

Cayman Islands Update: Peer Review of AEOI Financial Account Information 2022

On 9 November 2022, the Organisation for Economic Co-operation and Development's (OECD) Global Forum on Transparency and Exchange of Information for Tax Purposes published its Peer Review of the Automatic Exchange of Financial Account Information 2022 (the "Global Forum Report"). The Global Forum Report presents the first peer reviews with effectiveness ratings for the 99 countries and jurisdictions that had committed to Automatic Exchange of Information ("AEOI") in 2017 or 2018. The Global Forum Report finds that the Cayman Islands has put the necessary legal frameworks in place and is successfully exchanging information without significant timing or technical issues.

The Cayman Islands is given the highest possible rating for the effectiveness of its AEOI regime. In particular, the Global Forum Report notes that the Cayman Islands:

- has established a risk register that identifies strategic, operational and case-based risks and intends to keep its compliance strategy and risk assessment under review to ensure its effectiveness on an ongoing basis;
- has worked effectively to understand its population of Financial Institutions ("FIs"), including relevant non-regulated entities, requiring all reporting FIs to register and file all required reports. It has processes to utilise various other relevant information sources,

such as the Foreign Financial Institution list for the Foreign Account Tax Compliance Act ("FATCA") purposes, Economic Substance (ES) notifications and regulatory lists in the jurisdiction;

- is taking action to ensure that reporting FIs are classifying themselves correctly under its domestic rules and reporting information as required and intends to keep its understanding of its FI population up-to-date on a routine basis;
- is also routinely using its formal powers to access records for the purposes of verifying the due diligence carried out on sampled accounts. It has prepared internal guidelines for the application of sanctions, published information to notify FIs of its enforcement plans and procedures and is carrying out these procedures when non-compliance has been identified; and
- has conducted a significant number of desk-based reviews of reporting FIs with multiple projects each designed to identify and address particular risks including non-registration, non-reporting, missing data and undocumented accounts. Following the activities carried out so far, the Cayman Islands has commenced its procedures to apply administrative penalties in a significant number of cases.

While the Global Forum Report certainly confirms the effectiveness of the Cayman Islands' AEOI framework, it also highlights that compliance efforts must continue. Annual reviews, investigations and other enforcement measures, including administrative fines, are anticipated to inform the AEOI regulatory landscape into the future.

Further Assistance

If you need additional advice relating to your ongoing AEOI compliance obligations, please contact us. We would be pleased to assist.

Cayman Islands

Christopher Capewell

+1 345 814 5666

chris.capewell@maples.com

Tim Dawson

+1 345 814 5525

tim.dawson@maples.com

Patrick Head

+1 345 814 5377

patrick.head@maples.com

Adam Huckle

+1 345 814 5318

adam.huckle@maples.com

Martin Livingston

+64 21 321 353

martin.livingston@maples.com

Nikki Wood

+1 345 814 5463

nikki.wood@maples.com

November 2022

© MAPLES GROUP

This update is intended to provide only general information for clients and professional contacts of Maples Group. It does not purport to be comprehensive or to render legal advice.