



MINISTRY OF  
FINANCIAL SERVICES  
& HOME AFFAIRS  
CAYMAN ISLANDS GOVERNMENT



**Statement to the Legislative Assembly  
OECD Inclusive Framework on BEPS:  
Forum on Harmful Tax Practices – Peer Reviews Results  
Minister of Financial Services, the Hon. Tara Rivers**

Friday, 26 July 2019 | Cayman Islands Legislative Assembly

Mister Speaker, I rise to make a statement about efforts which are being made by the Government, specifically through the work of the Ministry of Financial Services and relevant departments thereunder, to address international assessments of our financial services industry. In particular, I want to apprise Members of this Honourable House on the latest development with regards to Cayman's economic substance regime.

Members will recall that in December 2018 the Legislative Assembly, after extensive stakeholder consultation, passed the International Tax Co-Operation (Economic Substance) Law, 2018. Subsequently, regulations and guidance to support the primary law were also published.

Mister Speaker, this legislative framework was delivered in response to the EU's economic substance concerns, as well as the international standard for substantial activities requirements for no or nominal tax jurisdictions as set by the OECD's Forum on Harmful Tax Practices.

Mister Speaker, in June 2019, a Ministry delegation attended a meeting of the Forum on Harmful Tax Practices where Cayman's legislative framework for economic substance, along with the framework of the other no or nominal tax jurisdictions<sup>1</sup>, was reviewed.

Mister Speaker, on 23<sup>rd</sup> July 2019, the OECD Inclusive Framework on BEPS published the results of the Forum on Harmful Tax Practices Peer Reviews. The Cayman Islands' legislative framework for economic substance was judged to be in line with the standard and therefore "not harmful".

Mister Speaker, this is a positive outcome. In terms of next steps, from 2020, the OECD's Forum on Harmful Tax Practices will start an annual monitoring process for the effectiveness of jurisdictions' mechanisms to ensure compliance with the standard in practice.

Ultimately, Mister Speaker, we will continue the good work being done on our economic substance regime. Our goal is not only to be ready for next year's review and for additional assessments, but to further enhance the reputation of the Cayman Islands as a leading international financial centre.

Thank you, Mister Speaker.

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<sup>1</sup> Anguilla, the Bahamas, Bahrain, Barbados, Bermuda, British Virgin Islands, Cayman Islands, Guernsey, Isle of Man, Jersey, Turks and Caicos Islands, United Arab Emirates