



MINISTRY OF
FINANCIAL SERVICES
& HOME AFFAIRS
CAYMAN ISLANDS GOVERNMENT

INDUSTRY ADVISORY

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FATCA/CRS Reporting Deadlines, and Economic Substance Update

The Department for International Tax Cooperation (DITC) advises industry of the following.

1. AEOI Portal, FATCA / CRS Reporting Deadline: Wednesday, 31 July 2019

Notwithstanding the statutory deadline of 31 May, completion of 2018 FATCA and CRS reporting obligations (including the mandatory CRS Filing Declaration) on or before Wednesday, 31 July 2019, will not result in compliance measures for late filing.

The DITC thanks those who have already completed their reporting, and recommends that those who have yet to do so to finalise their submissions as soon as possible. Early submission is recommended to avoid unnecessary increased traffic to the AEOI Portal at the end of the deadline period.

2. Economic Substance – Update

Legislative Assessment – OECD Forum on Harmful Tax Practices (FHTP)

A Ministry delegation will attend the scheduled June meeting of the FHTP, at which the Economic Substance Legal Framework of no or only nominal tax jurisdictions (NTJ), including the Cayman Islands, will be reviewed. In addition, the FHTP will begin consideration of no or only nominal tax jurisdictions that wish to be considered as having a fully equipped monitoring mechanism for ensuring compliance, and for making exchanges of information in accordance with the international standard.

The outcomes of the meeting are subject to formal approval procedure by the OECD BEPS Inclusive Framework, which is expected to take several weeks. Once feedback has been received, the DITC will issue an industry advisory that will set out the next steps in relation to any legislative changes; further Guidance, including sector-specific guidance and examples; and the proposed industry consultation process.

Economic Substance (ES) Notification

Industry is advised that ES Notifications for all potentially relevant entities will be via the General Registry system. The DITC's ES Notification form will be separate from the General Registry's annual return but, in terms of timing, the completion and filing of this ES Notification will be a prerequisite to filing the annual return. It is intended that the information will be collected on a smart form such that entities will only be required to answer questions relevant to their circumstances. Where an entity claims an exemption, e.g., domestic company, investment fund, or tax resident outside the Islands, the DITC will require further information to validate the claim. Notes on how to complete the notification

will be issued by the DITC and it is anticipated that the system will be online in Q4 2019 to coordinate with filing of annual returns.

XML Schema and Systems Update

An XML Schema for NTJs to exchange information with partner jurisdictions in accordance with the international standard has been developed by the OECD technical working group and is in final stages of the OECD approval process. Once this has been released, the DITC will make it available on its website and will communicate this to industry.

Development of the DITC's ES portal has commenced and it is expected that this will be ready to receive ES returns by mid-2020. The ES portal is being designed to conform to the OECD standard and to provide the DITC with the necessary tools for data collection, analysis and effective implementation of the ES requirements. A user guide will be published in advance of the ES portal launch.

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