



## EU Annex II Update – Bermuda & BVI

February 2022

On 24 February 2022 the European Council confirmed that ten countries, including Bermuda and the British Virgin Islands (“BVI”), will be included in Annex II (sometimes referred to as the EU Tax Grey List).

Annex II is a list of jurisdictions that have made sufficient commitments to reform their tax policies but remain subject to close monitoring while they are executing on their commitments. It is expected that countries that have met their commitments will be removed from Annex II at the next opportunity later in 2022.

No direct penalties or sanctions will be imposed by any EU member states on entities or institutions in listed jurisdictions as a result of their inclusion in Annex II. As such, there should be no impact for our clients or Bermuda or BVI entities with respect to doing business in Bermuda or BVI. In particular, it will not give rise to any impediments or repercussions for European investors investing in Bermuda or BVI based structures.

The Annex II list is separate and distinct to the EU’s Annex I list (also known as the EU Tax Blacklist) and the EU AML List, neither of which Bermuda and BVI are on.

Walkers Professional Services is available to assist entities with economic substance and country-by-country-reporting filings where required under the applicable legislation. In addition, Walkers’ dedicated Regulatory & Risk Advisory Group can advise on the applicable relevant activity classifications and can assist entities in determining how to meet any applicable economic substance requirements or whether country-by-country reporting applies.

### Key Contacts

Should you require assistance please do not hesitate to contact your usual Walkers contact or one of the below:

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