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Bermuda’s compliant reputation reinforced by OECD in missive to Global Forum members

OECD depicts EU tax haven blacklist as arbitrary and “unfortunate”

Hamilton, Bermuda, June 22, 2015 — The Bermuda Business Development Agency has welcomed a message of support and clarification from the Organisation of Economic Cooperation and Development (OECD) that depicts a controversial European Commission blacklist as arbitrary and “unfortunate.”

In a message sent to OECD Global Forum Members on June 19, the Director of the OECD Centre for Tax Policy & Administration (CTPA) Pascal Saint-Amans and Monica Bhatia, the Global Forum Secretariat’s Head stated: “We would like to confirm that the only agreeable assessment of countries as regards their cooperation is made by the Global Forum and that a number of countries identified in the EU exercise were either fully or largely compliant.

“Without prejudice to countries’ sovereign positions, we are happy to confirm that these jurisdictions are cooperative and we would like to commend the tremendous progress made over the past years as well as the cooperation and integrity of the Global Forum process.

“It is very unfortunate that this exercise has looked like the establishment of a list,” the OECD added. “Our EU colleagues have confirmed that this is not their intent.”

BDA CEO Ross Webber acknowledged the EU list was inaccurate, misleading and damaging. “The announcement by the OECD has reinforced Bermuda's status as a highly respected, compliant and cooperative international finance centre,” said Webber. “Bermuda has worked long and hard to achieve global recognition for its responsive and transparent environment and global partnerships—it is critical this effort is not undermined. It is helpful to have the OECD clarify its position, yet the list should not have been compiled and distributed in such a fashion.”

The EU listed Bermuda in a June 17 compilation of 30 third country “non-cooperative” tax jurisdictions, which it said was based on at least 10 member states’ independent national lists. The 11 states named by the EU as having nominated Bermuda for inclusion were: Belgium, Bulgaria, Croatia, Estonia, Greece, Italy, Latvia, Lithuania, Poland, Portugal and Spain.

In fact, Poland had already removed Bermuda from its own blacklist, having signed a Tax Information and Exchange Agreement (TIEA) with Bermuda in November 2013. Italy had also publicly announced earlier this year it had taken Bermuda off its blacklist. Additionally, at least five of the 11 states listed as having nominated Bermuda for non-cooperation had failed to complete information-exchange obligations with the Island, according to Bermuda’s Ministry of Finance.
Said Webber, “The threshold of being on a minimum of 10 EU nations’ blacklists is interestingly subjective. While the OECD has confirmed that it was not the EU’s intent to create a definitive list, Bermuda should never have been included.”

Friday’s OECD statement questioned the criteria behind the blacklist, adding: “It should be noted that the EU Commission has incorporated the Global Forum’s terms of reference into its principles of good governance in tax matters and so supports a clear link between compliance with the Global Forum standard and inclusion on a national blacklist. However, it is not clear how this aspect is factored into either the national blacklists or the EC’s list. In addition, the inclusion of harmful tax practices or ‘other criterion’ in determining inclusion in a national blacklist makes it impossible to determine how this independently reflects on a jurisdiction compliance with the Global Forum standards.”

Bermuda currently has 41 TIEAs and 83 treaty partners around the world. The Island is also one of six nations given provisional equivalence (Solvency 2) in June 2015 by the European Commission.

“This particular exercise by the EU seems to have been ill-conceived. Regardless, we have to keep reiterating the positive message about Bermuda’s reputation because it is evident that there are still many nations who need a greater understanding of the value we add to the global economy,” said Webber.

“International financial centres should not all be treated as one homogenous group” he said. “Bermuda is a clear example of one jurisdiction that has earned the right to be differentiated because of our regulatory sophistication and track record of cooperation and openness on information-exchange matters.”

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