



Auditing,
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Brexit and Audit

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Cayman Islands Compliance and Transparency



By Chris Humphries and Jonathan McLean

The Cayman Islands is a transparent International Financial Centre which complies with all global standards on 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 Standards | Description |
|--|---|
| Tax Information Exchange Agreement ("TIEA") | The Cayman Islands has signed a TIEA with some 36 countries (of which 32 are currently in force) 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. |
| Cayman Islands Financial Institution Reporting Regime and Automatic Exchange of Financial Information | The Cayman Islands has entered into an intergovernmental agreement to improve international tax compliance and the exchange of information with the United States ("FATCA"). The Cayman Islands has also, along with over 99 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 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. |
| 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. |
| Agreement on the Enhanced Sharing of Beneficial Ownership Information | The Cayman Islands has entered into an agreement with the UK that would enable UK governmental agencies to have a platform to gain access to beneficial ownership information of companies incorporated in the Cayman Islands but which is not accessible to the general public. |

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".

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(Stuarts) is a client-oriented offshore legal practice in the Cayman Islands offering fully integrated corporate and commercial legal advice from our experienced attorneys. We provide timely, exceptional legal advice and representation to our clients in connection with their commercial transactions, structures, liabilities and obligations.



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Chris Humphries is the Managing Director of Stuarts and specialises in investment funds, corporate and commercial, insurance, banking, regulatory and compliance. As head of the Specialist Investment Funds Team, Chris is a recognised leader in his field with over 20 years' experience, and he has registered several hundred mutual funds.

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Deferred Revenue in M&A Transactions



**By Jill T. Braunstein
and Caitlyn M. Ryan**

Companies across a multitude of industries regularly utilise advance payment arrangements with their customers, especially in the technology, software and services industry. While such payment structures may be an ordinary part of doing business, they are of critical importance if and when a company decides to sell.

Deferred revenue is payment received for products or services to be delivered in the future. Because it represents revenue that has not yet been earned and a product/service that has not yet been delivered, GAAP characterises deferred revenue as a liability. As the product/service is delivered, it is