



Cayman Islands update

October 6, 2020

On October 6, 2020 the European Union (“EU”) announced its decision to remove the Cayman Islands from its Annex I list of non-cooperative jurisdictions for tax purposes (“Annex I”), often referred to as the “EU Blacklist”.

This announcement affirms that the EU considers the Cayman Islands to be a cooperative jurisdiction for tax purposes and recognizes the Cayman Islands’ continuing commitment to implementing international standards.

Background

On February 4, 2020 the EU’s Code of Conduct Group (“CoGC”), tasked with assessing whether Cayman’s new collective investment vehicles (“CIVs”) legislation addressed certain EU concerns pertaining to the regulation of CIV’s, met to make its recommendation to the EU Ministers of Finance. The EU Ministers of Finance subsequently met on February 18, 2020 and announced their decision to add the Cayman Islands to its Annex I listing, stating ‘a number of jurisdictions have not taken sufficient steps to implement their commitments by the agreed deadline’.

On February 7, 2020 the Cayman Islands enacted new and revised legislation for CIVs which included changes to the Mutual Funds Law for open ended funds and the passing of a new Private Funds Law for closed ended funds. As noted in a Cayman Islands Government press release on February 18, 2020, the listing appeared to stem from the fact that the Cayman legislation had not been enacted as of the date of the aforementioned CoGC meeting.

Removal from Annex I

On October 6, 2020 the Economic and Financial Affairs Council (“ECOFIN”), comprising EU Ministers of Finance from all EU member states, met for its first review of the Annex I listing since February 2020, whereby it confirmed the Cayman Islands’ removal from the Annex I listing. In making its announcement, ECOFIN noted that the Cayman Islands ‘was removed from the EU list after it adopted new reforms to its framework on CIV’s in September 2020’. The announcement underlines the Cayman Islands’ commitment to ensuring its legislative framework continues to meet the highest evolving global standards on transparency and tax information sharing and to remain as a preeminent jurisdiction for investment fund formation.

Get in touch



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