November 2016

Cayman Islands FATCA and CRS Update

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CRS

As of October 21, 2016, there are now 85 countries which have signed the MCAA and 101 countries which have committed to exchanging information by 2018 (as of July 26, 2016).

The first CRS Return to the Cayman Islands Tax Information Authority ("Cayman Islands TIA") is not due until May 31, 2017, Cayman Islands Financial Institutions ("Cayman Islands FIs") are reminded that all Pre-Existing High Value Individual Accounts (i.e. with an aggregate balance or value greater than US$1M as at December 31, 2015) must be reviewed to identify any Reportable Accounts by December 31, 2016 (see AEOI Timeline below).

The Cayman Islands TIA is expected to issue an amendment to the Tax Information Authority (International Tax Compliance) (Common Reporting Standard) Regulations, 2015 to levy administrative penalties as required by the OECD.

Further, it is expected that updated CRS guidance notes will be issued by the Cayman Islands TIA before 2017.

OECD CRS FAQ

The OECD in June 2016 updated their FAQs offering further clarifications on CRS reporting requirements, the meaning of a reportable account and the application of the Investment Entity definition.

Cayman Islands Activates Exchange Relationships

On October 20, 2016, the first series of bilateral automatic exchange relationships were established among the first wave of countries committed to exchanging information as of 2017, reflecting a step towards the timely implementation of the CRS.

The Cayman Islands as of October 20, 2016 have activated relationships with 32 countries including Argentina, France, Germany, and the Netherlands (the full list can be seen here).

FATCA

Deadline for Sponsored Entities and Sponsored Controlled Foreign Corporations to register:

In order for Sponsored Entities and Sponsored Controlled Foreign Corporations to maintain their Registered Deemed Compliant Status, they must be registered with the IRS by the later of:

1. December 31, 2016; or
2. the date that is 90 days after a US Reportable Account is first identified.

FATCA Registration Point of Contact Details:

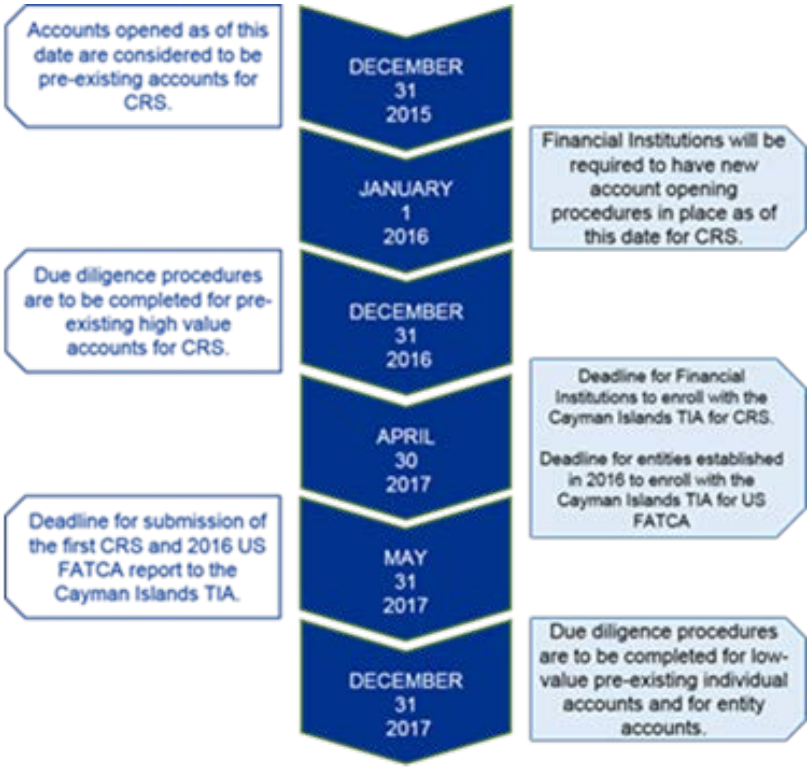
The IRS reminds registrants that the contact information for the Responsible Officer and Points of Contact should be updated in order to ensure notifications are received on a timely basis.

Please ensure your Responsible Officer can log in to your FATCA Registration account to verify all contact information.

FATCA Schema 2.0:

The IRS has released FATCA Schema 2.0 effective for the 2016 FATCA Reporting Year. It is anticipated that the Cayman Islands TIA will update their validation facility such that they will only accept files using the new FATCA Schema 2.0.

AEOI Timeline:



Have Questions?

KPMG in the Cayman Islands has an Automatic Exchange of Information ("AEOI") Help Desk for any questions you may have. Contact us here.

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KPMG AEOI Team

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