

Cayman Islands



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The information in this article has been superseded by a government update. See the updated article here: <https://marburys.com/cayman-islands-announce-business-continuity-measures/>

Cayman Islands announce business continuity measures

In response to the global COVID-19 pandemic, the Cayman Islands Government has announced a number of measures to support the continuity, viability, and strength of the financial services industry and ensure business continuity to clients.

The measures have been announced through industry advisory notices and those of most interest to our clients are noted below.

Extension for notification of certain changes to the Registrar of Companies

An additional 30 days will be granted for notifying the Registrar of Companies (the ROC) in respect of the changes below so that they are now as follows:

Change to be notified	Normal notification deadline	Temporary extended notification deadline
Directors and other officers of companies and managers of limited liability companies	30 days	60 days
Registered office address	30 days	60 days
Memorandum and articles of association	15 days	45 days
Share capital	15 days	45 days

The industry advisory states that no penalties will be incurred in respect of the above filings before 30 April 2020.

Acceptance of e-certifications by the ROC

The ROC has advised that they will accept affidavits or other documents that have been notarised/certified online or utilising audio-video technology for the time being.

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Beneficial ownership filings one-month extension

Effective 23 March 2020 through to 20 April 2020, corporate services providers are granted a one-month extension in respect of the requirement to make beneficial ownership submissions. This extension does not impact the underlying obligations of Cayman Islands companies and limited liability companies with respect to the Cayman Islands beneficial ownership regime.

Annual fee deferral & extension to annual return filing deadline

As of 26 March, the Cayman Islands Government has deferred the obligation to pay annual fees until 30 June for corporate entities registered in the Cayman Islands. This fees deferral applies to all companies, including limited liability companies, foundation companies and also exempted liability partnerships (ELPs).

The annual return filing deadline for all companies has also been extended until 30 June. Companies and ELPs that fail to file their annual returns and/or pay their annual fees by the 30 June deadline will be subject to penalties as of 1 July 2020.

Unfortunately for those that have diligently settled their government fees this announcement comes a little too late.

Economic Substance obligations

Extension for Economic Substance Notification (ESN) filings

As a result of the annual return extension for companies, the deadline for ESN filings is now 30 June. Note, that the ESN submission will remain a prerequisite for companies successfully filing an annual return.

Economic Substance continuing obligations

The Department for International Tax Cooperation (DITC) has not yet made any changes to the reporting deadline under The International Tax Co-operation (Economic Substance) Law (Revised) (the **ES Law**) with reports for the financial year ending 31 December 2019 still therefore due by 31 December 2020.

Relevant entities are also still required to operate core income generating activities (CIGA) in Cayman with regards to the relevant activities.

However, the DITC has recognised that COVID-19 may impact planned travel during 2020 and therefore may not have been able to hold board meetings in the Cayman Islands to fulfil the 'directed and managed' requirements under the ES Law. The industry advisory notes that the DITC will consider the fact that board meetings may have been required to be held virtually on a case-by-case basis when determining whether an entity has passed or failed the ES Test.

The above changes have been implemented to lessen some of the administrative challenges in the current climate and are subject to change in the future. We will continue to monitor the situation and update our clients as appropriate. Most importantly, we hope that you and your loved ones stay safe and healthy during this challenging time and thank you for your continued support.

Should you have any queries about any information in this update please contact your usual Marbury advisor or info@marburys.com.