



November 2013

Cayman and UK sign “FATCA – Type” Agreement to Improve International Tax Compliance

The Cayman Islands and the UK Governments signed an agreement (the “**Agreement**”) on 5 November 2013 preparing the way for the Cayman Islands Government to automatically share information with the UK Government on certain persons or entities having UK tax reporting obligations and holding Cayman Islands accounts with certain Financial Institutions resident in the Cayman Islands.

The Agreement sets out a framework for the imposition of obligations on certain Cayman Financial Institutions to undertake due diligence for the purposes of identifying reportable accounts. Once identified information relating to such accounts will be reported by the Cayman Financial Institutions to the Cayman Government. Such information will then be exchanged periodically on an automatic basis with the UK.

The Agreement provides for the exchange of information pursuant to the terms of the existing 2010 Arrangement between the UK and the Cayman Islands for the avoidance of double taxation and the prevention of fiscal evasion and is subject to the confidentiality provisions of that arrangement and to its provisions limiting the use of information exchanged.

The Agreement is expressed to enter into force only once the Cayman Islands Government and the UK Government have each notified the other that their necessary internal procedures for entry into force have been completed. Cayman Islands legislation and guidance will be prepared over the coming months in order to

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implement the provisions of Agreement. It is expected that such legislation and guidance will be finalised early next year and we will keep all Dillon Eustace contacts up to date on developments in this important area.

Once the Agreement is in force the Cayman Islands and the UK governments have agreed to monitor the outcomes of the Agreement in order to ensure that it remains effective against tax evasion and that it does not add undue compliance costs for relevant Cayman Financial Institutions.

The full text of the Agreement is available at:

http://tia.gov.ky/pdf/UK-Cayman_IGA_5_November_2013.pdf.

The Cayman Islands Government initialled a similar FATCA Model 1 IGA with the US in August this year. It is expected that, with the Agreement with the UK now signed, Cayman and the US will move quickly to sign that Model 1 IGA. We will also keep you up to date on progress with that agreement and its implementation.

Praise for the Dillon Eustace Asset Management and Investment Funds Team

The team is recognised internationally as one of the most innovative and dynamic groups of lawyers in this practice area, with recent awards including The Leading Law Firm (UCITS Compliant Hedge Funds) – 2013 Hedge Fund Journal Awards and Irish Asset Management Law Firm of the Year / Investment Funds Law Firm of the Year – ACQ Finance Magazine Global Awards 2012.

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