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European Union Removes BVI From List of Non Cooperative Tax Jurisdictions; USVI Stays On

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BVI Premier Andrew A. Fahie speaking in the Virgin Islands House of Assembly today Thursday February 20, 2020. By. ANGELA BURNS/VI CONSORTIUM

TORTOLA BVI — The British Virgin Islands has been removed from the European Union’s list of non cooperative jurisdictions for tax purposes.

In making the announcement in the House of Assembly on Thursday, Premier Andrew A. Fahie said this is a significant outcome and sends a very important message about good governance, transparency and accountability in the British Virgin Islands.

In March 2019, the EU recognized the BVI as compliant with its fair taxation principles and a cooperative jurisdiction. However, the BVI and 33 other jurisdictions were placed on the Grey

List, jurisdictions that are cooperative but which have additional technical issues to be addressed.

With that, the BVI engaged in negotiations with the EU and brought legislation before the House in the last quarter of 2019, in an effort to enhance its Economic Substance regime.

Still on the list is the U.S. Virgin Islands, American Samoa, Fiji, Guam, Oman, Samoa, Trinidad and Tobago and Vanuatu, according to the Council of the European Union's [official website](#).

The general requirement for BVI, common to the other United Kingdom Overseas Territories of the Cayman Islands and Bermuda, included putting in place a regulatory regime for Collective Investment Vehicles similar to the EU's regime and adopting Economic Substance rules that conform to language satisfactory to the EU.

“Mr, Speaker, I stand here today very happy to confirm that BVI successfully met requirements and that these discussions with the EU have now been concluded,” the BVI leader declared. “With humility, I am pleased to report to this Honorable House (that) on February 18th, 2020, the EU's Finance Ministers cleared the BVI and now our jurisdiction is not on the Black List and has been removed from the Grey List.”

The list of non-cooperative tax jurisdictions was established in December 2017 as part of the EU's external strategy for taxation and is intended to contribute to ongoing efforts to promote global tax good governance.

The BVI is said to pride itself in being a well regulated international finance center. Financial Services is one of the twin pillars of the economy, the other being tourism.

According to the latest annual report from the British Virgin Islands Financial Services Commission found on its website, for 2017, total fees collected on behalf of government reflect \$200 million, up \$6 million from the previous year, while there were net payments to government of \$175.4 million, up \$5.5 million.

Mr. Fahie, who is also the territory's Minister for Finance, said he is aware that there will be regular reviews of this jurisdiction by the European Union and his government is committed to meeting the requirements of adhering to these ever changing global standards.

He noted that much of the work on economic substance that began with the EU will now be taken forward by the Organization for Economic Cooperation and Development OECD, the international standard setting body in financial services and economic affairs.