

The Virgin Islands Consortium

VI Government Calls EU's Blacklisting Of Territory As Tax Haven 'Unjustified'

Business / **Published On March 13, 2018 10:54 PM /**

Staff **March 13, 2018**



ST. THOMAS -- The Government of the Virgin Islands has called the European Union's move to add the USVI to its list of "non-cooperative jurisdictions" for tax purposes "unjustified," contending that the EU's decision to add the USVI to a long list of Caribbean islands that it has blacklisted came with no evidence.

There is no evidence that the U.S. Virgin Islands has been used to evade or avoid any taxes imposed by European Union member states, the G.V.I. said. In addition, as a territory of the United States, the U.S. Virgin Islands is subject to U.S. laws that deal with ownership information for financial assets and that provide for sharing tax information, the local government contended.

The government further stated that the U.S. Virgin Islands is neither a secrecy jurisdiction nor a so-called tax haven and will continue to cooperate fully with the U.S. federal government in implementing laws that provide for transparency and exchange of information.

"As the U.S. Virgin Islands continues to recover from the damage from the effects of Hurricanes Maria and Irma, we remain committed to attracting business and investment that will create increased economic activity and jobs," read the statement.

It stressed that there was no evidence that any of the government's recovery efforts or economic development programs were connected to the evasion or avoidance of any taxes imposed by European Union member states. And it said the territory does not anticipate any significant adverse consequences to its economy or its ability to service its bonds as a result of the decision by the European Union.

According to Reuters, [last week](#), the U.S. Virgin Islands and Saint Kitts and Nevis were set to be added to a European Union blacklist of tax havens, raising to nine the number of jurisdictions on it.

The decision, taken by EU tax experts, was set to be endorsed by EU finance ministers at a regular monthly meeting today, when the 28 EU governments were also expected to delist Bahrain, the Marshall Islands and Saint Lucia.

As a result of both moves, the blacklist would maintain nine jurisdictions deemed to facilitate tax avoidance. The other six are American Samoa, Guam, Namibia, Palau, Samoa and Trinidad and Tobago.

The document, prepared by EU officials and dated March 8, also adds Anguilla, The British Virgin Islands, Dominica and Antigua and Barbuda to a so-called grey list of jurisdictions which do not respect EU anti-tax avoidance standards but have committed to change their practices.

The grey list includes dozens of jurisdictions from all over the world. Blacklisted jurisdictions could face reputational damage and stricter controls on their financial transactions with the EU, although no sanctions have been agreed by EU states yet.

Those who are in the grey list could be moved to the blacklist if they do not honour their commitments. Caribbean islands hit by hurricanes last year were given more time to comply with EU tax transparency standards when the bloc's blacklist was established in December.

Earlier this month, EU experts decided to propose the delisting of Bahrain, the Marshall Islands and Saint Lucia, a document dated March 2 showed, according to Reuters.

That attracted criticism from anti-corruption activists who called for disclosure of the commitments made by the delisted jurisdictions. These engagements remain secret.

The initial blacklist included 17 jurisdictions, but after one month eight were removed. They were Barbados, Grenada, South Korea, Macau, Mongolia, Tunisia, the United Arab Emirates and Panama. That move was also widely criticised by some EU lawmakers and activists.

Panama's delisting caused a particular outcry as the EU process to set up the tax-haven blacklist was triggered by publication of the Panama Papers – documents that showed how wealthy individuals and multinational corporations use offshore schemes to reduce their tax bills.

EU countries were not screened. They were deemed to be already in line with EU standards against tax avoidance, though anti-corruption activists and lawmakers have repeatedly asked for some EU members such as Malta and Luxembourg to be blacklisted.