

EU SUBSTANCE TALKING POINTS 15/3/2019

KEY MESSAGES FOR INDUSTRY STAKEHOLDERS



- Bermuda is disappointed to be on the EU list of non-cooperative tax jurisdictions, but believes the current legislation, enacted March 4, addresses all issues identified by the EU that would cause Bermuda to be on the blacklist of non-cooperative tax jurisdictions
- Bermuda is committed to working cooperatively with the EU to ensure our jurisdiction is moved from the blacklist to the whitelist as soon as possible—and that the island remains categorised as a “cooperative jurisdiction”
- Bermuda is well-known for the productive collaboration by its government, regulators, and industry sectors. All groups are working closely together to expedite a positive outcome
- Bermuda remains a well-regulated jurisdiction that has met every international standard over decades. We are determined to demonstrate continued leadership on regulatory best practices.
- Bermuda’s re/insurance sector exceeds all relevant standards, which has been explicitly acknowledged by the EU. Our regulator, the Bermuda Monetary Authority (BMA), is highly respected by the EU and other global stakeholders. Our jurisdiction also recognises the positive affirmation by the EU in respect of tax transparency and anti-base erosion profit-shifting (BEPS) implementation
- Bermuda’s compliance with EU requirements around economic substance is a matter of record and has been acknowledged by the UK Treasury and confirmed to EU Member States March 12: *“The UK agreement to the Council Conclusions on the revised EU list of non-cooperative jurisdictions for tax purposes is on the basis that as set out in the Conclusions, jurisdictions should be removed as soon as possible after they have demonstrated they are*



compliant. The UK notes that Bermuda has legislated to address the issue identified. In light of this, we expect Bermuda, and other compliant jurisdictions, to be removed from the list at the next available opportunity.”

- The Bermuda government will continue to engage with EU Member States to confirm Bermuda’s compliance and the fact our substance legislation is in place and being enforced
- There are no immediate EU penalties or sanctions. The Bermuda’s government is working to mitigate, or exclude, any EU or national sanctions applied before a resolution of this issue
- Bermuda strongly supports an international approach to tax governance through the establishment of global standards for compliance, cooperation, fair tax competition, and BEPS
- Bermuda remains a jurisdiction of choice for reputable businesses, and is committed to doing everything that is required to preserve that position