



GOVERNMENT OF BERMUDA

The Ministry of Finance

Ministry of Finance Headquarters

Ministerial Statement

To the House of Assembly

By

The Hon. Curtis L. Dickinson, JP, MP

Minister of Finance

European Union Tax Listing

Date: 10th May, 2019

Mr. Speaker, I am pleased to provide additional background information regarding the action which Bermuda has taken to be removed from the EU list of non-cooperative jurisdictions in tax matters, as adopted by the EU Finance Ministers (“ECOFIN”) at their March 12 meeting.

I can report that Bermuda has acted promptly and effectively in order to be formally removed from the EU list, most likely at the May 17 meeting of ECOFIN.

On March 28, Premier David Burt and I met with Commissioner Pierre Moscovici, responsible for economic and financial affairs as well as taxation and customs. Thereafter, on April 1, I met with Mrs. Lyudmila Petkova, Chair of the Code of Conduct Group on Business Taxation. These meetings,

together with visits to the German and French Ministries of Finance, were open, transparent and cooperative. They permitted Bermuda to further explain in detail the source and reasons for which there was a technical omission in our Economic Substance Regulations submission. This omission was addressed and corrected to the satisfaction of the European authorities. Subsequent to these meetings we understand there was a meeting of the Code of Conduct Group on Business Taxation on April 11.

Following our meetings and the assurances we received, we have every reason to believe that the EU Finance Ministers, on May 17, will remove Bermuda from Annex I of the list of non-cooperative jurisdictions in tax matters (the so-called “black list”).

Mr. Speaker, I should add that when Bermuda is removed from Annex I, we will be placed in Annex II of the EU list with three other jurisdictions (Bahamas, British Virgin Islands and Cayman Islands). This is because of EU concerns regarding the need for a legislative framework for collective investment funds (CIVs) that meets their expectations.

Mr. Speaker, we have already committed to continue to cooperate with the EU with respect to the adoption, by the end of this year, of a proper legislative framework for collective investment funds. Bermuda officials have already engaged last month in a positive dialogue with EU representatives to finalize the scope of the required adjustments to our legislation. We want to ensure an efficient implementation of our commitments and will carefully address certain concerns raised as they

relate to the substance criterion in the CIVs sector as required from Annex II jurisdictions.

Mr. Speaker, the Bermuda-EU relationship is well developed. For example our industry sectors have many clients in the EU, and economic studies indicate that the value of Bermuda's financial contribution to the EU is significant. More than 10 European Union countries export about \$6 billion in goods and services and annual two-way trade is normally \$30 billion between, the EU and Bermuda. Bermuda's economy supports almost 150,000 jobs in European Union markets through trade, the foreign direct investment of its multinationals, and its portfolio investment capacity – mostly in the UK, Germany, France, and Ireland. Mr. Speaker, most of this trade between Bermuda and the EU is in the areas of reinsurance and finance.

Mr. Speaker, I also wish to recognize the cooperation the Government received from industry stakeholders throughout the process. It was remarkable. I want to thank all stakeholders for their support and show of unity.

Thank you, Mr. Speaker