

## **European Code of Conduct for Business Taxation**

More or less simultaneous with the OECD, the EU had launched its own harmful tax competition project back in 1997 (Code of Conduct for Business Taxation, 1 December 1997). On the basis of this political document, the Code of Conduct working group (the Primarolo Group) published a blacklist in 1999, including 66 harmful tax regimes of EU member states and their dependent or associated territories. Four regimes of Aruba (being an associated territory of the Netherlands) had been blacklisted (offshore regime, captive insurance, free zone and Aruba Exempt Company regime). Aruba voluntarily committed to abolish these four regimes or to remove the harmful elements of these regimes by the end of 2005. Due to this commitment, all these regimes have been removed from the blacklist, so Aruba is also 'clean' from an EU perspective. This commitment has been implemented in the two major tax reforms that took place in 2002 and in 2005.

Because the EU Code of Conduct not only prescribes a 'rollback' of existing regimes, but also a 'standstill' with respect to newly introduced preferential regimes, the IPC regime that was introduced in 2003 in Aruba has also been reviewed thoroughly by the Code of Conduct Group (the Primarolo Group). After Aruba has agreed with amendments to the list of qualifying activities of the IPC regime, the Primarolo Group has approved this regime in February 2005, which decision has been formalized by the Ecofin Council of 6-7 June 2005.