

A TAX NEUTRAL JURISDICTION:

- Does not add an extra layer of taxes to transactions.
- Raises revenue through consumption taxes to fund government services and programmes.
- Combats tax evasion with legislation, regulation, and automatic tax information sharing arrangements that uphold the highest international standards for transparency and cross-border cooperation.
- Poses no risk for aggressive tax avoidance as it does not have tax treaties that provide benefits and its stated and effective tax rates are the same.
- Alleviates double taxation on cross-border transactions by automatically allocating its taxing rights to the other country which is free to fully apply its domestic tax policy on the cross-border transactions.
- Alleviates double taxation on retained profits in a subsidiary by automatically allocating its taxing rights to the parent entity jurisdiction which is free to fully apply its domestic tax policy, including controlled foreign corporation rules, on the parent entity relating to the subsidiary's retained profits.
- Meets OECD economic substance requirements and therefore poses no risk of unfair tax competition.

CAYMAN IS NOT A TAX HAVEN OR SECRECY JURISDICTION

The Cayman Islands does not pose harm for tax evasion, aggressive tax avoidance, unfair base-shifting, or unfair tax competition as it has in place legislation, regulations, and automatic tax information sharing arrangements that uphold the highest international standards for transparency, cross-border cooperation, and economic substance.

The OECD reviewed Cayman's domestic legal framework that includes economic substance legislation and found that Cayman's tax neutral regime is not harmful and meets all economic substance requirements.

Tax Neutral jurisdictions like Cayman support a level of transparency that arguably make them better at combatting tax evasion and aggressive tax avoidance than those jurisdictions that rely on the often-opaque system of Double Taxation Treaties. Double Taxation Treaties are by their nature complex and less transparent, and therefore sometimes pose a risk of abuse for tax evasion or aggressive tax avoidance.

Cayman's globally responsible Tax Neutral regime distinguishes it from the many other International Financial Centre (IFCs) which are tax treaty investment hubs that rely on extensive double tax treaty networks.

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The Cayman Islands is a tax neutral hub that efficiently supports global economic growth and recovery.

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ADDRESSING THE OBSTACLE DOUBLE TAXATION POSES TO GLOBAL CROSS-BORDER TRANSACTIONS

Tax conflict arises when the two countries involved in the cross-border activities both have domestic tax laws and rules that would result in the same income or profit being taxed twice, once in each country. This tax conflict is generally referred to as “Double Taxation” and is considered by the United Nations, the Organisation for Economic Cooperation and Development (OECD) and others as a significant barrier to beneficial cross-border economic activity. **Cayman's Tax Neutral policy automatically alleviates double taxation by allocating all of the taxing rights to the other country which is free to impose its domestic tax policy on the cross-border transactions with Cayman as it sees fit, without the need for a tax treaty.**

CAYMAN'S TAX NEUTRAL REGIME BENEFITS FROM FUNDAMENTAL COMPETITIVE STRENGTHS

“Legitimate reasons for using an intermediate jurisdiction may include, but are not limited to...parties to a joint venture of partnership may be from different jurisdictions and want neutrality in selecting the jurisdiction for their venture (including equal legal and tax treatments)...” [World Bank Group]

Global investors are increasingly engaged in a flight to quality, relocating their resources based on extensive assessments of which financial centres offer the best combination of the following qualifications:

- **efficiency and neutrality;**
- **a global network and diverse industry;**
- **an experienced legal infrastructure and neutral tax environment;**
- **high regulatory standards and respect for appropriate privacy;**
- **world class professionals and credibility; and**
- **stability**

Very few IFCs meet these qualifications of providing benefits globally without causing harm to other countries, **and none do it as well as the Cayman Islands.**

READ MORE HERE

on Cayman's Tax
Neutral Regime

 **Cayman
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