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Commonwealth of Dominica

The Government of Dominica is extremely disappointed in the new list issued today by the European Council which unfairly and without proper justification names and shames countries as non-cooperative tax jurisdictions, and in particular by Dominica's inclusion thereon.

The regional grouping of the EU decided in 2017 to adopt a new set of tax standards over and above that set out by the Organisation for Economic Cooperation and Development (OECD), the international organisation mandated by a wide range of Member States to monitor and set standards of compliance on tax good governance. When this list was first issued in December 2017, Dominica and other Caribbean islands were put on a grey list and were asked by the EU to commit to making certain changes within one year to avoid being put on a blacklist.

Dominica was put on the grey list in December 2017 notwithstanding the complete devastation of Maria in September 2017. With our country shut down after Maria, electricity down island wide, communications disrupted, our people homeless and in desperate need of immediate assistance, 90% of homes damaged and in some instances destroyed, roads impassable, businesses shut down for an extended period, the EU gave us, in our devastated condition, no more time than any other country to comply with their demands.

Despite these very difficult and devastating circumstances and conditions we ensured that we complied with all the legislative changes that were requested by the EU. The proceedings of the Parliament were broadcast live where these changes were considered and debated.

It is important to note that one of the requirements requested by the EU was the joining of the Convention on Mutual Administrative Assistance in Tax Matters which requires the sanction of the OECD. This would have allowed for the passage of the Automatic Exchange of Information Act, that the EU had requested. We had applied since 31st May, 2017 to the OECD to join that Convention. Subsequent correspondences including letters dated 23rd February, 2018, 29th August 2018 and 19th December, 2018 reiterated our commitment and desire to join that

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Convention. We have answered all questions and provided all information required and anticipated that we would have had a positive response to our request by the end of December 2018. However, and through absolutely no fault of the Government of Dominica, we have to date, not been given final clearance from the OECD or a substantive response to our application.

Senior Ministers of the Government including the Minister of Foreign Affairs and public officers have explained these facts and the failure to respond to our application to join the Convention on Mutual Administrative Assistance in Tax Matters, to EU representatives, to the EU Code of Conduct Group, EU TAXUD and the EU Council on numerous occasions.

In February this year, we wrote to the EU requesting an extension of time to allow for a response to be obtained from the OECD to our application. Regrettably, we received no response.

Today and notwithstanding the indisputable facts set out above, we have been blacklisted by the EU on the “grounds” that *“Dominica does not apply any automatic exchange of financial information, has not signed and ratified the OECD Multilateral Convention on Mutual Administrative Assistance as amended and has not yet resolved these issues.”*

This statement of the grounds is misleading, and manifestly unfair. The only reason why Dominica *“has not signed and ratified the OECD Multilateral Convention on Mutual Administrative Assistance as amended”* is that the OECD has to date not given the go ahead to Dominica to sign on. In other words Dominica is being penalized while it is awaiting a response, and notwithstanding there was and is nothing else it can do or could have done.

In fact, and in furtherance of a favourable response, we prepared legislation to take to the Parliament in January this year to have the Parliament approve and pass these Conventions into law. We had to withdraw those Bills when no clearance was received from the OECD.

The EU has been a very good development partner of Dominica and has responded in a positive and very tangible way and has been working with Dominica very closely to respond to the challenges of Hurricane Maria.

In all of the circumstances we are indeed surprised and dismayed at the decision of the EU ECOFIN Council communicated today.

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We will at all costs endeavour to have the OECD respond to our request to address this sole outstanding issue with the EU in order that Dominica can be removed from this list as soon as possible.

Released by the Government of Dominica

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