

# Marmore First Take

## UAE & Bahrain Blacklisted as Tax Havens by the EU

What will be the implications?

December 2017

# Highlights

- The European Union blacklisted 17 countries including the UAE and Bahrain as part of a crackdown on tax evasion and avoidance. A total of 213 countries were pre-assessed while 92 out of them were chosen for the screening process. Among the 92 chosen for screening, 20 countries were given an all-clear, 55 countries (including 8 hurricane affected countries that were given more time) were asked to address pending concerns and 17 were finally blacklisted.
- EU adopted a screening process to blacklist and apply sanctions on tax havens to discourage them from engaging in unfair tax practices and promote sharing of necessary financial information with the EU. Member states of the EU have agreed on countermeasures such as as increased monitoring and audits, withholding taxes, special documentation requirements and anti-abuse provisions, which they may choose to apply against the blacklisted countries. The criteria for screening broadly included Transparency, Fair tax competition and Base Erosion and Profit Sharing (BEPS) implementation.
- The move drew criticism on different fronts as the EU did not lay any direct sanctions on the blacklisted countries while the credibility of the list was also questioned as EU countries were ignored from the process and no British overseas territories were put on the blacklist.
- The United Arab Emirates does not apply the BEPS (base erosion and profit sharing) minimum standards and did not commit to addressing European Union's concerns about tax transparency by Dec. 31, 2018, leading to its inclusion in the list.
- The inclusion of UAE however, comes as a surprise as most banks in the DIFC and the onshore market have already cleaned up their books in recent years. Europe's private banks in the country are expected to tighten their compliance further in order to avoid any litigations against them.
- Countries forming the blacklist including UAE and Bahrain may not be used by EU institutions in future for international financial operations, and transactions involving them could be under scrutiny. They could potentially lose access to funds from the EU and the World Bank while straining trade relations with EU nations.
- Despite the implications, placement in the blacklist is however not the end of the road for those listed. The exercise is ongoing and still remains a matter of cooperation between nations. EU has also stated that they will engage in monitoring of all selected countries and update the list on a yearly basis.

## Appendix

### Countries blacklisted by EU

- American Samoa
- **Bahrain**
- Barbados
- Grenada
- Guam
- Korea (Republic of)
- Macao SAR
- Marshall Islands
- Mongolia
- Namibia
- Palau
- Panama
- Saint Lucia
- Samoa
- Trinidad & Tobago
- Tunisia
- **The United Arab Emirates**

Source: EU

### EU assessment process timeline

Phase	Action	Period
SELECTING	Commission reviews third countries' risk levels	Sep-16
SELECTING	Member States agree criteria for screening	Nov-16
SCREENING	Member States assess third countries' tax systems and start dialogue	Jan-17 – Dec-17
LISTING	Member States list countries that did not commit to addressing identified problems	5-Dec-17
MONITORING	Continuous review of all jurisdictions. EU list is updated at least once a year	Annually

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# Research Library

## Capital Market Research

- Most Valuable Companies in GCC
- GCC High Margin Industries
- GCC Sovereign Debt Issuances
- Berkshire Hathaway (2015)
- Apple: 5 Questions (Bilingual) (2015)
- Kuwait's new Law on Preference Shares (2015)
- Mother of All IPOs: National Commercial Bank (Bilingual) (2015)
- Kuwait Investment Sector (2012)

## Economic Research

- SME Startup Stories in GCC
- Bitcoin to Blockchain
- Financing Options in GCC
- Are GCC Businesses Leveraging Social Media
- The What of VAT
- FINTECH in GCC
- Kuwait Projects: KWD 10bn Awarded
- Kuwait Economic Themes
- Qatar Economic Themes
- Saudi Economic Themes
- UAE Economic Themes
- Emerging Markets (MSCI) – Threat of a Debt Crisis
- GCC Liquidity Fall
- Is China Stalling?
- Crowdfunding in the GCC: A New Source of Funding?
- Geopolitical and Macroeconomic Implications of the Iranian Nuclear Deal for GCC (Bilingual)
- Kuwait – Dealing with Construction Permits
- Negative Interest Rates
- Central Bank Shocks: What next? (Bilingual)
- Fiscal Breakeven Oil Price (Bilingual)
- Kuwait Electricity Tariff Hikes (Bilingual)
- Swiss Franc (Bilingual) (2015)
- Rising Fuel Prices in Kuwait (Bilingual) (2015)
- GCC Research Knowledge Gap (2014)
- Cloud Computing (2014)
- GCC Free Trade Zones (2014)
- Disruptive Technology: Bitcoins(2014)
- The Internet of Things ! Big Data (2014)
- Kuwait SME's (2014)
- FIFA World Cup 2022: Qatar (2013)

## Industry Research

- Private Equity: GCC
- Brokerage: UAE, Saudi
- Asset Management: UAE, Saudi
- Banking: Kuwait, Saudi, UAE, Qatar
- Contracting: Saudi, UAE, Kuwait
- Education: GCC, Saudi, UAE
- Investment Banking: GCC, UAE
- Healthcare: UAE, GCC, Saudi
- Insurance: GCC, Saudi
- Petrochemicals: GCC, Kuwait Petrochemicals, Saudi
- Retail: Kuwait Luxury Retail, UAE Luxury Retail, GCC Luxury Retail, Saudi Retail, GCC Retail, GCC Online Retail
- Wealth Management: UAE Wealth Management, GCC Wealth Management
- Media: UAE Media, UAE Social Media, GCC Social Media, GCC Media
- Other Industries: GCC Institutional Investors SWF, Saudi Remittance Industry, Saudi Mortgage, GCC Family Business, Saudi Hospitality, GCC Islamic Finance, Offsets in the GCC, GCC Hospitality, GCC Islamic Finance, Metals and Mining, When GCC Women Invest

## Infrastructure Research

- Power: Kuwait, UAE, Qatar, Egypt, Saudi
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- Roads and Railways: Saudi, Qatar
- Real Estate: Qatar Residential Real Estate, Saudi Residential Real Estate, UAE Residential Real Estate, GCC Office Real Estate, Saudi Office Real Estate, GCC Affordable Housing, Kuwait Real Estate (Bilingual) (2015)

## Policy Research

- An Innovation driven Economic Diversification Strategy for Kuwait (KFAS)
- Kuwait – Starting Business
- Kuwait Reforms (series): Education (2015)
- Oil & Gas Markets and the Emergence of New Resources (2014)
- GCC Countries & Asia: Bolstering Energy Ties (2014)
- GCC Energy Strategies: The Way Forward (2014)
- Blueprint for Public Sector Good Governance in Kuwait (2013)
- Kuwait: Private Labor Market (2013)
- Kuwait: Alternatives for Power Generation (2013)
- Kuwait: Sustainable Power Strategy (2012)
- Tools to Strengthen & Support Kuwait's Private Sector (2012)

## Regulatory Research

- Kuwait's BOT law (2014)
- Land Reforms in Kuwait (2014)
- Kuwait's PPP Law (Bilingual) (2013)
- Bankruptcy Law in the GCC (2013)

## Company Reports

- KSA
  - Al Rajhi Bank
  - Almarai Group
  - Company for Cooperative Insurance (Tawuniya)
  - Jarir Marketing Co.
  - National Commercial Bank Riyadh Bank
  - SABIC
  - Samba Financial Group
  - Saudi Arabian Fertilizer Co.
  - Saudi Arabian Mining Company
  - Saudi British Bank
  - Saudi Cement Company
- Saudi Electricity Co
- Saudi Telecom
- Savola Group
- TASNEE National Industrialization Company
- The National Shipping Co. of Saudi Arabia (BAHRI)
- Qatar
  - Barwa Real Estate Co QSC
  - Commercial Bank of Qatar
  - Ooredoo
  - Qatar Electricity and Water Co
  - Qatar Insurance Co
  - Qatar National Bank

- UAE
  - Abu Dhabi Commercial Bank
  - Abu Dhabi National Hotels Co
  - Air Arabia
  - Aldar Properties PJSC
  - Arab National Bank
  - Arabtec Holding Company




Aramex  
Dubai Islamic Banking  
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## Periodic Reports

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- Daily Fixed Income
- Kuwait Daily
- Monthly Market Review
- International Market Update
- GCC M&A Report
- GCC Bonds and Sukuk Market
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