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OUTCOME OF PROCEEDINGS

From: General Secretariat of the Council

To: Delegations

Subject: The EU list of non-cooperative jurisdictions for tax purposes

- Compilation of commitment letters received from jurisdictions
- = Vanuatu
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**GOVERNMENT OF THE
REPUBLIC OF VANUATU**

**MINISTRY OF FINANCE
AND ECONOMIC
MANAGEMENT**

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**GOUVERNEMENT DE LA
RÉPUBLIQUE DE VANOUATOU**

**MINISTÈRE DES FINANCES
ET DE LA GESTION
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Le Ministre – The Minister

Our Ref: EO11704
Your Ref: SGS17/09674

Fabrizia Lapecorella
Chair of the Code of Conduct Group (Business Taxation)
General Secretariat of the Council /
Code of Conduct Group (Business Taxation)
Rue de la Loi/Eststraat 175-B1048 Bruxelles – Belgique

(Email: SECRETARIAT.COCCG-jurisdictions@consilium.europa.eu)

Dear Fabrizia

Code of Conduct Group review of VANUATU – Follow up screening process

Thank you for your letter dated 6 November 2017 (and subsequent information provided clarifying the issues raised in that letter) to the Ministry of Finance and Economic Management concerning Vanuatu's taxation system and the Code of Conduct Group's provisional assessment stating Vanuatu's tax system as harmful.

I am pleased to confirm that the Vanuatu Government is committed to work with the Council, OECD Global Forum and other key international parties to ensure a fair and transparent international tax system. I have instructed my Department to work with the Code of Conduct group to ensure that the issues raised in your letter are addressed and necessary changes implemented.

A number of key initiatives have already either been put in place or are in progress.

Vanuatu has implemented significant legislative reforms to ensure that we are able to effectively exchange tax information with our trading partners. Vanuatu has been invited to join the Convention on Mutual Administrative Assistance in Tax Matters and aims to sign the agreement before the end of the year.

Vanuatu has committed to the automatic exchange of information under the Common Reporting Standard from 2018.

In addition, the Vanuatu Government has completed a review of its taxation system. The principle recommendation in the review was to introduce income tax that aligns with global best practices. The Government will make a decision on this issue in the near future.

With respect to the BEPs initiatives, Vanuatu intends to implement all required Global Forum BEPs standards that are relevant to Vanuatu.

Subject to formal Council of Minister's decision on these matters, I can confirm that it is my intention to implement the Country By Country regulations in 2018 with exchanges commencing in 2019. If the Government decides to introduce income tax, the other BEPs minimum standards would be implemented within 18 months of the commencement of income tax.

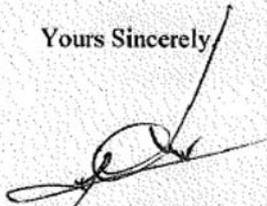
As you would appreciate, Vanuatu is a developing country that has only limited resources. Nonetheless, Vanuatu is making strong progress and will continue to do so into the future.

It is my understanding that the perceived deficiencies in the Vanuatu tax system, such as tax advantages provided to international companies, are not material and the issues raised in the Code of Conduct group assessment should be able to be resolved. Vanuatu reserves the right to protest if the preliminary assessment were to be endorsed by the Council.

Please contact Mr [REDACTED], Manager of the Tax Policy and Implementation Unit and Competent Authority, to move forward on identifying, evaluating and developing appropriate solutions to the key areas of concern raised in the assessment. The dedicated email address for the Vanuatu Competent Authority is: [REDACTED]

On behalf of the Government, I look forward to a productive outcome to this assessment and confirm our commitment to continue to cooperate with your efforts to ensure a fair and transparent global tax system.

Yours Sincerely



Hon. Gaetan Pikioune (MP)
Minister of Finance and Economic Management
Port Vila,
Vanuatu