



EUROCHAMTT

Friday 23rd, November, 2018

STATEMENT OF THE EUROPEAN BUSINESS CHAMBER IN TRINIDAD AND TOBAGO REGARDING THE OECD GLOBAL FORUM ON TRANSPARENCY AND INFORMATION EXCHANGE FOR TAX PURPOSES AND EU TAX GOVERNANCE

The European Business Chamber of Trinidad & Tobago (“EUROCHAMTT”) has been monitoring very closely the progress of the three bills currently under review in Parliament, affecting Trinidad and Tobago’s compliance with the OECD and EU tax governance standards. These are the i) Income Tax Amendment Bill 2018, ii) Mutual Administrative Assistance in Tax Matters Bill, 2018 and iii) Tax Information Exchange Agreements Bill, 2018.

EUROCHAMTT is concerned about the impact of Trinidad and Tobago’s further noncompliance and is urging the Government and Opposition to treat the matter with urgency by finalizing the dialogue needed to agree on any clauses of concern to either side in the Bills. Specifically:

- EUROCHAMTT is aware that the European Commission in Brussels has Indicated that it will apply defensive non-tax measures, such as limiting access to EU funding, except for aid development in noncompliant countries;
- It will apply stricter reporting requirements for multinationals that have a presence in blacklisted jurisdictions;
- The European Commission has also encouraged its Member States to implement effective tax sanctions, such as: stricter monitoring of certain transactions, increase audit risks for taxpayers benefiting from the disputed regimes, or increase audit risks for taxpayers using structures or arrangements involving blacklisted jurisdictions;
- It has also recommended that EU members take certain tax defensive measures of legislative nature, such as the non-deductibility of costs, withholding tax measures, application of controlled foreign company rules, limitation of the participation exemption, etc. on those companies who are operating in non-cooperative jurisdictions;
- In addition to sanctions from the European Commission, concerns are being expressed elsewhere such as the banking sector in Trinidad and Tobago;
 - The banking sector has indicated that correspondent banking relations are in jeopardy and the banks are facing increased due diligence, more difficulties and delays as a result of this country’s failure to make the necessary legislative changes;
 - According to the President of the Bankers Association of Trinidad and Tobago, at least 1 local bank has already lost 2 of its correspondent bank relationships;
- Concern about international payment transactions has even been expressed among tourism operators/ tour operators doing business in Trinidad and Tobago;
- Finally, as a small country with the vision to trade globally and attract international investment, noncompliance or being on the list of non-cooperative jurisdictions could affect its attractiveness for investors.

Background

The Global Forum on Transparency and Exchange of Information for Tax Purposes is a multilateral framework in which countries are cooperating in the international fight against cross border tax evasion. There are currently around 154 members of the Forum and all members have agreed to lift bank secrecy for tax purposes, share tax information with other governments and remove secrecy surrounding the owners and financial transactions of legal entities and arrangements.

In August 2010, Trinidad and Tobago had a first peer review and became a member on 4th October 2011 committing to implement the standards. The Peer Review concluded that Trinidad and Tobago did not have crucial elements for achieving an effective exchange of information for tax purposes. Several recommendations which required amendments to legislation, regulations and practices were made to assist the country to become compliant.

In 2017, little progress was made resulting in a non-compliant rating once again. Furthermore, in 2017, Trinidad and Tobago was **the only member** to be rated as non-compliant. In addition to the non-compliant rating of the OECD tax transparency standards, the Council of the European Union, another body setting tax governance standards, included Trinidad and Tobago in its list of **non-cooperative jurisdictions for tax purposes**.

On 5 December 2017, Reuters Business News referred to this list as the **tax haven blacklist**.

In 2018, Trinidad and Tobago received technical support from the OECD Global Forum technical staff and three pieces of legislation were drafted and submitted to Parliament. A Joint Select Committee was appointed to review and report on the legislation and at least 1 piece, the Income Tax Amendment Bill, 2018 is at final stage of acceptance.

Another OECD /visit Peer review is being planned for January 2019 and the Ministry of Finance needs at minimum for the legislation to be passed prior to this review in order to get a better rating than previously.

With the progress made in 2018, it may be possible for the Government to meet these deadlines and bring the country to a higher standard of compliance. At minimum, it may also allow the country to provide the EU Council with some precise remaining steps and timeframes by 31st December 2018 to be removed from the list of non-cooperative jurisdictions.

The European Business Chamber of Trinidad & Tobago (“EUROCHAMTT”) is a non-profit organisation based in Trinidad and Tobago which represents the interests of European investors and companies operating in this jurisdiction.