



GOVERNMENT OF BELIZE
Ministry of Finance
Belmopan, Belize

PRESS RELEASE

Belize Rejects Being Placed on EU List of “Non-Cooperative Jurisdictions for Tax Purposes”

Belmopan, October 17, 2023. Today, the European Union (EU) issued an updated list of “non-cooperative jurisdictions for tax purposes” (the “Annex I list”) adopted by the European Union’s Council. The EU’s reason for this decision is that Belize was assigned a Partially Compliant (“PC”) rating in the peer review of Belize’s compliance with the international standard on Exchange of Information on Request (EOIR) published by the Global Forum on Tax Transparency and Exchange of Information (GF) on 19 July 2023. The criteria for establishing the EU list of non-cooperative jurisdictions for tax purposes, criterion 1.2, requires a positive rating by the GF on EOIR of “Largely compliant” or “Compliant”. The ratings assigned to jurisdictions by the GF on EOIR, are taken into account automatically by the EU to assess compliance with criterion 1.2. In sum, Belize’s listing by the EU is automatic.

The Government of Belize rejects as false the designation of Belize by the EU as a “non-cooperative jurisdiction for tax purposes.”

The Government of Belize views this “automatic” listing of Belize on the Annex I list as unjust and procedurally unfair, which leads to erroneous conclusions being drawn about

Belize's commitment to work with its global partners in establishing a modern and fair international tax framework.

Before taking its decision, the EU failed to engage Belize on this matter. The decision was, therefore, arbitrary and contrary to past practice by the EU. Had the EU engaged with Belize, the EU would have learnt of the significant steps Belize has already taken to address the identified deficiencies that led to the PC rating in the EOIR peer review.

The Government of Belize has an unshakeable commitment to the transparency of its tax and regulatory framework, as well as, to establish an effective regime for the exchange of information for tax matters. In fulfilling this commitment, Belize has made substantial amendments to its laws and practices to better align with international standards. Critical elements of this legal reform include the initiatives of the government to modernize the company law framework, enhance the enforcement powers and ability of competent authorities in Belize to access and obtain information when requested, and put in place the appropriate oversight, administrative and human resources required to ensure effective and efficient compliance with the EOIR standard.

More specifically, prior to the conclusion of the EOIR peer review assessment, the Government of Belize enacted legislation to further enhance Belize's legal framework to better align with the 2016 EOIR standard, particularly relating to (1) the availability of beneficial ownership and identity information on all relevant entities and arrangements, as well as (2) the availability of accounting information. Deficiencies around these two elements identified by the assessment team (prior to the enactment of such legislation) were the factors that contributed to Belize's PC rating. The PC rating, received on a third element with respect to "quality and timeliness of responses," was also related to the legal framework around beneficial ownership information and accounting records, which have now been fully addressed. These legislative changes enable the relevant

competent authority in Belize to access the relevant information thus remedying the deficiencies identified in the EOIR peer review report.

In short, the listing of Belize is based on outdated information and a disregard of these numerous legislative changes.

The EU has further informed Belize that if in the coming months, the GF receives and accepts a request by Belize to open a supplementary review of Belize's compliance with the EOIR standard, then Belize would be removed from the Annex I list. The Government of Belize again underscores that if there had been engagement with Belize, the EU would have been informed that Belize fully intends to submit such a request for a supplementary review at the earliest opportunity. The earliest time that Belize can request a supplementary review is one year post the publication of EOIR peer review report. In this respect, the Government of Belize unequivocally states that it intends to submit a request for a supplementary review by July 2024 and, if permitted, before that date.

Given these facts, the Government of Belize wrote to the EU on 2 October 2023, requesting that it revisits the decision to list Belize on the Annex I list, which based on the actions taken shows that, by all objective criteria, Belize has fully addressed the deficiencies identified in the EOIR peer review report. To not do so flies in the face of due process and the EU has yet again, unfairly and erroneously labelled Belize as a "non-cooperative tax jurisdiction." Indeed, the so-called "automatic" nature of the EU process can be best characterised as non-consultative, inflexible and insensitive to the circumstances of small, highly vulnerable states such as Belize. The Government of Belize notes that save for the listing of the Russian Federation, the EU Annex I list only contains small and vulnerable countries like Belize yet fails to include any EU member state which has received a PC rating by the GF. The EU's "listing" process is devoid of

the values of shared responsibility, mutual respect, accountability, fairness, and solidarity that underpin Belize's relations with the EU and its member states.

Belize reaffirms its commitment to working with its global partners to establish a modern fair international tax framework.

Ends