

# Euro Tax Flash from KPMG's EU Tax Centre

## October 2026 update of the EU list of non-cooperative jurisdictions

Issue 585 – October 9, 2026

**At a glance:** On October 9, 2026, the ECOFIN Council updated the EU list of non-cooperative jurisdictions. Panama and Viet Nam moved from Annex I to the grey list, and Belize was removed from the grey list.

**Taxpayer impact:** Being on the EU list can trigger a number of different defensive tax measures in EU Member States. It also affects DAC6 reporting, EU Public Country-by-Country Reporting and FASTER eligibility.

Following this latest revision Annex I of the EU list of non-cooperative jurisdictions therefore includes the following eight jurisdictions: American Samoa, Anguilla, Guam, Palau, the Russian Federation, Turks and Caicos Islands, the US Virgin Islands and Vanuatu.

In addition, the grey list now includes the following ten jurisdictions: the British Virgin Islands, Brunei Darussalam, Eswatini, Greenland, Jordan, Montenegro, Morocco, Panama, Türkiye and Viet Nam.



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## Background

The EU list of non-cooperative jurisdictions, first adopted in the Council conclusions of December 5, 2017, is part of the EU's efforts to curb tax avoidance and harmful tax practices. The list is the result of an in-depth screening of non-EU countries that are assessed against agreed criteria for tax good governance by the Code of Conduct Group ('CoCG' or 'Group'), which is composed of high-level representatives of the Member States and the European Commission.

The current screening criteria are founded upon tax transparency and fair taxation principles, as well as the implementation of OECD anti-BEPS measures. Jurisdictions that do not comply with all criteria, but that have committed to reform are included in a state of play document – the so-called "grey list" or Annex II. The lists are an on-going project and are updated and revised twice every year.<sup>1</sup>

## Update to Annex I

On October 9, 2026, the Economic and Financial Affairs (ECOFIN) Council [adopted conclusions on the EU list of non-cooperative jurisdictions](#) (Annex I) and the state of play with respect to commitments taken by cooperative jurisdictions to implement tax good governance principles (Annex II).

According to the [Council release](#) and conclusions, the EU Member States adopted the following key conclusions with respect to Annex I:

- **Anguilla** remains listed on Annex I with reference to criterion 2.2<sup>2</sup> (no facilitating offshore structures). However, the entry in relation to criterion 1.2<sup>3</sup> (Exchange of information on request – EOIR) was amended. Previously, the list included a reference to Anguilla having committed to addressing deficiencies with regard to its EOIR framework and to requesting an in depth review from the Global Forum before July 24, 2026. The updated list does not refer to a commitment and instead notes that Anguilla does not have a rating of at least 'Largely Compliant' by the Global Forum.
- **Panama** was moved from Annex I to Annex II. The entry in respect of criterion 2.1<sup>4</sup> (no harmful preferential tax measures) was removed following the reform of Panama's foreign-source income exemption (FSIE) regime in line with the CoCG FSIE guidance. At the same time, the previous commitment to undergo an in-depth EOIR review by the Global Forum was recorded in section 1.2 of Annex II.
- **Vanuatu** remains listed on Annex I with respect to criterion 2.2. However, the entry in relation to criterion 1.2 was removed following the publication of a Global Forum supplementary review on April 29, 2026, under which the country was rated "largely compliant".
- **Viet Nam** was moved from Annex I to Annex II in respect of criterion 1.2 after the Global Forum's decision to grant Viet Nam an in-depth review (following its "non-compliant" rating in the 2025 EOIR peer review process). In addition, the previous commitment to address the 2025 BEPS Inclusive Framework peer review report recommendations on parts B(1) and B(2) of the country-by-country

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<sup>1</sup> Please refer to [Euro Tax Flash Issue 574](#) for details of the state of play following the previous revision of the lists (February 17, 2026).

<sup>2</sup> Under criterion 2.2 (no facilitating of offshore structures), jurisdictions should not facilitate offshore structures or arrangements seeking to attract profits without any real economic activity. Since July 2021, the monitoring of the implementation of economic substance legislation relies on the assessment by the Forum on Harmful Tax Practices (FHTP) of no or only nominal tax jurisdictions to the extent that the EU criterion 2.2 and the FHTP standard overlapped in terms of scope and jurisdictions concerned.

<sup>3</sup> Under criterion 1.2 (Exchange of information on request), if a report concludes that a jurisdiction is overall 'not compliant' or 'partially compliant' with the standard, that jurisdiction is then proposed to be included on the EU list of non-cooperative jurisdictions for tax purposes. If the Global Forum accepts a request for a supplementary review from a jurisdiction on the EU list, that jurisdiction can then be proposed to be removed from Annex I (and included in Annex II pending the outcome of that review).

<sup>4</sup> Under criterion 2.1 (no harmful preferential tax measures), jurisdictions should not have harmful preferential tax measures. The screening of preferential tax regimes is coordinated by the CoCG with the OECD Forum on Harmful Tax Practices, but the EU Group also reviews additional types of regimes. If either body finds a regime harmful, the jurisdiction must commit to amending or abolishing it.

reporting (CBCR) terms of reference was recorded in section 3.2<sup>5</sup> of Annex II.

Following this latest revision Annex I of the EU list of non-cooperative jurisdictions therefore includes the following eight jurisdictions: American Samoa, Anguilla, Guam, Palau, the Russian Federation, Turks and Caicos Islands, the US Virgin Islands and Vanuatu.

## Update to Annex II

The ECOFIN Council adopted the following additional changes with respect to Annex II:

- **Belize** was removed from section 1.2 of Annex II (and therefore removed completely from the grey list) after Belize received a rating of “largely compliant” in the Global Forum EOIR peer review.
- **Brunei Darussalam** remains in section 2.1 of Annex II after being granted an extension until December 22, 2026, to complete the legislative reform of its harmful foreign-source income exemption (FSIE) regime.
- **Montenegro** remains in section 1.2 of Annex II after being granted an in-depth review by the Global Forum on exchange of information on request (EOIR) in July 2026.
- **Türkiye** remains in section 1.1<sup>6</sup> (automatic exchange of information) of Annex II. The Council conclusions note that Türkiye is still not fully in line with the commitments required in connection with the exchange of information with all Member States (Türkiye does not currently exchange data with Cyprus).

The grey list now includes the following ten jurisdictions: the British Virgin Islands, Brunei Darussalam, Eswatini, Greenland, Jordan, Montenegro, Morocco, Panama, Türkiye and Viet Nam.

## Next steps

The revision will take effect from the day of publication in the Official Journal of the European Union of the revised Annexes I and II. The next update of the EU list of non-cooperative jurisdictions is expected to take place in February 2027.

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<sup>5</sup> Under criterion 3.2 (implementation of anti-BEPS minimum standards), jurisdictions should be compliant as regards the implementation of the anti-BEPS minimum standards. This criterion is designed to remain aligned with evolving international standards on BEPS. In particular, the OECD Inclusive Framework on BEPS monitors the implementation of the 2015 BEPS Action Plan through structured peer reviews. Further to the peer reviews, if jurisdictions receive general recommendations, they are asked to make a commitment to address these recommendations by a certain deadline. Jurisdictions that do not make or do not fulfil the commitment are then proposed for inclusion on the EU list.

<sup>6</sup> Under criterion 1.1 (automatic exchange of tax information), if a report concludes that a jurisdiction is overall ‘not compliant’ or ‘partially compliant’ with the standard, that jurisdiction is then proposed to be included on the EU list of non-cooperative jurisdictions for tax purposes. If the Global Forum accepts a request for a supplementary review from a jurisdiction on the EU list, that jurisdiction can then be proposed to be removed from Annex I (and included in Annex II pending the outcome of that review).

## ETC Comment:

It is important for taxpayers to monitor the evolution of the list in light of defensive measures applied by EU Member States against listed jurisdictions in form of e.g., non-deductibility of costs, CFC rules, increased WHT or limitation of participation exemption. Taxpayers should be mindful that EU countries may refer to different (local) lists and apply different defensive measures, based on different application timelines, and have other varying requirements in this context. Please access our [summary of how EU Member State apply defensive measures against non-cooperative jurisdictions for tax purposes](#).

Notably, the CoCG is in the process of conducting an in-depth follow-up review of how Member States apply the measures in practice and whether they meet the Group's expectations in terms of efficiency. This additional investigation would offer the CoCG an overview of the practical impact of the defensive measures and could serve as a starting point for potential additional guidance to better coordinate existing measures as well as to introduce new types of defensive measures.

In parallel, the European Commission has issued the Tax Omnibus proposal in June 2026, which includes a proposal to remove withholding taxes on intra-EU payments of dividends, interest and royalties, coupled with a safeguard clause to ensure that interest and royalty payments are subject to taxation at least once. The proposal requires Member States to either levy a withholding tax on interest and royalty payments or deny their deductibility where the recipient of the payment is established in a non-EU jurisdiction that does not levy corporate income tax or applies a nominal zero tax rate to interest and royalty income. This safeguard would generally not apply to groups already subject to the global minimum tax, subject to certain complex limitations for US headquartered groups. Please access [Euro Tax Flash Issue 582 for more information on the Tax Omnibus proposal](#).

The EU list of non-cooperative jurisdictions is also relevant for the purposes of the EU mandatory disclosure rules under DAC6, where recipients of cross-border payments are resident for tax purposes in a jurisdiction that is included in Annex I. Under Hallmark C1b(ii) of DAC6, such payments may trigger a reporting obligation irrespective of whether the transaction is aimed at generating a tax benefit (i.e., the main benefit test does not apply). Note that consensus has not formed among Member States on the point in time at which the list should be tested (e.g., the triggering date, or the reporting date).

In addition, the EU list has a direct impact on EU Public Country-by-Country Reporting obligations that generally apply in relation to financial years starting on or after June 22, 2024 (exceptions apply). Based on the EU Public Country-by-Country Reporting Directive, relevant data points should be made publicly available on a country-by-country basis for each EU Member State as well as for each jurisdiction listed on Annex I of the EU list of non-cooperative jurisdictions and for each jurisdiction that has been on the grey list (Annex II) for a minimum of two years (i.e. as opposed to disclosure of aggregated amounts, which is the requirement for the rest of non-EU jurisdictions). Please access our [dedicated EU public CbCR webpage](#) for more information.

The EU list also impacts the FASTER Directive that aims to establish two fast-track procedures complementing the existing standard refund procedure in each Member States. The fast-track withholding tax procedure will be facilitated by so-called Certified Financial Intermediaries (CFIs) that will be subject to additional due diligence and common reporting requirements. Financial intermediaries established outside the EU may apply for registration as a CFI provided that the third country of residence is neither on (i) Annex I of the EU list of non-cooperative jurisdictions, nor (ii) on the EU list of high-risk third countries (anti-money laundering list (subject to certain additional conditions)).

The EU list further produces effects outside the tax area, such as in respect of EU Regulation 2021/557, which provides that securitization special purpose entities (SSPEs) should only be established in third countries that are not listed in Annex I of the EU list, or in the list of high-risk third countries which have strategic deficiencies in their regimes on anti-money laundering and counter terrorist financing.

Should you have any queries, please do not hesitate to contact [KPMG's EU Tax Centre](#) or, as appropriate, your local KPMG tax advisor.

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