

Start Preparing: The Common Reporting Standard Regulations Enacted into Cayman Islands Law

Common Reporting Standard (“CRS”)

The CRS is the standard for automatic exchange of financial account information developed by the OECD which provides for systematic and periodic automatic exchange between governments of such information reported by financial institutions. In summary, for holders of interests in certain Cayman Islands entities or with Cayman Islands accounts, information on their shareholding or account balance will be transmitted to their home tax jurisdiction through the reporting required should such home tax jurisdiction have agreed to comply with the CRS.

The Cayman Islands is one of 61 countries that have agreed to implement CRS with more than 30 countries expecting to follow shortly. Cayman Islands entities will comply with CRS by reporting their information to the Cayman Islands Tax Information Authority (“TIA”).

Update

Further to our previous advisory *CRS: Preparing for 31 December 2015 and Beyond*, the TIA has announced that the CRS Regulations have been published and enacted into Cayman Islands law. The first schedule to the CRS Regulations is the CRS itself (or more specifically *the Common Standard on Reporting and Due Diligence for Financial Account Information*) and it comes into force in the Cayman Islands on January 1, 2016. The second schedule sets out excluded/non-reportable accounts.

The Government has announced that these CRS Regulations are a key component of the jurisdiction’s implementation of internationally agreed standards of such automatic exchange of financial account information between governments and that additional parts to the regulations, addressing compliance, will follow later in the year.

The TIA has advised that the CRS Regulations may be found on the Cayman Islands Department of International Cooperation website.

Next Steps

Cayman Islands Financial Institutions (including most investment funds) affected by CRS should be actively taking steps to establish policies and procedures to identify reportable accounts, apply due diligence and maintain information for the appropriate time to ensure compliance with CRS. The first priority is to ensure accounting

opening procedures or incorporations of affected Cayman Islands vehicles on or after 1 January 2016 identify the relevant applicant and capture the necessary information – procedures in this regard should be reviewed now.

The first deadline as to notification to the TIA under CRS is expected to be at the end of April 2017 with the first reporting date being the end of May 2017.

For entities currently complying with FATCA, similar procedures will apply for the CRS, but specific advice should always be taken. Campbells will issue a more detailed note in due course.

A Cayman Islands Government working group is considering queries on the guidance and self-certification forms. However, the Government has advised industry not to delay in preparing for CRS compliance until such guidance is issued as this guidance will not be extensive, addressing only local issues, as official CRS commentaries should be relied upon (which can be found on the OECD's automatic exchange portal which gives comprehensive information about the OECD and tax transparency, a link to which can be found here: <http://www.oecd.org/tax/automatic-exchange>.)

Further information

Should you have any queries regarding this, or if we can be of any assistance, please reach out to your usual Campbells contact or any of the following:



Alan Craig
Partner

+1 345 914 5864
acraig@campbellslegal.com



Robert C. Searle
Partner

+852 3708 3014
rsearle@campbellslegal.com



John P. Wolf
Partner

+1 345 914 5856
jwolf@campbellslegal.com