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ATOZ ALERT

The EU updates its list of non-cooperative tax jurisdictions: two jurisdictions removed

9 October 2026

Today, the ECOFIN Council meeting [approved](#) the conclusions on the biannual [revision of the EU list of non-cooperative jurisdictions for tax purposes](#) (the “**Blacklist**”). The Blacklist is updated twice a year (in February and October) by the EU Council based on criteria relating to tax transparency, fair taxation and measures against base erosion and profit shifting (‘anti-BEPS measures’).

By reference to this list, Member States can put in place **defensive measures** to help **protect their tax revenues and fight against tax fraud, evasion and abuse**.

The update of the Blacklist is always relevant as it directly impacts the scope of application of three different Luxembourg tax measures:

1. the measure denying the **corporate income tax deduction of interest and royalty expenses** due to entities located in non-cooperative tax jurisdictions,
2. the **requirement to disclose transactions** with entities located in non-cooperative jurisdictions in **tax returns**; and
3. the **mandatory disclosure rules** applicable to certain cross-border arrangements (“DAC6”).

This Alert will analyse the Blacklist update and its implications for Luxembourg taxpayers.

The new EU list of non-cooperative jurisdictions for tax purposes

The EU Finance Ministers endorsed the removal of Panama and Vietnam from the Blacklist. Panama had been included in the Blacklist since 2020, while Vietnam was added to the Blacklist as part of the February 2026 update.

Following the removal of Panama and Vietnam, the Blacklist now includes the following eight jurisdictions (the “**Blacklisted Jurisdictions**”):

1. American Samoa

2. Anguilla
3. Guam
4. Palau
5. Russia
6. Turks & Caicos
7. US Virgin Islands
8. Vanuatu

The new October list will become official, and effective, upon publication¹ in the Official Journal (“OJ”) of the European Union.

Impact on the measure denying the corporate income tax deduction of interest and royalty expenses due to entities located in non-cooperative tax jurisdictions

Based on Article 168-5 of the Luxembourg Income Tax Law (“LITL”), and subject to certain conditions being met, interest and royalties due to entities located in Blacklisted Jurisdictions are not deductible for corporate income tax purposes. The measure denying the deduction of interest of royalties **applies based on the latest version of the Blacklist available as of 1 January of the relevant fiscal year**. The Blacklist approved on the 9 October 2026 will be the latest version of the Blacklist available as of 1 January 2027 and will impact the deductibility of 2027 payments to entities located in Blacklisted Jurisdictions.

For a detailed explanation of the scope of the measure provided by Article 168-5 of the LITL, its conditions and its timing aspects, please read our article ‘New guidelines on Luxembourg defensive measures against non-cooperative jurisdictions for tax purposes’ in our [July 2022 ATOZ Insights](#).

REMOVAL OF VIETNAM FROM THE BLACKLIST : IMPACT

Vietnam presents a specific situation as it was added to the Blacklist in February 2026 and removed again in October 2026. As the measure denying the deduction of interest of royalties applies based on the latest version of the Blacklist available as of 1 January of the relevant fiscal year, Vietnam was not on the Blacklist available on 1 January 2026 and will not be on this list on 1 January 2027.

Accordingly, the listing of Vietnam in February 2026 will have no impact for the purposes of the measure denying the deduction of interest of royalties, neither for the 2026 year nor as from 1 January 2027.

REMOVAL OF PANAMA FROM THE BLACKLIST: IMPACT

The situation of Panama is different as Panama was already included in the Blacklist applicable as of 1 January 2026.

Where a jurisdiction is removed from the Blacklist in the October update, it will no longer be taken into account for interest and royalties due as from the date of publication of the relevant Blacklist in the OJ of the European Union. The removal therefore has an immediate effect as from that date.

Accordingly, Panama will no longer be taken into account for the deduction limitation rule of Article 168-5 LITL in respect of interest and royalties due as from the date of publication of the October 2026 Blacklist in the OJ of the European Union.

¹ Not yet published at the time this article was written.

Impact on disclosure requirements based on Circular LIR n° 168/2 of 31 May 2022

Transactions entered into by Luxembourg corporate taxpayers with related parties (within the meaning of article 56 of the LITL) located in Blacklisted Jurisdictions must be reported by Luxembourg corporate taxpayers in their corporate tax returns. The latest Blacklist available as of the end of the relevant accounting year determines whether the reporting is required or not. Therefore, since most companies have an accounting year corresponding to the calendar year, reference generally has to be made to the list reflecting the October update of the year concerned.

Accordingly, for taxpayers whose accounting year corresponds to the calendar year, transactions with affiliated entities located in Panama and Vietnam will not have to be reported in the 2026 corporate income tax return under Circular LIR n°168/2, as these jurisdictions are no longer in the October 2026 Blacklist.

However, one should keep in mind that for companies with an accounting year which differs from the calendar year (e.g. for companies with an accounting year starting on 1 March), reference may have to be made to the list reflecting the February update. Thus, for these companies, the list in force as of February 2026 might be relevant. In such case, transactions with entities located in Vietnam and Panama would have to be disclosed in the 2026 corporate tax returns.

Impact on disclosure requirements under DAC6

The listing of a jurisdiction as non-cooperative may also have an impact on the reporting obligations applicable according to the Luxembourg Law of 25 March 2020 implementing DAC6. Indeed, Hallmark C.1.b) ii) of the Annex to the Law of 25 March 2020 implementing DAC6 covers deductible cross-border payments made between two or more associated enterprises where the recipient is resident for tax purposes in a jurisdiction which has been assessed as being non-cooperative. This hallmark is not subject to the main benefit test.

Therefore, reference should be made to the list in force at the time the arrangement was implemented and the listing or delisting of a jurisdiction after the arrangement has been implemented should not have any retroactive effect. In other words, reporting should only be required if the arrangement with the entity located in the jurisdiction was implemented at the time when this jurisdiction was on the Blacklist.

However, one should keep in mind that as soon as Article 168-5 of the LITL applies (provided all its conditions are met), interest or royalties due to these Blacklisted Jurisdictions are not tax deductible so they no longer fall within the scope of Hallmark C.1.b) ii).

Questions?



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