

CAYMAN ISLANDS



**International Tax Co-operation (Economic Substance) Act
(2021 Revision)**

**INTERNATIONAL TAX CO-OPERATION
(ECONOMIC SUBSTANCE) (AMENDMENT
OF SCHEDULE) REGULATIONS, 2021**

(SL 48 of 2021)

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In exercise of the powers conferred by section 15 of the International Tax Co-operation (Economic Substance) Act (2021 Revision), the Cabinet makes the following Regulations —

Citation and commencement

1. (1) These Regulations may be cited as the International Tax Co-operation (Economic Substance) (Amendment of Schedule) Regulations, 2021.
- (2) These Regulations come into force on 30th June, 2021.

Amendment of the Schedule to the International Tax Co-operation (Economic Substance) Act (2021 Revision) - construction of words and expressions

2. The *International Tax Co-operation (Economic Substance) Act (2021 Revision)* is amended in the Schedule as follows —
 - (a) by renumbering paragraph 1 as paragraph 1(1);
 - (b) in paragraph 1(1), as renumbered, as follows —

- (i) by deleting the definition of the words “carrying on business in the Islands” and substituting the following definition —
- “**“carrying on business in the Islands”** has the same meaning as “carry on business in the Islands” in section 2(2) of the *Local Companies (Control) Act (2019 Revision)* except that references in that definition to “company” and “exempted company” shall be interpreted to include “partnership”;;”;
- (ii) by deleting the definition of the words “pure equity holding company” and substituting the following definition —
- “**“pure equity holding company”** means an entity that only holds equity participations in other entities and only earns dividends and capital gains;;”;
- (iii) in the definition of the words “relevant entity”, by inserting after paragraph (a) the following paragraphs —
- “(aa) a partnership as defined under section 3 of the *Partnership Act (2013 Revision)*, except where the partnership is a local partnership;
- (ab) an exempted limited partnership as defined under section 2 of the *Exempted Limited Partnership Act (2021 Revision)*;
- (ac) a foreign limited partnership registered under section 42 of the *Exempted Limited Partnership Act (2021 Revision)*;”;
- (iv) by deleting the definition of the words “ultimate beneficial owner” and substituting the following definition —
- “**“ultimate beneficial owner”**—
- (a) in relation to a company that is incorporated or registered under the *Companies Act (2021 Revision)*, has the same meaning as “beneficial owner” in section 244 of that Act;
- (b) in relation to a limited liability company that is registered under the *Limited Liability Companies Act (2021 Revision)*, has the same meaning as “beneficial owner” in section 70 of that Act;
- (c) in relation to a partnership as defined under section 3 of the *Partnership Act (2013 Revision)*, has the same meaning as “beneficial owner” in section 51 of the *Limited Liability Partnership Act (2021 Revision)* except that references to “limited liability partnership” in sections 51 and 54 of the *Limited Liability Partnership Act (2021 Revision)* shall be interpreted to mean a reference to “partnership”;



- (d) in relation to an exempted limited partnership as defined under section 2 of the *Exempted Limited Partnership Act (2021 Revision)*, has the same meaning as “beneficial owner” in section 51 of the *Limited Liability Partnership Act (2021 Revision)* except that references to “limited liability partnership” in sections 51 and 54 of the *Limited Liability Partnership Act (2021 Revision)* shall be interpreted to mean a reference to “exempted limited partnership”;
 - (e) in relation to a foreign limited partnership registered under section 42 of the *Exempted Limited Partnership Act (2021 Revision)*, has the same meaning as “beneficial owner” in section 51 of the *Limited Liability Partnership Act (2021 Revision)* except that references to “limited liability partnership” in sections 51 and 54 of the *Limited Liability Partnership Act (2021 Revision)* shall be interpreted to mean a reference to “foreign limited partnership”; or
 - (f) in relation to a limited liability partnership that is registered under the *Limited Liability Partnership Act (2021 Revision)*, has the same meaning as “beneficial owner” in section 51 of that Act;”;
- (v) by inserting in the appropriate alphabetical sequence, the following definitions —
- “**local partnership**” means a partnership as defined under section 3 of the *Partnership Act (2013 Revision)* that is not part of an MNE Group and —
- (a) that is only carrying on business in the Islands and is empowered by its partnership agreement to carry on business in the Islands; and
 - (b) that —
 - (i) is licensed under the *Trade and Business Licensing Act (2021 Revision)* and, at the relevant time, is carrying on such business in accordance with the terms and conditions imposed in such licence and not otherwise;
 - (ii) is operating under a franchise granted by the government; or
 - (iii) complies with section 3(a) of the *Trade and Business Licensing Act (2021 Revision)*; and

“Registrar”—

- (a) in relation to a partnership means the Registrar of Limited Partnerships under section 48 of the *Partnership Act (2013 Revision)*;
 - (b) in relation to an exempted limited partnership means the Registrar of Exempted Limited Partnerships under section 8 of the *Exempted Limited Partnership Act (2021 Revision)*; or
 - (c) in relation to a foreign limited partnership registered under section 42 of the *Exempted Limited Partnership Act (2021 Revision)*, means the Registrar of Exempted Limited Partnerships under section 8 of the *Exempted Limited Partnership Act (2021 Revision)*”; and
- (c) by inserting after subparagraph (1) the following subparagraph —
- “(2) Notwithstanding sections 7(10) and 10(5) of the Act, a partnership under the *Partnership Act (2013 Revision)*, an exempted limited partnership under section 2 of the *Exempted Limited Partnership Act (2021 Revision)* or a foreign limited partnership under section 42 of the *Exempted Limited Partnership Act (2021 Revision)* is, from the commencement of the International Tax Co-operation (Economic Substance) (Amendment of Schedule) Regulations, 2021, an entity for the purposes of sections 7 and 10 of the Act.”.

Made in Cabinet the 29th day of June, 2021.

Kim Bullings
Clerk of the Cabinet

