



MINISTRY OF
FINANCIAL SERVICES
& HOME AFFAIRS
CAYMAN ISLANDS GOVERNMENT

MEDIA RELEASE

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FOR IMMEDIATE RELEASE

EU Recognises Cayman as a Cooperative Jurisdiction

The Cayman Islands is not on the EU's list of non-cooperative jurisdictions for tax purposes.

The list is the outcome of the EU's screening process to identify countries that it considers to be non-cooperative in working with EU Member States to combat tax fraud, evasion and avoidance, which erodes the tax bases of EU Member States.

The EU announced the list of 17 non-cooperative jurisdictions today. It also announced a list of 47 countries that it considers cooperative, but that it says can make further enhancements to prevent misuse of their jurisdictions. The Cayman Islands is included among these 47 countries.

In developing its lists, the EU assessed jurisdictions against three criteria. The EU had no concern with Cayman's position on two of these criteria: tax transparency, in relation to our exchange of tax information with other countries; and implementation of the OECD's base erosion and profit shifting (BEPS) programme, which addresses multinational companies' tax avoidance strategies.

For the criterion on fair taxation, the EU noted positively that Cayman's system does not charge different tax rates to persons based on any factor, including whether the person resides in Cayman or not. As part of this particular criterion, the EU also wants to ensure that jurisdictions do not facilitate 'letterbox companies'. These companies, which are set up to circumvent tax obligations, do not actually have physical presence, and therefore do not perform tangible economic activities, in the country in which they are established.

'The majority of Cayman's companies are not bricks and mortar, but they also are not letterbox companies', explained the country's Premier, the Hon. Alden McLaughlin. 'Rather, they are financial instruments that pool investment capital and facilitate international transactions.

'In addition, our transparency aids foreign tax authorities with their tax assessments. We provide taxpayer information to more than 100 countries, including all EU Member States and G20 countries. Thus there is no interest in setting up these companies to circumvent tax obligations'.

In cooperation with the EU, the Cayman Islands Government is further assessing the fair taxation criterion, and will work with EU Council officials to address this issue by December 2018.

‘This is in line with the Cayman Islands’ longstanding commitment to international cooperation, which has been recognised by international organisations such as the OECD, the Financial Stability Board, and the International Organisation of Securities Commissions’, said the Minister of Financial Services, the Hon. Tara Rivers.

The EU began its process of developing its non-cooperative tax jurisdictions list in fall 2016, by inviting 92 jurisdictions to participate in the assessment. The Cayman Islands Government has continuously cooperated in this process by responding to multiple requests for written information, phone calls, and face-to-face dialogue.

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