The Virgin Islands Consortium

USVI Stays On European Commission's List Of Blacklisted Countries

VIC News / **Published On February 15, 2019 03:49 PM /**

Staff February 15, 2019

The European Commission has kept the U.S. Virgin Islands on its list of blacklisted nations, deeming the US territory a tax haven. The commission also added Saudi Arabia the list, contending that the nation is seen to pose a threat because of poor controls on terrorism financing and money laundering. The U.S. Virgin Islands *was added to the list in 2018*.

Panama, Nigeria and other jurisdictions were also added to the 23-country list, an EU executive said on Wednesday.

In a statement issued following the USVI's addition to the list in 2018, the Government of the Virgin Islands, through its then-leader Governor Kenneth Mapp, said the move was “unjustified,” and contended that the EU’s decision to add the USVI to the list 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 Euro News, the latest move was criticized by some members of the bloc, including the UK, who were concerned about their economic ties to the newly-added countries, especially Saudi Arabia.

The black-listed nations join other jurisdictions, including Afghanistan, American Samoa, the Bahamas, Botswana, North Korea, Ethiopia, Ghana, Guam, Iran, Iraq, Libya, Pakistan, Puerto Rico, Samoa, Sri Lanka, Syria, Trinidad and Tobago, Tunisia, U.S. Virgin Islands and Yemen.

As well as damage to the countries' reputations, being added to the list makes financial relations with the EU more complicated, Euro News said.

The European Commission said it included the new additions for “strategic deficiencies in their anti-money laundering and countering terrorist financing regimes.” Previously, 16 jurisdictions were included.

Bosnia, Guyana, Laos, Uganda and Vanuatu were removed.