



"Information bubbles" appear in this column beside the corresponding field.

Economic Substance Return

For the purpose of this sample PDF, mandatory fields are marked with an * Whereas fields marked with (*) are only mandatory in certain cases. When the form is available on the DITC Portal mandatory fields will automatically display as the form is completed.

The International Tax Co-Operation (Economic Substance) Law ("ES Law") requires every relevant entity ("Entity") that is carrying on a relevant activity to satisfy the economic substance test in relation to that relevant activity ("ES Test").

Each such Entity must prepare and submit to the Tax Information Authority ("Authority") an economic substance report ("ES Return" or "this form") for the purpose of the Authority's determination as to whether the ES Test has been satisfied in relation to that relevant activity.

The ES Return must be submitted within twelve months after the last day of the end of each financial year ("Period") commencing on or after 1 January 2019. If an Entity conducts more than one relevant activity during a financial year then it must prepare and submit a separate ES Return in relation to each such relevant activity.

Please refer to the ['Economic Substance For Geographically Mobile Activities Guidance'](#) issued by the Authority for information about the economic substance requirements.

Please refer to DITC Portal User Guide for further information on this form.

All monetary amounts should be provided to the nearest whole number. Zero ("0") will be acceptable for all fields requiring a numerical response.

Overview

Entity Name	↓	Validate Information
Relevant Entity ("Entity") Name *		
Pre-populated		
Is the Entity a Segregated Portfolio Company ("SPC") and conducts one or more relevant activities through a Segregated Portfolio? *		
YES / NO	↓	

Once the Entity name is selected from the drop down list and the 'Validate Information' button is pressed, the ES return will pre-populate with certain information for the Entity.

If change to Entity name is required, this will need to be done through the General Registry.

An SPC must specify the SP on whose behalf it is submitting the ES Return in the Segregated Portfolio name box. A separate ES Return must be submitted by the SPC for each SP that is required to file an ES Return. Likewise, an ES Return is required in respect of each relevant activity (i.e. one SP carrying on two relevant activities is required to submit two ES Returns). Alternatively, if an SP is tax resident outside the Islands then the SPC must complete and submit the Tax Resident Outside the Islands form in respect of that SP. Refer to point 19 on the [Practice Point Document](#) for more details.

Sample ES Return: showing additional questions for HRIP

Segregated Portfolio Name (*)

INSERT NAME OF THE SP FOR WHICH THIS FORM RELATES TO

Does the Entity (or Segregated Portfolio, as the case may be) have a foreign branch which is also carrying on a relevant activity and for which it wishes to submit the tax resident outside the Islands form? *

YES / NO



Name of Foreign Branch (*)

INSERT TEXT

Relevant Activity carried on by Foreign Branch (*)

List of Relevant Activities



Period End Date (i.e. end of financial year) specified on ESN

Pre-populated from ESN with option to correct

Period End Date (for purposes of this ES Return) *

YYYY-MM-DD

Period Start Date (i.e. start of financial year) *

YYYY-MM-DD

Period Days

Pre-populated

Reporting Period

Pre-populated

Responsible Person

Pre-populated from ESN

IN: General Registry Number

Pre-populated from ESN

TIN

Pre-populated – NOTIN

Type Income: Relevant Activity *

Intellectual Property Business



Is the Entity carrying on high risk intellectual property (IP) business as defined by the ES Law (*)

Yes - The IP business carried on by the entity, during the Period, is solely related to high risk IP

Yes - The Entity carried on both high risk IP business and IP business that is not high risk during the Period

No - The Entity does not carry on high risk IP business during the Period

An Entity which has a foreign branch that is carrying on a relevant activity outside the Islands will not be required to satisfy the ES Test with respect to that foreign branch if the Entity satisfies the Authority that the foreign branch is tax resident outside the Islands. The financial performance of any such foreign branch should be excluded from this ES Return.

The Entity must complete the remainder of this ES Return with respect to its relevant activity and should also complete a Tax Resident Outside the Islands Form with respect to the relevant activity carried on by its foreign branch outside the Islands.

The first Period will be the first financial year commencing after the operative date of the ES Laws. The Entity should refer to both the ES Law and The International Tax Co-Operation (Economic Substance)(Prescribed Dates) Regulations, 2018.

The Responsible Person may appoint secondary users on the DITC Portal.

If change to GR number is required, this will need to be done through General Registry.

This field is always pre-populated with "NOTIN" on the ES Return because the Islands do not issue Tax Identification Numbers.

The relevant activity is pre-populated to reflect the selection made on the ESN (or first one stated if more than one) but can be amended here. If the Entity has more than one relevant activity then it must select one relevant activity for the purpose of this ES Return and complete a separate ES Return for each one of its relevant activities.

High Risk IP is defined in the Schedule to the ES Law. A relevant entity that is carrying on a high risk IP business will be subject to exchange as outlined in S.10(2) of the ES Law. If the Entity is carrying on both (a) high risk IP business and (b) IP business that is not high risk, the Entity must file a separate ES return for each type.

Sample ES Return: showing additional questions for HRIP

If yes to carrying on both high risk IP business and IP business that is not high risk during the Period, which does this form relate to (*)

High Risk IP Business	↓
IP Business that is not high risk	

The Entity will provide the required information to rebut the presumption in S.4(7) of the ES Law that it has failed the ES test? (*)

YES / NO	↓
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Relevant Income

Currency used to complete this ES Return. *

USD etc.	↓
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Annual Income: Total income for the Period. *

Insert Monetary Amount

Gross Income: Total relevant income for the Period. *

Insert Monetary Amount

The Entity must use one currency for all financial data in the ES Return.

The OECD NTJ schema uses the term "Annual Income". This element should contain the total annual gross income of the Entity (i.e. not limited to relevant income).

The OECD NTJ schema uses the term "Gross Income". The ES Law defines relevant income as follows; "relevant income", in relation to an Entity, means all of that Entity's gross income from its relevant activities and recorded in its books and records under applicable accounting standards. For the avoidance of doubt, relevant income for the purposes of the ES Law is gross income and not accounting income/profit. Gross income is equal to gross receipts/gross revenue, whether in the form of cash or property, which the Entity derived from its pure equity holding company business.

Type of Income:

Total relevant income received from related parties for the Period *

Insert Monetary Amount or "UNKNOWN"

Related Parties should be interpreted as "Constituent Entities" as defined in the ES Law. Please note that the balance (i.e. Total Relevant Income less Relevant Income from Related Parties) will be assumed to be relevant income received from unrelated parties. "UNKNOWN" may lead to further enquiries.

Total passive income that is also relevant income received for the Period *

Insert Monetary Amount or "UNKNOWN"

Passive relevant income should be interpreted as income in respect of which, broadly speaking, the recipient does not participate in the business activity giving rise to the income, e.g. dividends, interest, rental income, royalties, etc. Please note that the balance will be assumed to be active relevant income (i.e. Total Relevant Income less Passive Relevant Income). "UNKNOWN" may lead to further enquiries.

Additional types of income for High Risk IP (HRIP) business

HRIP Royalties: Gross royalty income *

Insert Monetary Amount

HRIP Gains from sale of IP assets *

Insert Monetary Amount

Sample ES Return: showing additional questions for HRIP

HRIP Other: Any other gross income from IP assets *

Insert Monetary Amount

Entity Details:

Status

Pre-populated from General Registry

Date ceased to be active

Pre-populated from General Registry

Is the Entity a constituent entity of an MNE Group for the purposes of the Country-by-Country reporting (CbCR) framework *

Yes / No



Name Group: Name of MNE Group, if different from Entity name

Immediate Parent Details:

How many Immediate Parents does the Entity have? *

ADD

UNKNOWN

NONE

Immediate Parent is defined in the Schedule to the ES Law. All fields relating to an Immediate Parent must be completed for each one.

Use the "ADD" button for each Immediate Parent. This information is required under the ES Law. If "UNKNOWN" is selected please provide explanation in "Other" section below.

Entity does not have an Immediate Parent.

May be a corporate or a non-corporate entity, for example a partnership.

This data element provides the tax identification number (TIN) used by the tax administration of the jurisdiction of tax residence of the immediate parent. If the immediate parent does not have a TIN the value "NOTIN" should be entered.

This attribute describes the jurisdiction that issued the TIN. It should be always provided, unless NOTIN is entered in the TIN element.

Name of entity *

TIN or Similar *

TIN issued by (*)

Jurisdiction of tax residence *

Identification Number other than TIN *

Type of Identification Number (*)

Jurisdiction that issued other Identification Number (*)

Legal Address Type *

Residential Or Business

Residential

Business

Registered office

Unknown



Country Code *

Street

Building Identifier

Suite Identifier

Floor Identifier

This data element can be provided (and repeated) if there are other identification numbers (INs) available, such as a company registration number or an Entity Identification Number (EIN). If that Entity does not have any other INs, the value "NONE" should be entered.

Country code selected should be the country the address relates to.

Sample ES Return: showing additional questions for HRIP

District Name

Post Office Box

Post Code

City *

Country Subentity

Address Free

For example; province or state.

Address Free allows input of address information in free text. It should only be used in exceptional circumstances when it is impossible to provide the address in the fixed format.

Ultimate Parent Details:

Does the Entity have an Ultimate Parent? *

YES
 NO
 UNKNOWN

↓

Ultimate Parent is defined in the Schedule to the ES Law.

This information is required under the ES Law. If "UNKNOWN" is selected please provide explanation in "Other" section below.

Name of entity *

May be a corporate or a non-corporate entity, for example a partnership.

TIN or Similar *

This data element provides the tax identification number (TIN) used by the tax administration of the jurisdiction of tax residence of the ultimate parent. If the ultimate parent does not have a TIN the value "NOTIN" should be entered.

TIN issued by (*)

This attribute describes the jurisdiction that issued the TIN. It should be always provided, unless NOTIN is entered in the TIN element.

Jurisdiction of tax residence *

Identification Number other than TIN *

This data element can be provided (and repeated) if there are other identification numbers (INs) available, such as a company registration number or an Entity Identification Number (EIN). If the Entity does not have any other INs, the value "NONE" should be entered.

Type of Identification Number (*)

Jurisdiction that issued other identification number (*)

Legal Address Type *

Residential Or Business
 Residential
 Business
 Registered office
 Unknown

↓

Country code selected should be the country the address relates to.

Country Code *

Street

Building Identifier

Suite Identifier

Floor Identifier

District Name

Sample ES Return: showing additional questions for HRIP

Post Office Box
Post Code
City *
Country Subentity
Address Free

For example; province or state.
Address Free allows input of address information in free text. It should only be used in exceptional circumstances when it is impossible to provide the address in the fixed format.

Ultimate Beneficial Owner (UBO) Details:

How many Ultimate Beneficial Owners (UBO) does the Entity have? *

	Ultimate Beneficial Owner is defined in the Schedule to the ES Law.
ADD	All fields relating to an UBO must be completed for each one.
UNKNOWN	This information is required under the ES Law. If "UNKNOWN" is selected please provide explanation in "Other" section below.

Last Name of UBO *
First Name of UBO *
TIN or Similar *
TIN issued by (*)
Jurisdiction of tax residence *

This data element provides the tax identification number (TIN) used by the tax administration of the jurisdiction of tax residence of the UBO. If the UBO does not have a TIN, the value "NOTIN" should be entered.

This attribute describes the jurisdiction that issued the TIN. It should be always provided, unless NOTIN is entered in the TIN element.

UBO Type: Type of ultimate beneficial ownership interest the UBO has with the Entity *

Legal Person - Ownership	↓
Legal Person - Other Means	
Legal Person - Senior Managing Official	
Legal Arrangement – Trust - Settlor	
Legal Arrangement – Trust - Trustee	
Legal Arrangement – Trust - Protector	
Legal Arrangement – Trust - Beneficiary	
Legal Arrangement - Trust - Other	
Legal Arrangement – Other - Settlor-Equivalent	
Legal Arrangement – Other - Trustee-Equivalent	
Legal Arrangement – Other - Protector-Equivalent	
Legal Arrangement - Other - Beneficiary-Equivalent	
Legal Arrangement - Other - Other-Equivalent	
Legal Address Type *	↓
Residential Or Business	
Residential	
Business	
Registered Office	
Unknown	
Country Code *	
Street	

Country code selected should be the country the address relates to.

Sample ES Return: showing additional questions for HRIP

Building Identifier

Suite Identifier

Floor Identifier

District Name

Post Office Box

Post Code

City *

Country Subentity

Address Free

For example; province or state.

Address Free allows input of address information in free text. It should only be used in exceptional circumstances when it is impossible to provide the address in the fixed format.

Core Income Generating Activities (“CIGA”):

Confirm which, if any, of the following CIGA were carried on in the Islands during the Period [Check Box] *

Option to select from CIGA as outlined in the ES Law for the selected Relevant Activity
Other
None

↓

The selection here should include any CIGA outsourced to a service provider in the Islands during the Period.

Provide a description of “Other” CIGA (*)

INSERT TEXT

Add separate box for each CIGA.

Were any of the activities that are of central importance to the Entity in terms of generating relevant income carried on outside the Islands during the Period? *

Yes / No

↓

If yes, please provide details (*)

INSERT TEXT

Provide overview of the activities that are of central importance to the Entity in terms of generating income, why they are required to be carried on outside the Islands and the location where they were carried on. If the Entity wishes to provide further detail, please add in the “Other” section below.

Outsourcing:

Were any of the CIGA outsourced to a service provider in the Islands during the Period? *

Yes / No

↓

How many service providers performed CIGA? (*)

INSERT TEXT

The Entity provides information in this section on condition that the Authority may verify any or all such information with any service provider mentioned in this section via the contact provided by the service provider to the Authority. It is the Entity's responsibility to ensure that the service provider (and the contact provided to the Authority) will be available to verify the Entity's outsourcing claim to the Authority. The Authority may treat any outsourcing claim in this section as invalid unless the service provider verifies and substantiates the outsourcing claim within 30 days of the Authority's request; i.e. in that situation the Entity must satisfy the ES test without reliance on the unverified outsourcing.

Sample ES Return: showing additional questions for HRIP

Name(s) of service provider (*)

Select from list of registered outsource service providers (OSP)	↓
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In order to be available for selection the service provider must file the Form for Outsource Service Providers with the Authority. The Entity can select more than one service provider. Where more than one is selected, the subsequent questions must be answered per service provider.

CIGA outsourced to the service provider during the Period (*)

Option to select from CIGA selected in section above	↓
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The service provider selected will receive an automatic email to confirm the details provided here. As outlined in the ES Law, the service provider will have 30 days to confirm the information provided. Where verification is not received from the service provider, the outsourcing claim made will not be considered when assessing whether the Entity has satisfied the ES Test.

Outsourcing: Expenditure incurred on outsourcing of CIGA, to the service provider during the Period (*)

Insert Monetary Amount

Outsourcing: Total number of hours incurred by employees with appropriate qualifications, during the period, to carry on the CIGA (*)

Insert Number of Hours

This field relates to hours incurred by service provider.

Does the Entity monitor and control in the Islands the carrying out of the CIGA by the service provider? (*)

Yes/No	↓
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Outsourcing: Expenditure incurred, during the Period, on outsourcing of activities that are of central importance to the Entity in terms of generating relevant income and that occurred outside the Island (*)

Insert Monetary Amount

Physical Presence, Assets and Employees:

Did the Entity have business premises/offices in the Islands during the Period? *

Yes, the physical address is provided below	↓
No physical address	

The Entity must select "no physical address" if it did not own, rent, or have use of any premises in the Islands during the Period. For the avoidance of doubt, the address of an outsource service provider would not be considered a physical address of the Entity.

The Authority recommends that an Entity with no physical address add a note in the Other section below explaining the nature of its physical presence and why that is considered to be adequate in relation to the Entity's activities.

Legal Address Type *

Residential or Business	↓
Residential	
Business	
Registered Office	
Unknown	

Generally, if 'Yes' to Physical Address - select "business" If 'No' to Physical Address - select "Registered Office".

Country Code *

--

Sample ES Return: showing additional questions for HRIP

Street

Building Identifier

Suite Identifier

Floor Identifier

District Name

Post Office Box

Post Code

City *

Country Subentity

Address Free

For example; province or state.

Address Free allows input of address information in free text. It should only be used in exceptional circumstances when it is impossible to provide the address in the fixed format.

Specify the location of the tangible assets used for the relevant activity and held by the Entity, if any, at the end of the Period *

Cayman Islands
 Drop down list of countries (may select more than one)
 No Tangible Assets

State the Net Book Value of such tangible assets used for the relevant activity and held by the Entity, if any, at the end of the Period (*)

Insert Monetary Amount

Employees (Total): Confirm the number of full-time equivalent, qualified (FTE) employees, if any, who worked in the Islands for the Entity during the Period *

Insert Number of Employees

The employee count will be based on the number of FTEs i.e. the number of persons who worked full time within the Entity, or on its behalf during the reporting period. For example, the work of persons who have not worked the full year, the work of those who have worked part-time, regardless of duration, and the work of seasonal workers are counted as fractions of an FTE. For this purpose, a standard working week will be considered as 37.5 hours and it is assumed that there are 47 working weeks in the year. In cases where directors are performing functions or part thereof which would have been performed by employees such directors should be counted as a fraction of an FTE commensurate with the time commitment of the function undertaken.

Employees (CIGA): Confirm the number of full-time equivalent, qualified (FTE) employees, if any, who worked in the Islands on the Entity's CIGA for the relevant activity during the Period *

Insert Number of Employees

Employees (Outsource):

Pre-populated using hours provided in outsource section

This information is pre-populated using the information provided in number of hours incurred by the service provider in Outsourcing section above. If you require an edit to this field please update above.

Sample ES Return: showing additional questions for HRIP

Confirm that the FTE employees have the appropriate qualifications to carry on the relevant activity *

Yes / No	↓
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Qualifications could include academic qualifications, vocational qualifications, relevant industry technical qualifications and also qualification by relevant experience.

If not, provide further details (*)

Insert Text

Expenditure

Expenses: Total operating expenditure for the Period *

Insert Monetary Amount

Operating Expenditure will generally be the entity's operating expenditure from the financial statements, excluding capital. It is assumed that expenditure incurred on outsourcing of CIGA, to the service provider, during the reporting period is included in this total.

Direct: Operating expenditure incurred, during the Period *

Insert Monetary Amount

Direct operating expenses relates to all operating expenses incurred, by the Entity with respect to the selected activity except expenditure incurred on outsourcing of CIGA.

Breakout of operating expenditure to show:

Salary and Wages *

Insert Monetary Amount

This should reflect the salary / wages paid to FTE employees of the Entity during the period e.g. salaries/wages paid to full time employees, persons who have not worked the full year, those who have worked part-time, regardless of duration, and the work of seasonal workers. For the avoidance of doubt, directors fees or fees paid to outsource service provides should not be included here.

Rent *

Insert Monetary Amount

Directors Fees *

Insert Monetary Amount

Directed and Managed in the Islands

Please confirm if the following statements are true in relation to the relevant activity carried on during the Period

The board of directors, as a whole, have the appropriate knowledge and expertise to discharge its duties as a board of directors? *

Yes / No	↓
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For the Period, were the meetings of the board of directors held, in the Islands, at adequate frequencies given the level of decision making required? *

Yes / No	↓
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For the board of directors meetings in the question above, confirm that there was a quorum of directors present in the Islands *

Yes / No	↓
----------	---

For the board of directors meetings described above, confirm that the minutes of the meetings record the making of strategic decisions of the Entity *

Yes / No	↓
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These confirmations are required by section 4(3) of the ES Law.

When answering this section for a corporate director, these questions apply to the individuals actually performing the duties.

Sample ES Return: showing additional questions for HRIP

Confirm that the minutes of all meetings of the board of directors and appropriate records of the Entity are kept in the Island *

How many board meetings were held in the Islands during the Period? *

How many board meetings were held outside of the Islands during the Period? *

Other

Please provide any other information that the Entity considers material in determining that it has adequate substance in the Islands for the Period.

Choose File and Free Text Option

Financial Statements / Books of Account

Upload a copy of the Entity's financial statements or books of account for the relevant entity's financial year. *

Choose File

These are the documents required to be held by the Entity for satisfying either section 59 of the Companies Law, section 63 of the Limited Liability Companies Law or section 11 of the Limited Liability Partnership Law (as the case may be).

Additional requirements for high risk IP business

The Entity confirms that there is and historically has been a high degree of control over the development, exploitation, maintenance, enhancement and protection of the IP asset in the Islands *

Upload a detailed business plan which clearly demonstrates the commercial rationale for holding the IP assets(s) in the Islands *

Choose up to five files

Upload a document which provides the following information on each of the Entity's FTE Employees in the Islands: level of experience; type of contract; qualifications and duration of employment *

Choose File

The Entity confirms that its decision making during the Period was made within the Islands in accordance with the ES Law, s7(4)(j)(iii) *

Sample ES Return: showing additional questions for HRIP

Declarations

Based on the details provided in this ES Return, the Entity confirms that it has satisfied the ES Test for the Period in accordance with the ES Law. *

These declarations are made by the Entity. The Entity should ensure that the person who submits this ES Return has appropriate authority or permission to do so.

YES	↓
NO	

By submitting this ES Return, the Entity:

- (a) Confirms that all information in this ES Return is accurate; and
- (b) Acknowledges that there are sanctions for knowingly or wilfully supplying false or misleading information under section 13(2) of the ES Law.
- (c) Acknowledges that the Authority will verify the details of any outsourcing with the service provider(s) specified

Submit

SAMPLE