2023, the EU Council revised the existing list of non-cooperative jurisdictions for tax purposes that was established in 2017.

Seychelles, Belize and Antigua and Barbuda were added to the list, while British Virgin Islands, Costa Rica and Marshall Islands were removed from the list.

The list consists of 16 jurisdictions that are listed below:

- American Samoa
- Antigua and Barbuda
- Anguilla
- Bahamas
- Belize
- Fiji
- Guam
- Palau
- Panama
- Russia
- Samoa
- Seychelles
- Trinidad and Tobago
- Turks and Caicos Islands
- US Virgin Islands
- Vanuatu

The list includes countries that either have not engaged in a constructive dialogue with the European Union on tax governance or haven't followed through on their commitments to carry out the required reforms that aim to comply with a set of tax governance criteria, such as tax transparency, fair taxation and adaption of international standards designed to prevent tax base erosion and profit shifting.

The list will be updated again in February 2023.

Impact on businesses operating in Cyprus

Taxpayers that are established in Cyprus and perform transactions or operations with parties located in a jurisdiction that is part of the EU list of non-cooperative jurisdictions for tax purposes may be subject to the following implications:

- EU Mandatory Disclosure Rules (DAC6): Based on Hallmark C(1)(b)(ii), arrangements that involve deductible cross-border payments made between associated enterprises in the cases where the recipient is resident in a jurisdiction that is included in the EU list of non-cooperative jurisdictions for tax purposes, are reportable, irrespective of whether the main benefit test is met or not.
- Dividends, interest and royalty payments made by companies that are tax resident in Cyprus to companies located in a jurisdiction that is part of the EU list of non-cooperative jurisdictions for tax purposes, may be subject to a withholding tax in Cyprus (subject to conditions).

Furthermore, in general, it should be noted that for large multinational groups that will be subject to the EU Public Country-by-Country reporting rules, there will also be an additional disclosure requirement regarding the jurisdictions that are part of the EU list of non-cooperative jurisdictions for tax purposes for two consecutive years.

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How we can help you

Baker Tilly can assist you with the following:

- Tailored tax advice for potential transactions that may be affected
- Risk/impact assessment
- Assistance with the DAC6 reporting to the Authorities (if applicable).