

## Alert

### Upcoming Cayman Islands Economic Substance Reporting Deadlines

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“Relevant Entities”<sup>1</sup>, namely Cayman Islands incorporated companies, limited liability companies, limited liability partnerships and foreign companies registered in the Cayman Islands should note that, subject to certain exemptions, if they are undertaking a “Relevant Activity” pursuant to the International Tax Co-operation (Economic Substance Act) (the “Act”), or claimed to be “Tax Resident Overseas” (“TRO”), then they will be required to submit an annual Economic Substance return (“ES Return”), in respect of each Relevant Activity undertaken, detailing their compliance with the Act to the Tax Information Authority (TIA), or a TRO form, as applicable.

For entities with a financial year end of 31 December, the deadline for filing the ES Return or TRO form (as applicable) in respect of the 2020 reporting period (1 January 2020 – 31 December 2020) is **31 December 2021**. For entities with a different financial year end, the general rule is that the ES Return or TRO Form is required to be submitted within 12 months after the end of the entity’s applicable financial year.

Relevant Entities that conducted one or more Relevant Activities during the course of 2020 should have notified the TIA of their status under the Act earlier this year by filing an Economic Substance Notification (“**ES Notification**”) through their registered office service provider. A Relevant Entity that only commenced conducting a Relevant Activity in 2021 will be required to notify the TIA of this and provide the details of a primary contact person (“**Responsible Person**”) (often the registered office service provider) for reporting purposes as part of the ES Notification in early 2022. An ES Return would then be required within 12 months of the entity’s financial year end.

The annual ES Return should be filed electronically via the Cayman Islands Department for International Tax Cooperation Portal (“**DITC Portal**”). A link to access the DITC Portal should have been sent to the Responsible Person nominated as part of the previous annual ES Notification. Sample returns and forms are available on the DITC website including the [general economic substance return](#), a separate economic substance return for [pure equity holding companies](#), an economic substance return for [high risk IP companies](#) and the [TRO form](#). Responsible Persons should access the DITC Portal to file the ES Return or TRO form as applicable.

#### Penalties and Offences

Penalties of US\$6,098 may be imposed for failure to make filings by the deadline together with an additional penalty of US\$610 for each day that the ES Return or TRO form remains outstanding.

It should also be noted that it is an offence to knowingly or willingly supply false or misleading information to the TIA. The penalty for the same upon summary conviction is a fine of US\$12,195 or imprisonment for five years or both. To the extent an offence under the Act is committed by a body corporate, the same punishment may apply to a director, manager, secretary or other officer of the body corporate if shown to have been committed with their consent or connivance.

<sup>1</sup> From 30 June 2021, the Act also applies to general partnerships, limited partnerships, exempted limited partnerships and foreign limited partnerships registered in Cayman after that date. For partnerships that were already in existence as at 30 June 2021, the Act will apply from 1 January 2022. See our [Alert](#) for further details.

Further information regarding the Cayman Islands economic substance regime requirements can be found in our [Economic Substance publication](#). Should you have any questions in respect of economic substance returns, accessing the DITC Portal or Cayman economic substance requirements generally, please reach out to any of the contacts listed below or your usual Conyers contact.

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