

An update on Cayman Economic Substance Legislation

June 2019

New legislation came into effect on 1 January 2019 in the Cayman Islands which requires certain Cayman Islands entities ("Relevant Entities") carrying on certain activities ("Relevant Activities") to demonstrate that they have sufficient "economic substance" in the Cayman Islands (the "Regime").

All Cayman Islands entities need to determine whether the Regime will apply to them and, if so, what measures are required to comply with the Regime.

Cayman Islands entities existing prior to 1 January 2019, which are subject to the Regime, will need to comply by 1 July 2019, and newly established entities will need to comply as soon as they commence any Relevant Activity.

We strongly suggest that you obtain advice to classify your entity under the Regime (even if you believe you are out of scope) and determine what, if any, additional substance you will need to put in place to meet the requirements of the Regime. As a matter of good governance you should document this determination in preparation for notification and reporting which will commence in 2020. Please get in touch with your usual Collas Crill contact or contact us at regulatory@collascrill.com for further advice in relation to classification and documentation.

The Cayman Islands Tax Information Authority (the "Authority") is responsible for monitoring compliance with the Regime.

For more information please contact:



Natalie Bell

Partner // Cayman

t: +1 (00) 345 914 9621 // **e:** natalie.bell@collascrill.com