



Council of the
European Union

Brussels, 4 March 2020
(OR. en)

12738/17
DCL 1

FISC 205

DECLASSIFICATION

of document: 12738/17
dated: 29 September 2017
new status: Public
Subject: Note to the Code of Conduct Group (Business Taxation)

Delegations will find attached the declassified version of the above document.

The text of this document is identical to the previous version.



Council of the European Union
General Secretariat

Brussels, 29 September 2017
(OR. en)

12738/17

RESTREINT UE/EU RESTRICTED

FISC 205

NOTE

From: Presidency

To: Delegations

No. prev. doc.: 12400/17 FISC 190 RESTREINT UE/EU RESTRICTED

Subject: Note to the Code of Conduct Group (Business Taxation)

Delegations will find attached the Presidency draft of the Council conclusions on the EU list of non-cooperative jurisdictions for tax purposes. Amendments made to the text that was set out in doc. 12400/17 EU RESTRICTED are marked accordingly.

DECLASSIFIED

COUNCIL CONCLUSIONS

on the EU list of non-cooperative jurisdictions for tax purposes (*)

(*) The Council agreed to publish [these conclusions] [this resolution] for information purposes in the Official Journal.

The Council:

1. RECALLS the Council Conclusions on an external taxation strategy and measures against tax treaty abuse of 25 May 2016, in particular points 6 to 10 thereof, and the Council Conclusions of 8 November 2016 on the criteria for and process leading to the establishment of the EU list of non-cooperative jurisdictions for tax purposes;
2. EMPHASISES the importance of promoting globally the criteria on tax transparency, fair taxation and implementation of anti-BEPS standards, which were endorsed by the Council Conclusions of 8 November 2016 ("the Criteria"), as set out in Annex IV hereto, and as further specified in ~~Annex~~ **Annexes** V and VI;
3. TAKES STOCK of the work achieved by the Global Forum on Transparency and Exchange of Information for Tax Purposes, the OECD Inclusive Framework for Tackling Base Erosion and Profit Shifting (BEPS), and ~~of~~ the Forum on Harmful Tax Practices;
4. WELCOMES the work that the Code of Conduct Group on Business Taxation ("Code of Conduct Group") has carried out, in co-ordination with the High-Level Working Party on Tax Questions ("the HLWP"), in selecting the relevant jurisdictions and analysing and assessing the facts pertaining to their tax legislation and policies in the context of the Criteria;

RESTREINT UE/EU RESTRICTED

5. ~~NOTES with satisfaction~~ **WELCOMES the fact** that most of these jurisdictions have chosen to participate in this process and dialogue, and ~~took~~ **have taken** or ~~undertook to take~~ **undertaken** active steps leading to **towards** resolving the ~~concerns~~ **issues** that the Code of Conduct Group has ~~determined~~ **identified** in the areas of tax transparency, fair taxation and implementation of anti-BEPS standards;
6. ~~NOTES that~~, nonetheless, **that** a number of jurisdictions have ~~made~~ **taken** no meaningful ~~commitment so far~~ **action** to effectively ~~take steps to~~ address the deficiencies and do not engage in a meaningful dialogue on the basis of the Criteria that could lead to such commitments.
7. ~~IS OF THE STRONG VIEW~~ **CONVINCED** that, in such a case, ~~the~~ tax legislation ~~and~~, policies **and practices** of these ~~few~~ jurisdictions **result or may** result in a loss of tax revenues ~~effor~~ Member States and ~~therefore that~~ such jurisdictions should **therefore** be strongly encouraged to make ~~necessary the~~ changes, to **needed to** remedy this situation;
8. REITERATES that the EU must ~~ensure~~ **provide** efficient protection mechanisms **to fight** against the erosion of Member States' tax bases through tax fraud, evasion and avoidance;
9. ENDORSES ~~therefore~~, **accordingly**, the **EU Member States' common** list of non-cooperative jurisdictions for tax purposes, ~~common to EU Member States, as~~ set out in Annex I, which shall be in effect till 31 December 2018 and **CONFIRMS that jurisdictions will remain on this list until they meet** the term of validity of which may be extended by **Criteria or effectively fulfil** the ~~Council~~ **recommendations on the steps to take in order to be de-listed; ;**
- 9a10. DEEMS **IT** APPROPRIATE ~~that for~~ the Code of Conduct Group ~~engages~~ **to engage** in discussions with the listed jurisdictions, **with a view** to ~~agree~~ **agreeing** and ~~monitor~~ **monitoring** the steps that jurisdictions ~~have to and~~ are expected to take in order to be removed from the list and ENCOURAGES these jurisdictions to swiftly take the ~~necessary~~ action **needed** to meet the Criteria;

~~11~~¹⁰. OBSERVES that while the tax legislation ~~and~~, policies and practices of some jurisdictions present concerns in the areas of [tax transparency], [fair taxation] and [implementation of anti-BEPS standards], these jurisdictions have nevertheless ~~meaningfully committed, in a politically binding manner,~~ made meaningful commitments at high political level to take the necessary steps to solve the outstanding issues by the agreed deadlines and, ~~therefore so~~ should not, at this stage, ~~should not~~ be placed on the list of non-cooperative jurisdictions.

~~12~~^{10a}. MANDATES ~~therefore~~ INSTRUCTS the Code of Conduct Group accordingly to engage in or continue discussions ~~with these~~ with relevant jurisdictions, to seek the necessary commitments ~~and to~~ monitor whether these commitments are being met, and regularly to report back to the Council, as appropriate, with suggestions ~~on~~ concerning modifications ~~of to~~ the list of non-cooperative jurisdictions;

~~13~~¹¹. TAKES THE VIEW ~~that~~, as set out in Annex II, that effective and proportionate ~~co-ordinated~~ defensive measures, in both non-tax and tax ~~area~~ areas could be applied by the EU and Member States ~~towards~~ vis-à-vis the non-cooperative jurisdictions, as long as they are part of such list;

~~14~~^{11a}. RECOMMENDS that Member States take certain co-ordinated defensive measures ~~in~~ the tax area ~~as set out in Annex II hereto, in accordance with their national law;~~;

~~15~~¹². BELIEVES that the list of non-cooperative jurisdictions and the defensive measures, when applicable, will have the effect of sending a strong signal to the jurisdictions concerned, thus encouraging a positive change leading to the removal of jurisdictions from the list.;

~~16~~¹³. CONFIRMS that these actions collectively taken by the EU Member States are in line with the agenda promoted by the G20, the OECD and other international fora;

~~17~~¹³a. IS OF THE VIEW that, as agreed by **RECALLS** the **agreement of the** Council and set out in Annex VI, **on** the assessment of **approach to** the absence of a corporate tax **system** or applying a nominal corporate tax rate equal to zero or almost zero by a jurisdiction, in the context of the Code of Conduct for Business Taxation of 1 December 1997 (Code of Conduct)¹ and in the context of analysis whether a jurisdiction does **criteria that requires a jurisdiction** not **to** facilitate offshore structures or arrangements aimed at attracting profits which do not reflect real economic activity in the jurisdiction, **contributes to promotion of fair taxation globally** **as set out in Annex VI**;

~~18~~¹⁴. **RECALLS** that, in line with **the** Council Conclusions of 8 November 2016, these actions are without prejudice to the respective spheres of competence of the Member States, such as the competence to negotiate and agree bilateral tax treaties, apply additional measures or maintain lists of non-cooperative jurisdictions at national level **of with** a broader scope;

~~14a.~~ **CALLS UPON** Member States, which currently do not apply any defensive measures, to adjust their national legislation accordingly within [12 months] from the date of publication of these Conclusions;

~~14b.~~ **DEEMS APPROPRIATE** that Member States endeavour to align their national lists of non-cooperative jurisdictions for tax purposes with the list endorsed by the Council, and, should Member States choose to maintain broader lists at national level, indicate to the Code of Conduct Group the reasons for keeping particular jurisdictions on their lists;

~~15.~~

~~16~~¹⁹. **CONFIRMS** that a decision on modification of the list will be taken by the Council, on the basis of the relevant factual information made available to the Council by the Code of Conduct Group;

~~17~~20. NOTES that the list of non-cooperative jurisdictions should be updated at least once per calendar year, and the situation should be continuously monitored;

~~18~~21. INVITES the Code of Conduct Group to continue dialogue with ~~all other~~ relevant jurisdictions to promote tax transparency, fair taxation and implementation of anti-BEPS standards; ~~as well as~~ **and** to continue the ~~work on exploring possibilities for further co-ordination by Member States~~ **analysis** of defensive measures that could be further defined and applied ~~towards~~ **to** non-cooperative jurisdictions **in a co-ordinated manner**, without prejudice to Member States' obligations under EU law;

~~22~~19. REITERATES that the Code of Conduct Group, supported by the General Secretariat of the Council, should continue to conduct and oversee this process, in co-ordination with the HLWP. The Commission ~~services~~ will assist the Code of Conduct Group by carrying out the necessary preparatory work for the screening process in accordance with the roles as currently defined under the Code of Conduct for Business Taxation, with particular reference to previous and ongoing dialogues with third countries;

~~23~~20. DEEMS **IT** APPROPRIATE, in this context, to determine the Guidelines for further work in this area, **as** set out in Annex III;

~~24~~22. CONFIRMS that the Criteria will be regularly updated, as necessary, taking into account international developments and having regard to the evolution of international standards and TAKES THE VIEW that future assessment and dialogue with the jurisdictions concerned should be based on those standards ~~keeping~~ **bearing** in mind the importance of continued and rapid progress by all relevant jurisdictions in these areas.

**The list of non-cooperative jurisdictions for tax purposes, common to EU
Member States**

1. [jurisdiction A]

1.1. The reasons for listing [jurisdiction A] are as follows:

[...]

1.2. Recommendations to [jurisdiction A] on steps to take in order to get de-listed are as follows:

[...]

2. [jurisdiction B]

2.1. The reasons for listing [jurisdiction B] are as follows:

[...]

2.2. Recommendations to [jurisdiction B] on steps to take in order to get de-listed are as follows:

[...]

3. [jurisdiction C]

3.1. The reasons for listing [jurisdiction C] are as follows:

[...]

3.2. Recommendations to [jurisdiction C] on steps to take in order to get de-listed are as follows:

[...]

4. [jurisdiction D]

4.1. The reasons for listing [jurisdiction D] are as follows:

[...]

4.2. Recommendations to [jurisdiction D] on steps to take in order to get de-listed are as follows:

[...]

DECLASSIFIED

Defensive Measures

1. Placement of a jurisdiction on the list of non-cooperative jurisdictions for the tax purposes is expected to have a dissuasive effect that encourages jurisdictions to comply with international standards.

1a. A number of defensive measures in non-tax area at EU level are set out in Part A of this Annex.

2. Moreover, certain defensive measures in tax area could be taken by the Member States, in accordance with their national law, in addition to the non-tax measures taken by the EU, to effectively discourage non-cooperative practices in the jurisdictions placed on the list.

2a. A list of such possible broad categories of measures in tax area is set out in Part B of this Annex. As these measures should be compatible with the national tax systems of the EU Member States, the implementation of these measures is left to the competence of the Member States.

3. It is to be noted that any defensive measures should be without prejudice to the respective spheres of competence of the Member States to apply additional measures or maintain lists of non-cooperative jurisdictions at national level ~~of~~**with** a broader scope, ~~while respecting their obligations under EU law.~~

A1. DEFENSIVE MEASURES IN NON-TAX AREA

Certain EU legislative acts contain a link to the list of non-cooperative jurisdictions for tax purposes, in particular:

- a) [...]
- b) [...]
- c) [...]

Overall effects of such measures should be monitored by the HLWP in the context of implementation of the EU external strategy on taxation.

[B2. DEFENSIVE MEASURES IN TAX AREA

The list of possible Possible defensive measures in tax area that could be applied by the Member States are:

- a) Non-deductibility of costs;
- b) Controlled Foreign Company (CFC) rules;
- c) Withholding ~~Tax~~tax measures (WHT);
- d) Participation exemption rule;
- e) **Switch-over rule;**
- f) **Reversal of the burden of proof;**
- g) **Special documentation requirements;**
- h) **Mandatory disclosure by tax intermediaries of specific tax schemes;**
- i) Reinforced monitoring on certain transactions;
- j) **Increased audit risks for taxpayers benefiting from the regimes at stake;**
- k) **Increased audit risks for taxpayers using structures or arrangements involving these jurisdictions.]**

Once all Member States start applying the laws, regulations and administrative provisions necessary to comply with Council Directive (EU) 2016/1164 of 12 July 2016 laying down rules against tax avoidance practices that directly affect the functioning of the internal market, these measures will contribute to the fight against erosion of tax bases in the internal market and the shifting of profits out of the internal market through the listed jurisdictions.

Guidelines for further process concerning the list of non-cooperative jurisdictions for tax purposes common to EU Member States

1. REVISION OF THE LIST AND DE-LISTING PROCESS

- 1.1. The list of non-cooperative jurisdictions for tax purposes set out in Annex I shall be ~~valid till 31 December of the year following the year of adoption of the list by the Council.~~ The list shall be revised by the Council at least once a year and endorsed ~~with~~ **on the basis of** the report from the Code of Conduct Group on Business Taxation to the Council, indicating the starting date of application of that modification.
- 1.2. This list may be amended or its duration may be modified under the same procedural rules as it has been endorsed. In this process, European Commission should provide the necessary technical assistance.
- 1.3. The decision of the Council will be based on a report of the Code of Conduct Group, in coordination with the HLWP, and prepared by the Committee of Permanent Representatives.
- 1.4. As soon as a jurisdiction is placed on the list, it ~~should~~ **will** be informed by a letter signed by the Chair of the Code of Conduct Group, clearly stating:
- a) the reasons for its inclusion in the list, and
 - b) which steps from a jurisdiction concerned are expected in order to be de-listed.
- 1.5. As soon as a jurisdiction is removed from the list, it will be swiftly informed of its removal by the letter signed by the Chair of the Code of Conduct Group, with the indication of the starting date of the application of such modification.
- 1.6. Decisions on listing or de-listing a jurisdiction should clearly specify the dates when any defensive measures should start or cease to apply depending on the nature of the measure, **without prejudice to the respective spheres of competence of the Member States, such as adjustment of national legislation on application of defensive measures taken at national level.**

2. COMMITMENTS BY JURISDICTIONS, MONITORING, DIALOGUE AND WAY FORWARD

- 2.1. Commitments officially taken by jurisdictions to implement recommendations requested by the Council in order to address the issues identified should be carefully monitored by the Code of Conduct Group, supported by the General Secretariat of the Council, with technical assistance of the European Commission, in order to evaluate their effective implementation.
- 2.2. Should these jurisdictions fail to address commitments by the [established timeframe], the Council will revisit the issue of potential inclusion of the jurisdictions concerned into a list set out in Annex I.
- 2.3. For jurisdictions that present concerns by not fulfilling the requirements of the Criteria, the Code of Conduct Group should continue to seek their commitment and effectively address the concerns identified in screening process.
- 2.4. In particular, bilateral discussions should aim at:
- a) exploring and determining solutions to identified concerns with the tax systems and policies of these jurisdictions, as well as
 - b) obtaining the appropriate and necessary commitments to remedy the situation.
- 2.5. In monitoring commitments, stock should continue to be taken of the work achieved by the Global Forum on Transparency and Exchange of Information for Tax Purposes, the OECD Inclusive Framework for Tackling Base Erosion and Profit Shifting, and of the Forum on Harmful Tax Practices.
- 2.6. The Code of Conduct Group and the EU Member States should contribute to continue promoting globally the Criteria in ~~coordination~~ co-ordination with the work of the Global Forum on Transparency and Exchange of Information for tax Purposes, the OECD Inclusive Framework for Tackling Base Erosion and Profit Shifting, and of the Forum on Harmful tax Practices

2.6a. In particular, the Code of Conduct Group should monitor whether relevant jurisdictions ~~that were outside of the 2017 screening scope~~ comply with the listing criteria set out in the Council Conclusions of 8 November 2016, as set out in Annex IV hereto. Where jurisdictions fail to meet the Criteria, consideration should be given as to whether this failure actually causes serious risks to the revenues of the Member States.

2.7 — [moved to 2.9]

2.7 Where relevant, if decided by the Code of Conduct Group on the basis of objective criteria, monitoring could extend to jurisdictions that were outside the scope of the 2017 screening exercise.

2.8. The Code of Conduct Group, supported by the General Secretariat of the Council will continue to conduct and oversee this process, in co-ordination with the HLWP. The Commission services will assist the Code of Conduct Group by carrying out the necessary preparatory work for the screening process in accordance with the roles as currently defined under the Code of Conduct for Business Taxation, with particular reference to previous and ongoing dialogues with third countries.

2.9. The Code of Conduct Group should continue developing appropriate practical arrangements on implementing of these Guidelines.

2.10. The EU list of non-cooperative jurisdictions shall be updated by the Council, along these Guidelines, on the basis of information that will be made available to the Code of Conduct Group. The Code of Conduct group will work on the basis of information provided to it, inter alia, by the jurisdiction concerned, the Commission or the Member State(s).

2.11. Following a balanced review of all collected information, the Code of Conduct Group shall report to the Council at least once a year, on the list of non-cooperative jurisdictions to enable the Council to decide, as appropriate, to include jurisdictions in the list of non-cooperative jurisdictions if they do not comply with the screening criteria, or remove them from such list, if they fulfil the conditions.

- 2.12. General Secretariat of the Council will continue to serve as a focal point in order to facilitate the process described in this document.

DECLASSIFIED

Criteria on tax transparency, fair taxation and implementation of anti-BEPS measures that EU Member States undertake to promote

The following tax good governance criteria should be used to screen jurisdictions, with a view to establishing the EU list of non-cooperative jurisdictions for tax purposes, in line with the guidelines for the screening. The compliance of jurisdictions on tax transparency, fair taxation and the implementation of BEPS measures will be assessed cumulatively in the screening process.

1. Tax transparency

Criteria that a jurisdiction should fulfil in order to be considered compliant on tax transparency:

- 1.1. Initial criterion with respect to the OECD Automatic Exchange of Information (AEOI) standard (the Common Reporting Standard – CRS): the jurisdiction, should have committed to and started the legislative process to implement effectively the CRS, with first exchanges in 2018 (with respect to the year 2017) at the latest and have arrangements in place to be able to exchange information with all Member States, by the end of 2017, either by signing the Multilateral Competent Authority Agreement (MCAA) or through bilateral agreements;

Future criterion with respect to the CRS as from 2018: the jurisdiction, should possess at least a “Largely Compliant” rating by the Global Forum with respect to the AEOI CRS, and
- 1.2. the jurisdiction should possess at least a “Largely Compliant” rating by the Global Forum with respect to the OECD Exchange of Information on Request (EOIR) standard, with due regard to the fast track procedure, and

1.3. (for sovereign states) the jurisdiction should have either:

- i) ratified, agreed to ratify, be in the process of ratifying, or committed to the entry into force, within a reasonable time frame, of the OECD Multilateral Convention on Mutual Administrative Assistance (MCMAA) in Tax Matters, as amended, or
- ii) a network of exchange arrangements in force by 31 December 2018 which is sufficiently broad to cover all Member States, effectively allowing both EOIR and AEOI;

(for non-sovereign jurisdictions) the jurisdiction should either:

- i) participate in the MCMAA, as amended, which is either already in force or expected to enter into force for them within a reasonable timeframe, or
- ii) have a network of exchange arrangements in force, or have taken the necessary steps to bring such exchange agreements into force within a reasonable timeframe, which is sufficiently broad to cover all Member States, allowing both EOIR and AEOI.

1.4. Future criterion: in view of the initiative for future global exchange of beneficial ownership information, the aspect of beneficial ownership will be incorporated at a later stage as a fourth transparency criterion for screening.

Until 30 June 2019, the following exception should apply:

- A jurisdiction could be regarded as compliant on tax transparency, if it fulfils at least two of the criteria 1.1, 1.2 or 1.3.

This exception does not apply to the jurisdictions which are rated "Non Compliant" on criterion 1.2 or which have not obtained at least "Largely Compliant" rating on that criterion by 30 June 2018.

Countries and jurisdictions which will feature in the list of non-cooperative jurisdictions currently being prepared by the OECD and G20 members will be considered for inclusion in the EU list, regardless of whether they have been selected for the screening exercise.

2. Fair taxation

Criteria that a jurisdiction should fulfil in order to be considered compliant on fair taxation:

- 2.1. the jurisdiction should have no preferential tax measures that could be regarded as harmful according to the criteria set out in the Resolution of the Council and the Representatives of the Governments of the Member States, meeting within the Council of 1 December 1997 on a code of conduct for business taxation², and
- 2.2. The jurisdiction should not facilitate offshore structures or arrangements aimed at attracting profits which do not reflect real economic activity in the jurisdiction.

3. Implementation of anti-BEPS measures

- 3.1. Initial criterion that a jurisdiction should fulfil in order to be considered compliant as regards the implementation of anti-BEPS measures:
 - the jurisdiction, should commit, by the end of 2017, to the agreed OECD anti-BEPS minimum standards and their consistent implementation.
- 3.2. Future criterion that a jurisdiction should fulfil in order to be considered compliant as regards the implementation of anti-BEPS measures (to be applied once the reviews by the Inclusive Framework of the agreed minimum standards are completed):
 - the jurisdiction should receive a positive assessment³ for the effective implementation of the agreed OECD anti-BEPS minimum standards.

² OJ C 2, 6 January 1998, p. 2.

³ Once the methodology is agreed, the wording of the criterion will be revised by the Council accordingly.

Criterion 1.3 (the duration of the reasonable timeframe)

1. In line with point 13 of the Guidelines for the process of screening of jurisdictions annexed to the Council Conclusions, the Code of Conduct Group should define, based on objective criteria the duration of the reasonable timeframe, referred to in criterion 1.3.
2. For the purposes of application of criterion 1.3, the duration of the reasonable timeframe, referred to in criterion 1.3, will be construed as follows:
3. With respect to criterion 1.3(i) (sub-point relating to sovereign states), “within a reasonable timeframe” refers to the entry into force of the OECD Multilateral Convention on Mutual Administrative Assistance (MCMAA), as amended, for a given jurisdiction and not to the commitment.
4. With respect to criteria 1.3(i) and 1.3(ii) (sub-points relating to non-sovereign jurisdictions), “within a reasonable timeframe” refers, respectively, to the entry into force of the MCMAA, as amended, for the jurisdiction, and to the entry into force for the jurisdiction of a network of exchange agreements sufficiently broad to cover all Member States.
5. The duration of the reasonable timeframe, for these three points will be identical to the deadline applied in criterion 1.3(ii) in relation to sovereign states: 31 December 2018 (i.e. the same deadline which applies to the entry into force for a sovereign third jurisdiction of a network of exchange arrangements, which is sufficiently broad to cover all Member States).

6. Without prejudice to the deadline of 31 December 2018, the reasonable timeframe should not extend beyond the time required for:

- a) **the completion of the procedural steps according to national law,**
- b) **adoption and entry into force of any required amendments to national law; and**
- c) **any other objective deadlines that formal commitment could entail (for example: for a jurisdiction which expresses its consent to be bound by the MCMAA, it enters into force on the first day of the month following the expiration of a period of three months after the date of the deposit of the instrument of ratification, acceptance or approval).**

7. The duration of the reasonable timeframe can only be extended by a consensus of a Code of Conduct Group for a specific non-sovereign jurisdiction, only in duly justified cases.

DECLASSIFIED

Scope of criterion 2.2

1. For the purposes of application of criterion 2.2, the absence of a corporate tax or applying a nominal corporate tax rate equal to zero or almost zero by a jurisdiction should be regarded as within the scope of Paragraph A of the Code of Conduct for Business Taxation of 1 December 1997 (Code of Conduct).⁴
2. In this respect, where criterion 2.1 is inapplicable solely due to the fact that the jurisdiction concerned does not meet the gateway criterion under Paragraph B of the Code of Conduct⁵, because of the "absence of a corporate tax system or applying a nominal corporate tax rate equal to zero or almost zero"⁶, then the five factors identified in paragraph B of the Code of Conduct should be applied by analogy to assess whether the criterion 2.2⁷ has been met.
3. In the context of criterion 2.2 the fact of absence of a corporate tax or applying a nominal corporate tax rate equal to zero or almost zero can not alone be a reason for concluding that a jurisdiction does not meet the requirements of criterion 2.2.

⁴ "Without prejudice to the respective spheres of competence of the Member States and the Community, this code of conduct, which covers business taxation, concerns those measures which affect, or may affect, in a significant way the location of business activity in the Community." (OJ C 2, 06.01.1998, p. 3)

⁵ "Within the scope specified in paragraph A, tax measures which provide for a significantly lower effective level of taxation, including zero taxation, than those levels which generally apply in the Member State in question are to be regarded as potentially harmful and therefore covered by this code. Such a level of taxation may operate by virtue of the nominal tax rate, the tax base or any other relevant factor." (OJ C 2, 06.01.1998, p. 3)

⁶ This may operate by virtue of the nominal tax rate, the tax base or any other relevant factor.

⁷ Criterion 2.2 reads as follows: "*The jurisdiction should not facilitate offshore structures or arrangements aimed at attracting profits which do not reflect real economic activity in the jurisdiction.*"

- 4. A jurisdiction should be deemed as non-compliant with criterion 2.2 if it refuses to engage in a meaningful dialogue or does not provide the information or explanations that the Code of Conduct Group may reasonably require or otherwise does not cooperate with the Code of Conduct Group where it needs to ascertain compliance of that jurisdiction with criterion 2.2 in the conduct of the screening process.**
-

DECLASSIFIED