

Brussels, 4 June 2025  
(OR. en)

9651/1/25  
REV 1

LIMITE

FISC 127  
ECOFIN 644

## REPORT

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From:	General Secretariat of the Council
To:	Delegations
Subject:	Code of Conduct Group (Business Taxation) - Report to the Council

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### I. BACKGROUND

1. On 1 December 1997, the Council and the representatives of the Governments of the Member States, meeting within the Council, adopted a resolution on a Code of Conduct for business taxation. This resolution provides for the establishment of a group within the framework of the Council to assess tax measures that may fall within the Code, which was established on 9 March 1998<sup>1</sup>. On 8 November 2008 the Council reformed the Code of Conduct. The resolution provides that the Code of Conduct Group (hereafter "COCG" or "Group") *"will report regularly on the measures assessed"* and that *"These reports will be forwarded to the Council for deliberation. They will include the agreed descriptions and final assessments of the tax measures it has examined. Final documents, as approved by the Council, will be made public, as appropriate, in accordance with relevant rules."* (paragraph H).
2. In its conclusions of 8 December 2015<sup>2</sup>, the Council expressed the wish to improve the visibility of the work of the COCG and agreed *"that its results, in particular its 6-monthly reports, are systematically made available to the public"* (paragraph 16).

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<sup>1</sup> 6619/98.

<sup>2</sup> 15148/15.

3. In its conclusions of 8 March 2016,<sup>3</sup> the Council furthermore called "*for having more substantial 6-monthly Group reports to ECOFIN, reflecting the main elements and views, which were discussed under specific items and reporting also on the monitoring concerning (non-) compliance with agreed guidance*" (paragraph 16).
4. This report from the COCG encompasses the work of the Group in the first half of 2025 during the term of the Polish Presidency of the Council. The previous reports, guidelines and other documents can be found on the website of the Council of the EU (Code of Conduct Group)<sup>4</sup>.

## **II. GENERAL ASPECTS**

### **A. Organisation of work**

5. At the meeting of the Code of Conduct Group on 29 January 2025, representatives of the Member States re-appointed Ms. María José Garde as Chair of the Group, in line with the Council conclusions of 9 March 1998 on the establishment of the Code of Conduct Group (Business Taxation), for a second two-year term starting on 5 February 2025.
6. Meetings of the COCG were held on 29 January and 30 April 2025, and the subgroup meetings were held on 14 and 23 January, 27 February and 22 May 2025.
7. At the COCG meeting on 29 January 2025 Ms. Dorota Wiszniewska (Poland) and Ms. Tatiana König Mortensen (Denmark) were appointed as Vice-Chairs.

## **III. STANDSTILL AND ROLLBACK REVIEW PROCESS**

8. A call for standstill and rollback notifications of new preferential tax measures enacted by the end of 2024 was launched in mid-November 2024, and the results were presented at the COCG meeting of 29 January 2025. The following new regimes were notified<sup>5</sup>:

- Denmark: Interest Deduction for R&D (DK007)

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<sup>3</sup> 6900/16.

<sup>4</sup> <https://www.consilium.europa.eu/en/council-eu/preparatory-bodies/code-conduct-group>

<sup>5</sup> See updated overview in 8602/10/20.

- Denmark: Refundable Tax Credit for R&D costs (DK008)
- Ireland: Participation Exemption for Foreign Dividends (IE018)
- Italy: Prolongation of Tax credit for investments in the Single Economic Zone for the year 2024 (IT025)
- Italy: Prolongation of the Increased Income Tax Deduction for labour costs related to new employees with open-ended contracts (IT027)
- Italy: Tax credit for investments in capital goods within innovation projects aimed at reducing energy consumption, so-called “Transition 5.0” (IT028)
- Romania: Grant of Bonus of 3% of the annual profit tax (RO014).

#### **A. Standstill review process**

9. The following decisions were reached by the Group:

- a) On Denmark’s Interest Deduction for R&D (DK007)<sup>6</sup>, the Group agreed that the measure does not need to be assessed
- b) On Denmark’s Refundable Tax Credit for R&D costs (DK008)<sup>7</sup>, the Group agreed that the measure does not need to be assessed;
- c) On Ireland’s Participation Exemption for Foreign Dividends (IE018)<sup>8</sup>, the Group agreed that the measure does not need to be assessed;
- d) On Italy’s Prolongation of the Increased Income Tax Deduction for labour costs related to new employees with open-ended contracts (IT027)<sup>9</sup>, the Group agreed that the measure does not need to be assessed;

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<sup>6</sup> 9651/25 ADD 1.

<sup>7</sup> 9651/25 ADD 2.

<sup>8</sup> 9651/25 ADD 3.

<sup>9</sup> 9651/25 ADD 4.

- e) On Italy's Tax credit for investments in capital goods within innovation projects aimed at reducing energy consumption, so-called "Transition 5.0" (IT028)<sup>10</sup>, the Group agreed that the measure does not need to be assessed;
- f) On Romania's Grant of Bonus of 3% (RO014)<sup>11</sup>, the Group agreed that the measure does not need to be assessed.

#### **B. Rollback review process**

10. On Croatia's rollback measure to eliminate the harmful features of the Investment Promotion Act (HR019) and the New Investment Promotion Act (HR020), the Group supported the assessment that the rollback measure in its amended version is sufficient and adequate to eliminate the harmful features of measures HR019 and HR020.<sup>12</sup>

#### **IV. MONITORING OF THE ACTUAL EFFECTS OF INDIVIDUAL MEASURES**

11. During recent years, some of the measures subject to scrutiny were put under annual monitoring. In accordance with past practice, the concerned Member States are expected to communicate to the Group the relevant data by the end of June. In the first semester of 2025, the Group has looked into the actual effects of the remaining measures from the previous 2023 monitoring cycle, which had not been dealt with due to lack of data.

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<sup>10</sup> 9651/25 ADD 5.

<sup>11</sup> 9651/25 ADD 6.

<sup>12</sup> 9651/25 ADD 7.

12. The following decisions were reached by the Group:

- a) On Cyprus' Notional interest deduction (CY020)<sup>13</sup>, the Group supported the preliminary assessment that the monitoring should continue and that the Cypriot authorities were invited to improve the data collection and provide the relevant data.
- b) On Cyprus' measure on the use of safe-harbour rules for intra-group financing (2013 Guidance on intermediate financing or licensing activities)<sup>14</sup>, the Group supported the preliminary assessment that the monitoring for years 2019, 2020 and 2021 can be terminated, in particular considering that the measure in question was abolished on 1 January 2022.
- c) On Poland's measure on the use of safe-harbour rules for intra-group financing (2013 Guidance on intermediate financing or licensing activities)<sup>15</sup>, the Group supported the preliminary conclusion that between 2019 and 2022, this measure does not seem to have affected in a significant way the business location among the Member States and that monitoring should continue for another year, and if the trend remained stable, the monitoring could be terminated after the data covering tax year 2023 be communicated to the Group.

### **Other workstreams**

European Court of Auditors' special report No 27/2024: Combatting harmful tax regimes and corporate tax avoidance

13. The Group considered the recommendations of the report of the European Court of Auditors relevant to its mandate and operations, and agreed to begin work to address them - specifically, by revising the Guidance on Rollback and developing Guidance on grandfathering rules. The subgroup was tasked with the technical discussion and will report back to the main Group.

Way forward in relation to expenditure-based tax incentives (criterion 2)

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<sup>13</sup> 9651/25 ADD 8.

<sup>14</sup> 9651/25 ADD 9.

<sup>15</sup> 9651/25 ADD 10.

14. The Group agreed to hold a preliminary discussion on the application of the nexus requirement to expenditure-based tax incentives in Special Economic Zones, with a view to promoting competitiveness in the Union.

**V. THE EU LIST OF NON-COOPERATIVE JURISDICTIONS FOR TAX PURPOSES**

**A. Update of the EU list of non-cooperative jurisdictions for tax purposes**

15. In its conclusions of 10 December 2024<sup>16</sup>, the Council (ECOFIN) acknowledged the positive impact of the Code of Conduct and the Group's efforts in mitigating harmful tax practices, contributing to the reduction of preferential tax regimes both within the EU and globally. The Council welcomed the progress achieved by the Code of Conduct Group in the revision of the EU list of non-cooperative jurisdictions in October 2024 and encouraged the Group to maintain effective dialogue with jurisdictions, monitoring, and screening, to support their compliance with the EU listing criteria and fulfilment of commitments within the agreed deadline.
16. The Council appreciated the revision of the EU list of non-cooperative jurisdictions in February 2025 and invited the Group to further continue the effective dialogue with jurisdictions, so that they continue to fulfil their respective commitments and comply with the EU listing criteria in accordance with the agreed Annex II deadlines.
17. The Council welcomed the adaptation by the Group of the future monitoring for criterion 1.2 in the context of the new Global Forum monitoring and review framework on tax transparency, recognised the continuous monitoring of the relevant no or only nominal tax jurisdictions on the progress made on implementation of the legal framework on Collective Investments Vehicles (CIVs) under criterion 2.2, acknowledged the extension of the application of criterion 3.2 to jurisdictions that joined the OECD/G20 Inclusive Framework on BEPS as of 1 January 2018 and acknowledged the request for commitment from the jurisdictions concerned.
18. The Council welcomed the work on the appropriate selection indicators for future modifications of the geographical scope of the EU list and called on the Group to continue the work to incorporate beneficial ownership as a fourth transparency criterion.

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<sup>16</sup> 16770/24.

19. The COCG continued interactions and dialogue with the relevant jurisdictions to assess recent developments and the implementation of their commitments, with a view to the periodical update of the EU list.
20. The preparation of the latest revision of the list took place at the subgroup meeting on 14 and 23 January 2025 and was finalised at the COCG meeting on 29 January 2025. The updated EU list of non-cooperative jurisdictions was approved by the Council on 18 February 2025<sup>17</sup> and published in the Official Journal on 28 February 2025<sup>18</sup>.
21. There are 11 jurisdictions on the EU list of non-cooperative jurisdictions for tax purposes (Annex I) after the update: American Samoa, Anguilla, Fiji, Guam, Palau, Panama, Russian Federation, Samoa, Trinidad and Tobago, US Virgin Islands and Vanuatu.
22. The majority of listed jurisdictions managed to make progress on one or more of the listing criteria, but remain listed for at least one other criterion. Anguilla and Panama made a commitment to improving their compliance with criterion 1.2 on exchange of information on request. The entries on American Samoa, Guam and the US Virgin Islands in Annex I were updated as regards criterion 3, following the conclusion by the COCG that the four BEPS minimum standards are at present not relevant for the three US territories.
23. Positive developments can also be noted in the state of play of commitments (Annex II of the relevant conclusions). Two jurisdictions, Costa Rica and Curaçao, fulfilled their commitments by addressing the deficiencies in their automatic exchange of tax information system, and were removed from Annex II. Also, Brunei Darussalam made a commitment to amend or abolish its foreign-source income exemption regime by 31 December 2025, which was included in Annex II.
24. Türkiye remains on Annex II for criterion 1.1 (automatic exchange of information) as it is still not fully in line with the commitments as per the conclusions of the Council (ECOFIN) of 22 February 2021, 5 October 2021, 24 February 2022, 4 October 2022, 14 February 2023, 17 October 2023, 20 February 2024, 8 October 2024 and 18 February 2025. Türkiye is expected to begin or continue the technical work on the effective exchange of data with all Member States to meet the agreed international standards and fully comply with the requirements mentioned in the conclusions of the Council (ECOFIN) above.

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<sup>17</sup> 6322/25.

<sup>18</sup> OJ C 2025/1473, 28.2.2025, pages 1-4.

## **B. Monitoring of the implementation of commitments taken by jurisdictions**

### General overview

25. As of February 2025, the implementation of a total of 11 commitments<sup>19</sup> taken at a high political level by 11 jurisdictions<sup>20</sup> remains to be monitored by the Group. These are recorded in Annex II of the Council conclusions:

<b>Criterion</b>	<b>Number of jurisdictions committed</b>
1.1	1
1.2	7
2.1	2
3.2	1

26. Pending commitments on automatic exchange of information, exchange of information on request and implementation of the CbCR minimum standards are detailed under dedicated sections to criteria 1.1, 1.2, and 3.2 respectively and in the respective entries for jurisdictions listed in Annex I.
27. Moreover, two harmful tax regimes remain to be rolled back by two jurisdictions under criterion 2.1<sup>21</sup>. A detailed overview can be found in the compilation<sup>22</sup> of preferential regimes and measures examined by the COCG under criteria 2.1 and 2.2.

### Political and procedural dialogue

28. The Chair of the COCG continued to conduct political and procedural dialogues with relevant international organisations and jurisdictions, where necessary.
29. The Chair received a number of letters from jurisdictions and also held in-person meetings and videoconferences at a high political level with a number of them. Delegations were kept

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<sup>19</sup> This figure adds up the number of commitments by jurisdictions under each criterion (see table).

<sup>20</sup> Anguilla, Antigua and Barbuda, Belize, British Virgin Islands, Brunei Darussalam, Eswatini, Panama, Seychelles, Türkiye, Vanuatu, Vietnam.

<sup>21</sup> “Eswatini’s ”Special economic zones” and Brunei Darussalam’s ”harmful foreign-source income exemption regime”.

<sup>22</sup> 6430/23.



informed about these interactions, and response letters signed by the Chair were agreed by the Group.

### **C. Screening and scoping issues**

#### New criterion 1.4 on beneficial ownership information

30. In its conclusions of 10 December 2024, the Council (ECOFIN) called on the Group to continue the work to incorporate beneficial ownership as a fourth transparency criterion.

#### Criterion 2.1 Regimes under FHTP monitoring

31. In 2024, the Forum on Harmful Tax Practices (FHTP) assessed several preferential tax regimes in jurisdictions that had made commitments to the Code of Conduct Group. For Eswatini, the FHTP concluded that the amended “Special Economic Zones” regime is not harmful, subject to the adoption of final legislation; Eswatini remained on Annex II after February 2025 update of the EU list. Fiji remains on Annex I, as one harmful regime is still under review and another remains unamended. For Trinidad and Tobago, the FHTP found the “Free Trade Zones” regime abolished and the new “Special Economic Zones” regime not harmful for non-IP activities; however, the jurisdiction stays on Annex I due to other unresolved concerns.
32. At the meeting on 30 April 2025 the Group held an initial exchange of views on the possible impact of the revised FHTP methodology for regime reviews and the frequency of the monitoring processes on its work. The discussion will continue in light of follow-up discussions on the matter at the FHTP.

#### Criterion 2.1 (Foreign source income exemption regimes)

33. In October 2019, the Council (ECOFIN) approved guidance on foreign source income exemption (FSIE) regimes in the framework of the EU listing exercise (criterion 2.1). This guidance acknowledges that FSIE regimes are a legitimate approach to prevent double taxation, but identifies potentially harmful elements that could be present in such regimes.
34. In December 2019, the COCG Chair wrote to thirteen jurisdictions to inform them that a regime of this kind was identified in their jurisdiction. The Commission Services followed up with a questionnaire to nine jurisdictions in February 2020 with a deadline of 20 March 2020 to reply. It was agreed to screen four jurisdictions at a later stage.

35. All the jurisdictions that were contacted responded to the questionnaire. The Commission Services analysed the replies and followed up where necessary. On this basis, the Commission prepared an overview of the work carried out so far, as well as country-specific progress reports.
36. On 19 May 2021, the COCG agreed to send letters to six jurisdictions from which the COCG would seek commitments to repeal or amend their harmful FSIE regimes. Five jurisdictions responded and confirmed their commitment to abolish or amend their regimes<sup>23</sup>. One jurisdiction did not express the requested commitment<sup>24</sup>. The remaining three jurisdictions<sup>25</sup> were deemed compliant under the EU listing criteria. One jurisdiction<sup>26</sup> reformed its FSIE regime before the end of 2022, with effect from 1 January 2023.
37. During the technical examinations of FSIE reforms, there was a need to clarify the language of the Guidance on FSIE on certain aspects, notably on the tax treatment of capital gains. Following this clarification of the Guidance on FSIE regimes in December 2022<sup>27</sup>, the Group decided to grant the two concerned jurisdictions<sup>28</sup> additional time to amend their legislation concerning the tax treatment of capital gains, i.e. by the end of 2023, with effect from 1 January 2024.
38. At its meeting on 7 February 2024, the COCG agreed to grant additional time to Malaysia until 31 March 2024 to complete the reform of its FSIE regime, considering the substantial progress made by the jurisdiction. Primary legislation was adopted by Malaysia in December 2023 with effect on 1 January 2024, introducing a tax on foreign sourced capital gains. Secondary legislation and guidelines exempting from tax foreign sourced capital gains for entities meeting economic substance requirements were adopted by Malaysia in March 2024 and positively assessed by the subgroup at its meeting on 24 April 2024, subject to the adoption of two amendments. The jurisdiction adopted these two amendments on 26 April 2024 in line with the COCG requirements. Since the reform of the FSIE regime was completed, the reference to Malaysia was removed from Annex II during the update of the EU list in October 2024.

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<sup>23</sup> Costa Rica, Hong Kong, Malaysia, Qatar and Uruguay.

<sup>24</sup> Panama.

<sup>25</sup> Maldives, Nauru and Singapore.

<sup>26</sup> Uruguay.

<sup>27</sup> 14674/22.

<sup>28</sup> Hong Kong and Malaysia.

39. Additionally, Brunei Darussalam was found to maintain a harmful FSIE regime which is lacking substance requirements and anti-abuse rules. Following a request from the Group in November 2024, Brunei committed at a high political level in January 2025 to amending or abolishing the regime. This commitment was recorded in Annex II during the February 2025 update of the EU list.

Process for the Monitoring of Economic Substance Requirements for Collective Investment Funds (CIVs) under criterion 2.2

40. In May 2018, the COCG agreed on Technical Guidance on Substance Requirements for Collective Investment Funds (CIVs) giving effect to a distinctive treatment for CIVs, in terms of economic substance requirements, in the Scoping Paper on criterion 2.2.
41. In September 2018, the COCG found that four jurisdictions (The Bahamas, Bermuda, British Virgin Islands and Cayman Islands) in the scope of the EU listing process had a “relevant” fund sector. Subsequently, the COCG asked these jurisdictions to reform their funds’ framework in line with the Technical Guidance<sup>29</sup>. The reforms, approved by the COCG, entered into effect in these jurisdictions in 2020, i.e. one year later than other economic substance requirements (general substance requirements).
42. In May 2022, the COCG kicked off a targeted annual monitoring of the implementation of the enhanced framework on CIVs by the four jurisdictions concerned on the basis of a specific questionnaire. Given that CIVs are out of the scope of the FHTP standard, such monitoring would be led entirely by the Group with the technical assistance of the Commission.
43. For the first relevant period of CIVs monitoring, for years 2020, 2021 and partly 2022, the Group acknowledged the substantial efforts made by all jurisdictions concerned. Soft recommendations were addressed to three out of four jurisdictions.
44. Furthermore, in August 2023 the Group agreed on an updated questionnaire for the second monitoring year (2023). The findings were discussed at the meeting of 22 November 2023 with a view to addressing updated soft recommendations to the jurisdictions concerned.

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<sup>29</sup> The Bahamas, Bermuda, British Virgin Islands and Cayman Islands.

45. At the meeting on 8 November 2024, the subgroup supported the Commission proposal to communicate to three jurisdictions<sup>30</sup> the need to address soft recommendations in the concerned areas, which will be reviewed by the COCG in the context of the fourth (2025) monitoring year.

## Process for the Monitoring of Economic Substance Requirements for partnerships under criterion 2.2

46. In May 2020, the COCG assessed how different 2.2 jurisdictions treat partnerships in their legislation on economic substance. The results confirmed that only five 2.2 jurisdictions included all relevant partnerships in the scope of their legislation on economic substance<sup>31</sup>. The COCG asked the 2.2 jurisdictions for which this was not the case<sup>32</sup> to extend the scope of their legislation on economic substance to relevant partnerships by June 2021, with effect from 1 July 2021.
47. In May 2023, the COCG agreed on a yearly monitoring process to ensure a proper enforcement of economic substance requirement for partnerships over time. The first year of monitoring (2023) concerned information/data and compliance actions taken by 2.2 jurisdictions from 1 July 2021 to 31 December 2022.
48. Following coordination with the FHTP Secretariat and with a view to facilitating the process for relevant jurisdictions, a questionnaire targeting partnerships was agreed to be circulated as an annex to the questionnaire on the implementation of economic substance requirements for companies circulated by the FHTP and set to follow the same timeline.
49. The results of the first year of monitoring revealed that the majority of relevant jurisdictions was still not in a position to provide concrete data on the application of the economic substance requirements to partnerships. In its meeting of 7 February 2024, the COCG agreed to address only soft recommendations where deficiencies had been identified<sup>33</sup>.

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<sup>30</sup> The Bahamas, British Virgin Islands and Cayman Islands.

<sup>31</sup> The Bahamas, Bahrain, the Republic of Marshall Islands, Turks and Caicos Islands, and United Arab Emirates.

<sup>32</sup> Anguilla, Barbados, Bermuda, British Virgin Islands, Cayman Islands, Guernsey, Isle of Man, and Jersey.

<sup>33</sup> Anguilla, the Bahamas, Barbados, Bermuda, the British Virgin Islands, the Cayman Islands, Guernsey, Jersey, the Isle of Man, and the Turks and Caicos Islands.

50. At its meetings on 14 January 2025, 23 January 2025 and 29 January 2025, the COCG discussed the information and data provided by relevant jurisdictions for the second year of monitoring. The COCG agreed to address soft recommendations to four<sup>34</sup> out of nine jurisdictions concerned.

#### Implementation of criterion 3.2

51. In 2019, the COCG agreed on a general approach for assessing compliance with criterion 3.2 on country-by-country reporting (CbCR), in particular for early adopters of the minimum standard on CbCR, i.e. jurisdictions that joined the Inclusive Framework before the end of 2017.
52. In October and November 2021, the Code of Conduct Group discussed and agreed on the assessment of the relevant jurisdictions for compliance with criterion 3.2, based on the 2021 Peer Review Report by the BEPS Inclusive Framework (IF) on CbCR and additional assessments of bilateral exchange relations for CbCR with EU Member States. Eleven jurisdictions with identified deficiencies on CbCR were asked to undertake commitments to address these deficiencies in time to be reflected in the 2023 IF peer review report on CbCR. These commitments were recorded at the update of the EU list in February 2022.
53. Following the release of the IF peer review report on CbCR on 4 October 2022, the Code of Conduct Group decided at its meeting on 24 October 2022 to remove Barbados, the British Virgin Islands and Tunisia from Annex II for criterion 3.2 and to delete the reference to criterion 3.2 in the entry of the Bahamas in Annex I, at the update of the EU list in February 2023.
54. On 25 September 2023, the IF published its 2023 peer review report on CbCR. At its meeting on 3 October 2023, the Code of Conduct Group assessed the results of the IF peer reviews for the remaining jurisdictions with pending commitments on criterion 3.2. In 2023, the IF no longer addressed any general recommendations to Belize, Israel, Montserrat, Panama and Thailand. These jurisdictions had also taken the necessary steps to be able to exchange effectively CbCR reports with all EU Member States. As a result, the COCG deemed their commitments on criterion 3.2 fulfilled and recommended to remove the references to these jurisdictions with regard to criterion 3.2 from the relevant Annexes. Trinidad and Tobago did not fulfil its commitment on CbCR within the agreed deadline.

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<sup>34</sup> The Bahamas, the British Virgin Islands, the Cayman Islands and the Turks and Caicos.

Accordingly, the Group recommended to update the entry on Trinidad and Tobago in Annex I to include a reference to criterion 3.2 at the update in October 2023.

55. At its meetings on 23 November 2022, 3 October 2023 and 22 November 2023 the Code of Conduct Group considered the implementation of the CbCR standard by other jurisdictions within the scope of criterion 3.2, which were not deemed deficient in 2021, as well as the state of play in relation to relevant jurisdictions to which criterion 3.2 has not been applied so far, as they have joined the BEPS IF on or after 1 January 2018. The COCG agreed to extend the scope of criterion 3.2 to relevant jurisdictions in this group.
56. At its meeting on 22 November 2023, the COCG decided to start the process by asking jurisdictions within the scope of the EU list that have joined the BEPS Inclusive Framework since 1 January 2018, except those who have fully implemented the global standard on CbCR or opted out in 2023 from the BEPS Action 13 Peer Review Process, for information about resident UPEs of multinational enterprise groups with a consolidated group revenue above the CbCR reporting threshold.
57. On 24 April 2024 the subgroup was informed about the replies provided by the 18 jurisdictions, which received information letters regarding the future application of criterion 3.2.
58. After the publication of the IF peer reviews on CbCR in September 2024, the Group took stock of the peer review outcomes for jurisdictions which have joined the BEPS IF on or after 1 January 2018. The Group also assessed the state of bilateral exchange relations for CbCR of these jurisdictions with EU Member States and the presence of resident UPEs of MNE groups above the reporting threshold of 750 million EUR in their respective territories.
59. On this basis, the COCG decided on 20 November 2024 to request commitments on criterion 3.2 from jurisdictions with one or more outstanding general recommendations in the 2024 Inclusive Framework report and one or more resident UPE in 2022 or 2023. Jurisdictions in this category which have not yet activated relationships for CbCR exchanges with all EU Member States will be asked to commit to address this issue as well. Commitments will be recorded in Annex II at the update of the EU list in October 2025. The deficiencies should be addressed in time to be reflected in the 2026 Inclusive Framework peer review report on CbCR.

60. In addition, the COCG decided to start monitoring, as of 2025, on an annual basis, all Inclusive Framework jurisdictions which have not yet been asked for commitments on criterion 3.2 by the COCG due to non-relevance or opt-outs from the peer review process in either 2024 or preceding years, in order to check if exemptions previously granted remain justified.
61. At its meeting on 30 April 2025, the Group supported the monitoring of the existence of in-scope ultimate parent entities in BEPS IF member jurisdictions previously exempted from criterion 3.2 by the COCG and agreed to send information letters to those of these jurisdictions which have received recommendations in the course of the IF Action 13 peer review process. Seventeen jurisdictions with one or more general recommendations by the BEPS IF in 2024 and missing activations for CbCR exchanges with EU Member States were asked for information about resident UPEs of MNEs captured by the CbCR reporting threshold in 2024.
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