

THE CAYMAN ISLANDS IS A TRANSPARENT, TAX NEUTRAL JURISDICTION, **NOT** A TAX HAVEN

The Cayman Islands is a **premier global financial hub** efficiently connecting law abiding users and providers of investment capital and financing around the world — benefiting developed and developing countries which use this investment capital to finance economic activity which helps create jobs and taxable revenue and improved infrastructure in those countries.

International policymakers continue to recognise the vital role Cayman’s financial services industry plays as a strong international partner in combatting corruption, money-laundering, terrorist financing and tax evasion. Cayman has an effective and predictable globally responsible tax system, and meets or exceeds all globally-accepted standards for transparency and cross border cooperation with law enforcement. This commitment to global transparency standards makes Cayman a very unattractive destination for would-be tax evaders or aggressive tax avoiders.

A review of the definitions of a tax haven used by leading transparency organizations contrasted with the real legal, regulatory and legislative basis for the Cayman Islands financial services industry clearly demonstrates Cayman is a transparent, tax neutral jurisdiction and not a tax haven.

WHAT IS A TAX HAVEN?	WHY THE CAYMAN ISLANDS IS NOT A TAX HAVEN
<p>Levies “no or nominal tax on the relevant income” though it’s important to note that “no or nominal tax is not sufficient in itself to classify a country as a tax haven.” (OECD)</p>	<p>Cayman:</p> <ul style="list-style-type: none"> - Has an effective tax system whereby total government tax revenues as a percentage of GDP are similar to tax rates in G20 countries and sufficient to fund government operations. Therefore additional taxes such as corporate income taxes have never been necessary. - Has transparent effective tax rates. - Does not have differing tax rates for foreign entities. - Does not have legal mechanisms or treaties (such as double taxation agreements) in place with other countries to legally transfer tax bases from one country to another in order to aggressively reduce taxes. - Does not promote itself as a jurisdiction for aggressive tax planning.



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<p>Grants “favourable tax treatment which can benefit non-residents.” (Transparency International)</p>	<p>Cayman:</p> <ul style="list-style-type: none"> – Offers no tax incentives designed to favour non-resident individuals or businesses.
<p>Has a “lack of effective exchange of information” (OECD)</p>	<p>Cayman:</p> <ul style="list-style-type: none"> – Signed its first Mutual Legal Assistance Treaty with the USA in the 1980s. – Has tax information exchange agreements with 36 jurisdictions; the Multilateral Convention on Mutual Administrative Assistance in Tax Matters, which allows tax information exchange with more than 90 countries; automatic data exchange as part of the European Union Savings Directive; and has adopted US FATCA, UK FATCA and was an early adopter of the OECD’s Common Reporting Standard.
<p>A “secrecy jurisdiction” that encourages “the relocation of otherwise foreign economic and financial transactions through strong privacy protection rules” and ensures “that the identity of those relocating their money through them cannot be disclosed.” (Transparency International)</p> <p>Provides “facilities that enable people or entities [to] escape (and frequently undermine) the laws, rules and regulations of other jurisdictions elsewhere, using secrecy as a prime tool.” (Tax Justice Network; emphasis in original)</p>	<p>Cayman:</p> <ul style="list-style-type: none"> – Has operated a verified beneficial ownership regime for over 15 years that provides for due diligence and know-your-customer checks by licensed regulated Corporate Service Providers that are critical to proper law enforcement authorities conducting legitimate investigations and is superior to self-reporting systems adopted by other countries. – Adheres to the same high global standards for transparency and cross border cooperation as G20 countries and other top International Financial Centres (IFCs) - together the “G20 Plus.” It has been rated “Largely Compliant” by the OECD’s Global Forum on Transparency and Exchange of Information for Tax Purposes, the same rating given to the UK, Germany, Italy and the USA. – Does not have numbered accounts. – Does not have bearer shares. – Does not have shell companies.

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