



**Brussels, 15 March 2019
(OR. en)**

7564/19

FISC 201

OUTCOME OF PROCEEDINGS

From: General Secretariat of the Council
To: Code of Conduct Group (Business Taxation)
Subject: Saint Vincent and the Grenadines' International Trusts regime (VC002)
– Final description and assessment

ROLLBACK REVIEW PROCESS (JANUARY 2019)

The regime was abolished (Act No 37 of 31 December 2018) with a grandfathering until 30/06/2021.

Trusts Act Amendment N° 37 of 2018:

<http://svgfsa.com/?mdocs-file=4194>

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 VC002 regime in 2017 (standstill review)

Assessment of the old VC002 regime in 2017 (standstill)

Category

Exempt and Offshore Companies

a. Description

Under the International Trusts Act 1996, as amended, income, profit or gain realized or received by an international trust or beneficiary of such a trust is not subject to income tax, provided that:

- the trust is created neither by or on behalf of nor for the benefit of a resident person;
- all income of the trust (other than interest from regular bank accounts or portfolio investments of securities held by the trust in St. Vincent and the Grenadines) either accrues or is derived outside St. Vincent and the Grenadines or, in the case of income received by a trust, would not, had it been received directly by the beneficiary of the trust, be subject to income tax in St. Vincent and the Grenadines; and
- the terms of the trust prohibit ownership of Vincentian-situs real property by the trust, directly or indirectly, or an interest in such property and exclude Vincentian residents as persons who either are or may be beneficiaries of the trust.

Source: [IBFD](#)

b. Preferential:

Yes, not subject to tax.

c. Possible concern:

ring-fencing because the regime only applies to trusts created by or on behalf of or for the benefit of a non- resident person.

d. Assessment :

	1a	1b	2a	2b	3	4	5
St. Vincent and the Grenadines - International Trusts (VC002)	V	V	V	V	V	V	V

V = harmful

X = not harmful

Overall assessment

This regime appears to be harmful under the Code criteria.
