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BVI Joins USVI, Other Small Caribbean and Pacific States on European Union 'Tax Haven' Blacklist

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European Union flags fly in front of the European Commission building in Brussels, Belgium. **By. GETTY IMAGES**

The British Virgin Islands will join the U.S. Virgin Islands on the European Union "black list", a collection of "tax havens", as adjudged by EU Finance ministers. The official announcement, according to Reuters' reporting on a leaked draft document, will occur this week Tuesday, and will include Russia, Costa Rica, and Marshall Islands along with the BVI.

The above-named countries will join American Samoa, Anguilla, the Bahamas, Fiji, Guam, Palau, Panama, Russian Federation, Samoa, Trinidad and Tobago, Turks and Caicos Islands, and Vanuatu on the blacklist.

The EU, when making decisions on economic co-operation with other countries, is said to consider whether the nation in question is on the blacklist, or “list of non-cooperative jurisdictions for tax purposes.” Countries on the blacklist are at risk of not receiving EU funding, and can face higher barriers in accessing finances from non-EU sources.

Aside from Russia, whose addition in 2023 may be ascribed to current events, a consideration of the demographics of the other countries on the EU blacklist surfaces a major commonality — one which leads Caribbean economist Marla Dukharan to describe the EU policies in this regard “indisputable examples of institutional racism and bullying.”

International wealth management publication IFC Review recently featured comments by Ms. Dukharan, who pointed out that over a third of the world’s tax havens are in EU member states.

In 2021, members of the European Parliament itself voted for more transparency, consistency and impartiality in how the list of non-cooperative jurisdictions is compiled. In a resolution passed overwhelmingly, MEP’s recognized that the “confusing and ineffective” system was being applied to countries “covering less than 2% of worldwide tax revenue losses.” The resolution also called for EU member states to be screened and blacklisted if they fit the criteria. A legal instrument giving effect to the provisions in the resolution was supposed to have been passed by the end of 2021.

Despite the stark findings of the European Parliament, some at the European Commission believe the blacklist is a force for positive change. Benjamin Angel, director for direct taxation, tax coordination, economic analysis and evaluation at the European Commission, says in the same IFC Review article that the “objective and fair” list has “led to reforms of over 130 harmful tax regimes.”

No E.U. member state has appeared on the list of non-cooperative jurisdictions for tax purposes.