



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: 13th March, 2019

Mr. Speaker, I rise to provide further background information on the action by the European Union (EU) Committee of Finance Ministers, known as the Economic and Financial Affairs Council configuration (ECOFIN), to include Bermuda along with several other countries on its list of non-cooperative jurisdictions for tax purposes.

Mr. Speaker, Bermuda is a cooperative jurisdiction with the EU for tax purposes. In the spirit of continued cooperation that has been a hallmark of and underpinned Bermuda's international tax cooperation framework over many years, the Government has legislated to address all technical requirements and have communicated these changes through our written submissions to the EU'S Code of Conduct Group on December 28th, 2018,

February 22nd and March 4th and as it stands today we believe Bermuda has addressed all issues identified and is now fully compliant.

Mr. Speaker, I can report that the UK Government, a member of the ECOFIN issued a public statement yesterday affirming its position that Bermuda's March 4th, 2019 amending submission to the EU met the EU Commission's one remaining concern.

Additionally, the UK has published an online note yesterday morning stating, and I quote: *“The UK agreement to the Council Conclusions on the revised EU list of non-cooperative jurisdictions for tax purposes is on the basis that as set out in the Conclusions, jurisdictions should be removed as soon as possible after they have demonstrated they are compliant.*

The UK notes that Bermuda has legislated to address the issue identified. In light of this we expect Bermuda, and other compliant jurisdictions, to be removed from the list at the next available opportunity.”

Mr. Speaker, the next meeting of ECOFIN is in May 2019 and in the interim period we will continue to make sure that Member States are clear in that Bermuda is compliant and that our legislation is fully in force and is being implemented.

Mr. Speaker, Bermuda is a well-regulated jurisdiction that has met every international standard over many years and in the coming days and weeks we will continue to work diligently with our industry partners in order to be removed from this list at the earliest opportunity.

Mr. Speaker, contrary to press reports, Bermuda did not in our submissions filed with the EU Commission prior to the cutoff date add any loopholes and we totally reject any notion that Bermuda was “playing games” as alleged in some press reports.

For the record Mr. Speaker, Bermuda is currently a party to 41 Tax Information Exchange Agreements (TIEAs) on a bilateral basis with various countries and currently Bermuda has over 125 multilateral TIEA partners from our participation in the Multilateral Convention on Mutual Assistance in Tax Matters (the Convention). It should be noted that our exchange of information network includes all members of the G20, all European Union Member States and other OECD countries. Also in keeping with transparency and exchange of information principles, and as part of our efforts to combat tax evasion, the Government has implemented U.S. FATCA and through Bermuda’s participation in the Convention we exchange the OECD Common Reporting Standard (“CRS”) and the OECD Country by Country (CBC) information with every country around the world that joined the OECD administered Convention (which includes all EU member States). Mr. Speaker, does this sound like a country that was “playing games”?

Mr. Speaker, during this process Bermuda proactively reviewed our 22 February 2019 submission. We noted a technical omission which was flagged, and as a result we sent a revision on March 4th, 2019 to address any possible lingering concern and it was circulated by the Commission to the

EU member states in good time prior to the member states tax envoys meeting of March 8th, 2019. This was confirmed to Bermuda.

Mr. Speaker, if at the end of this extended process on economic substance a minor technical omission in our Regulations was addressed too late for it to be considered to Bermuda's benefit, it is very disappointing given the ECOFIN meeting was on the 12th March 2019 and our amending submission was made on 4th March 2019.

Mr. Speaker, Bermuda has moved swiftly to request an official response from the Commission to provide its feedback on our March 4th, 2019 submission. Once this response is received we will work through the EU protocols to be removed from the list as soon as possible.

Mr. Speaker, meanwhile Bermuda is in close consultation with the UK Government to assist us with the delisting process at the next meeting of ECOFIN. Additionally, Bermuda officials will visit key EU Ministers or their officials in Brussels, Paris, and Berlin to reinforce Bermuda's position. We are working closely with our industry stakeholders.

As the Premier indicated, the last few months have been a trying time, and I want to thank all the stakeholders from industry who have assisted the Ministry of Finance during this process with their time and ideas. It is not lost on any of us that Bermuda's substance regulations are regarded as the strictest, yet we find ourselves alone on this list.

Mr. Speaker, earlier this week I met with many of the stakeholders and the Leader of the Opposition to apprise them of the possibility of yesterday's result. My message yesterday and today are the same, we must be united to work to ensure that Bermuda is removed from the list, and I am confident that this unwarranted inclusion will be reversed at the earliest opportunity.

Thank you, Mr. Speaker