Cayman Compliance & Transparency

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The Cayman Islands is a transparent International Financial Centre which complies with all global standards on tax transparency and information exchange and whose financial services industry seeks to achieve the highest levels of professional conduct in order to service its core markets in a manner which is at all times: consistent with the high expectations of the Cayman Islands regulators; in accordance with the Cayman Islands laws and established best practices; and, to the extent possible, beyond reproach by its counterparts (and their respective regulators, law makers and governing bodies) in the traditional major financial centres around the world. In furtherance of this objective, the Cayman Islands has implemented various legislation, entered into inter-governmental agreements and otherwise adheres to other global standards so that it is compliant in all aspects of tax transparency and information exchange.

Below is a non-exhaustive compliance checklist of some of the measures that the Cayman Islands have taken in this regard:

	Legislation/ Global Standard	*Description*
✓	*Tax Information Exchange Agreement ("TIEA")*	*The Cayman Islands has signed a TIEA with some 36 countries (of which 29 are currently in force as at 9 February 2017) which provide for the exchange of information on a request relating to a specific criminal or civil tax investigation or civil tax matters under investigation. The Cayman Islands also has an intergovernmental agreement with each of the US and the UK (as detailed below).*
✓	*Cayman Islands Financial Institution Reporting Regime and Automatic Exchange of Financial Information*	*The Cayman Islands has entered into two intergovernmental agreements to improve international tax compliance and the exchange of information - one with the United States ("US FATCA") and one with the United Kingdom ("UK FATCA"). The Cayman Islands has also, along with over 100 other countries, committed to implement the OECD Standard for Automatic Exchange of Financial Account Information – Common Reporting Standard (the "CRS") The Cayman Islands has issued regulations to give effect to US FATCA, UK FATCA and the CRS (together the "AEOI Regulations").*
✓	*Alternative Investment Fund Managers Directive ("AIFMD") Passport - Pending*	*The Cayman Islands is undergoing assessment by the European Securities and Markets Authority, which it hopes will lead to its approval for the pan-European marketing passport. The Mutual Funds Law and the Securities Investment Business Law have already been amended to establish an opt-in regime for regulating Cayman Islands-domiciled investment funds and managers with connections to the European Union (EU), in order to facilitate extending the EU's AIFMD passport to the Cayman Islands.*
✓	*Financial Action Task Force*	*The Cayman Islands is a member of the Caribbean Financial Action Task Force which is leading the implementation of anti-money laundering and counter-terrorist financing measures such as obtaining and storing beneficial ownership information.*
✓	*Global Forum on Transparency and Exchange of Information for Tax Purposes*	*The Cayman Islands is a member of the OECD Global Forum on Transparency and Exchange of Information for Tax Purposes, which is the premier international body for ensuring the implementation of the internationally agreed standards of transparency and exchange of information in the tax area.*
✓	*Agreement on the Enhanced Sharing of Beneficial Ownership Information*	*The Cayman Islands entered into an agreement with the UK during April 2016 that would enable UK governmental agencies to have a platform to gain access to beneficial ownership information of companies incorporated in the Cayman Islands. The Cayman Islands government has already proposed changes to the Companies Law and Limited Liability Companies Law to bring in beneficial ownership registers for Cayman Companies. If adopted in the current form, the registers would not be open to the public but would be searchable by competent authorities in the Cayman Islands.*

Key Contacts

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Conclusion

Although the Cayman Islands is a tax-neutral jurisdiction whose value in international finance transactions is well-noted and appreciated in many of the key financial markets, it is not a "tax haven". There is a raft of legislation and compliance measures in place which seek to prevent the use of Cayman Islands structures and transactions for purposes of tax evasion and which, in many cases, will also assist the interested onshore jurisdictions to identify "aggressive" tax avoidance transactions which may fall foul of their domestic legislation. Indeed, British Prime Minister David Cameron said recently that he does "not think it is fair any longer to refer to any of the overseas territories or crown dependencies as tax havens. They have taken action to make sure that they have fair and open tax systems". Accordingly, the Cayman Islands remains an important, credible and respected jurisdiction for the conduct of legitimate transactions.

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This publication is for general guidance and is not intended to be a substitute for specific legal advice. Advice should be sought about specific circumstances. If you would like further information please contact Stuarts Walker Hersant Humphries.

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Our organisation

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