



## Bermuda Blacklisting Expected to be Temporary

**Author:**

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The European Union announced yesterday that it has included Bermuda on its list of non-cooperative jurisdictions for tax purposes. This unexpected decision was made despite the enactment of the *Economic Substance Act 2018* and the *Economic Substance Regulations 2018*, which the Bermuda Government believes clearly satisfies the EU's requirements with regard to the introduction of an economic substance regime.

We have been assured by the Bermuda Government that it is doing everything it can to ensure that this situation is temporary. The UK Government, through HM Treasury, has expressly asserted that Bermuda has legislated to address the issue identified and in light of this expects that Bermuda will be "removed from the list at the next available opportunity". The EU's Economic and Financial Affairs Council (ECOFIN), responsible for drawing up the blacklist, next meets in May 2019. In a press conference yesterday, Premier David Burt said: "I believe that between now and May, a fair assessment of Bermuda's legislation will confirm our compliance and we will be removed from the list."

Meanwhile, the Government will continue to engage with the EU to that end and has publicly reiterated its commitment to meet all appropriate global standards, as indeed it has consistently met or exceeded every international standard over many years.

At this point, the consequences of blacklisting are unknown, as there are currently no sanctions specified. The Bermuda Government has confirmed that it "does not anticipate any sanctions" against Bermuda. We will continue to monitor the position closely and will assist you to manage and respond to any developments as necessary.

In the meantime, Bermuda's economic substance legislation remains fully in force and will continue to be implemented.

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