



Council of the
European Union

Brussels, 15 March 2019
(OR. en)

7545/19

FISC 191

OUTCOME OF PROCEEDINGS

From: General Secretariat of the Council
To: Code of Conduct Group (Business Taxation)
Subject: Saint Lucia's International Trusts regime (LC002)
– Final description and assessment

ROLLBACK REVIEW PROCESS (JANUARY 2019)

The regime has been abolished by Act No 15 of 11 December 2018 repealing the International Trusts Act:

https://www.saintluciaifc.com/pdf/legislation2008/intl_trust_repeal_2018_16.pdf

The Code of Conduct Group meeting of 30 January 2019 approved the rollback of the regime. This conclusion was endorsed by the ECOFIN Council on 12 March 2019.

Annex 1: Assessment of the old LC002 regime in 2017 (standstill review)

Assessment of the old LC002 regime in 2017 (standstill)

a. Description

International Trusts may not be settled by a person who is resident of St. Lucia at the time of creation, or at any time the settlor makes a contribution to the trust and may not have beneficiaries that are residents of St. Lucia and may not own real estate.

The International Trusts Act provides a tax exemption for international trusts and trusts established in St. Lucia on all income or gains not arising or deriving from St. Lucia or from property situated in St. Lucia if the trust has a qualifying trustee wherever resident.

b. Assessment:

	1a	1b	2a	2b	3	4	5
St. Lucia – International Trust	V	V	V	V	V	?	V

V = harmful

X = not harmful

Explanation

Criterion 1 – Targeting non-residents (de jure and de facto):

advantages are accorded only to non-residents

Criterion 2 – Ring-fencing:

advantages are ring-fenced from the domestic market, so they do not affect the national tax base

Criterion 3 – Substance:

advantages are granted even without any real economic activity and substantial economic presence

Criterion 4 – Internationally accepted principles:

it is not known whether the rules for profit determination in respect of activities within a multinational group of companies departs from internationally accepted principles,

Criterion 5 – Transparency:

tax measures lack transparency

Overall assessment

In light of the assessment made under all Code criteria, the regime is considered overall harmful from a Code of Conduct point of view.
