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Cayman to begin delisting process with EU

At the ECOFIN meeting this morning the EU finance ministers agreed to add Cayman to the EU list of non-cooperative jurisdictions for tax purposes.

The Council conclusions are available at

<https://www.consilium.europa.eu/media/42596/st06129-en20.pdf>. In addition to the Cayman Islands, the EU has added three other countries to the list - Palau, Panama and Seychelles.

It is reported that the Cayman Islands has been listed because it "*does not have appropriate measures in place relating to economic substance in the area of collective investment vehicles*". The Islands' Premier has said that the EU was duly notified that Cayman would pass the relevant collective investment vehicle legislation by 31 January 2020. However, it appears that the EU listing stems from Cayman's legislation not being in force by 4 February, which was the date of the EU's Code of Conduct Group meeting to advise the EU Finance Ministers, prior to the Finance Ministers' decision regarding the listing today.

The Cayman Islands Government has contacted EU officials to begin the process of being removed from the EU list of non-cooperative jurisdictions as soon as possible. Premier McLaughlin, whilst acknowledging the EU's decision, noted that over the past two years Cayman's Government has cooperated with the EU to deliver on commitments to enhance tax good governance. He said the Cayman Islands also remains fully committed to cooperating with the EU and further observed that since 2018, Cayman has adopted more than 15 legislative changes in line with the EU's criteria.

Since the EU began its listing process in December 2017, almost 30 countries have been listed as non-cooperative. The majority have been subsequently removed, once required actions have been taken. The Council has noted that their intention is to only update the list of non-

For further information on any of the issues discussed in this article please contact:



Matt Mulry
DD:+1 345 814 4054
matt.mulry@dilloneustace.ie



Jonathan Law
DD:+1 345 814 4057
jonathan.law@dilloneustace.ie

cooperative jurisdictions twice a year, with the next update scheduled for October 2020.

As a result of the listing there are various defensive measures which the EU may develop, but these are to an extent within the competency of member states rather than the EU institutions. There are limited measures at present which have little relevance to the fund management sector.

DILLON EUSTACE

Dublin

33 Sir John Rogerson's Quay, Dublin 2, Ireland. Tel: +353 1 667 0022 Fax: +353 1 667 0042.

Cayman Islands

Landmark Square, West Bay Road, PO Box 775, Grand Cayman KY1-9006, Cayman Islands. Tel: +1 345 949 0022 Fax: +1 345 945 0042.

New York

245 Park Avenue, 39th Floor, New York, NY 10167, U.S.A. Tel: +1 212 792 4166 Fax: +1 212 792 4167.

Tokyo

12th Floor, Yurakucho Itocia Building, 2-7-1 Yurakucho, Chiyoda-ku, Tokyo 100-0006, Japan. Tel: +813 6860 4885 Fax: +813 6860 4501.

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