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Subject:	The EU list of non-cooperative jurisdictions for tax purposes – Progress Report - Barbados

Delegations will find attached the declassified version of the above document.

The text of this document is identical to the previous version.



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NOTE

From: Commission Services

To: Code of Conduct Group (Business Taxation)

Subject: The EU list of non-cooperative jurisdictions for tax purposes
– Progress Report - Barbados

Delegations will find attached a document by the Commission services.

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PROGRESS REPORT - Barbados

Code of conduct group – 27 February 2019

Background

In 2017, the Code of Conduct Group (COCG) found that Barbados tax system failed to meet listing criteria 2.1 for 8 regimes.

The following regimes were under review by the FHTP:

- The International business companies (IP and non IP);
- The International financial services;
- The International Societies with restricted liability (IP and non IP);
- The Exempt Insurance;
- The Qualifying Insurance companies;
- The International Trusts;
- The credit for foreign currency earnings / credit for overseas project or services.

The Fiscal Incentive Act was assessed as harmful by the COCG.

Following insufficient commitment, Barbados was put on Annex I in December 2017 and was then moved to Annex II in March 2018, following commitment of Barbados to remedy all the deficiencies identified.

At the 30 January 2019 COCG, Member States agreed that Barbados had fulfilled its commitment under criterion 2.1 for the Qualifying Insurance companies, the International Trusts, the credit for foreign currency earnings / credit for overseas project or services and the Fiscal Incentive Act.

However, Member States also agreed that Barbados should remain on Annex II pending verification of the grandfathering clauses for:

- The International Business Companies regime (non-IP): awaiting confirmation of the closure of the grandfathering to new activities and new assets;
- The International Financial Services regime: awaiting confirmation of the closure of the grandfathered regime to new activities;
- The International Societies with restricted liability (non IP): awaiting confirmation of the closure of the grandfathering to new activities and new assets;
- The Exempt Insurance: awaiting confirmation of the closure of the grandfathered regime to new activities.

As a horizontal approach, Member States have agreed that any updates provided by jurisdictions until 24 February 2019 would be taken into account.

Latest developments

Barbados has provided the following administrative statements (copy in Annex):

- Administrative statement issued by the Ministry of International Business and Industry on 23 January 2019 closing the grandfathered IBC and International Societies with restricted liabilities regimes to new activities and new assets as of 1 January 2019;
- Administrative statement issued by the Financial Services Commission on 30 January 2019 closing the grandfathered Insurance regime to new activities as of 1 January 2019;
- Administrative statement issued by the Central Bank of Barbados on 8 February 2019 closing the grandfathered International Financial Services regime to new activities as of 1 January 2019.

Conclusion

We suggest to conclude that Barbados has implemented its commitment to amend or abolish the harmful features of all the preferential regimes identified under criterion 2.1. Barbados should therefore be removed from Annex II under criterion 2.1.

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