

Economic Substance Annual Return Filing Services

The International Tax Co-operation (Economic Substance) Act ("ES Act") requires every Cayman Islands entity that has identified itself to be a relevant entity ("Entity") that is carrying on a "relevant activity" to satisfy the economic substance test ("ES Test") in relation to that relevant activity. Each Entity is required to report certain information about their relevant activities (an "ES Return") on an annual basis to the Cayman Islands Tax Information Authority to determine whether the ES Test has been satisfied.

The ES return must be made within 12 months after the last day of the end of the Entity's fiscal year (commonly 31 December) via the Department for International Tax Cooperation ("DITC") portal on the DITC website. As clients continue to look for efficiencies and renew their focus on their core business, routine and time-consuming tasks such as the submission of ES Returns, while essential, can create unnecessary operational burdens. Outsourcing these tasks to an experienced, third-party service provider can alleviate this bureaucratic pressure.

Relevant Entities and Activities

A relevant Entity is defined under the ES Act as:

- a company, other than a Domestic Company, that is:
 - incorporated under the Companies Act (As Revised); or
 - an LLC registered under the Limited Liability Companies Act (As Revised);
- a company that is incorporated outside of the Cayman Islands and registered under the Companies Act;
- a limited liability partnership that is registered in accordance with the Limited Liability Partnership Act (As Revised);
- a partnership, as defined under the Partnership Act (As Revised), other than a Local Partnership;
- an exempted limited partnership as defined under the Exempted Limited Partnership Act (As Revised);

- a partnership that is formed outside of the Cayman Islands and registered under the Exempted Limited Partnership Act;
- but does not include:
 - an Investment Fund; or
 - an entity that is tax resident outside the Cayman Islands.

The ES Test and ES Return filing requirement is applicable to a relevant Entity that carries out one or more of the following relevant activities:

- banking;
- insurance;
- shipping;
- fund management;
- financing and leasing;
- headquarters;
- distribution and service centres;
- holding company; and
- intellectual property.

Failure to satisfy the ES Test in accordance with the ES Act may lead to significant penalties (including substantial monetary fines and, in some circumstances, imprisonment).

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We can provide annual ES Return filing services for Entities that have notified the DITC that they are a relevant entity that is carrying on a relevant activity. Based on the information provided, we will submit the ES Return via the DITC portal, as a secondary user on the Entity's behalf.

Through our comprehensive knowledge of regulatory requirements since the ES Act's inception, our experience working with the DITC and submitting filings through its portal, plus our ability to liaise with your Maples Group legal advisors for information and assistance where needed, we can help to streamline the ES Return process, ensuring all required information is submitted and deadlines are met.

To do so, we require the information for each relevant activity to be provided to us in a completed template questionnaire. Required information for all Entities includes:

- confirmation of certain operating information relating to the Entity;
- its immediate and ultimate parent and ultimate beneficial owner details;
- relevant income;
- a copy of the Entity's financial statements or books of account; and

- certain confirmations relating to the Entity's compliance with the ES Act.

Entities with relevant activities other than a holding company business, will also need to provide information relating to their Core Income Generating Activities, outsourcing, physical presence, assets, employees, expenditure and management in the Cayman Islands.

Financial Statements or Books of Accounts Services

Financial statements or books of accounts are required to be filed alongside the ES Return. Our dedicated team of qualified accountants and administration professionals can assist with the financial reporting requirements necessary for filing an ES Return, including bookkeeping, accounts and / or financial statement preparation.

Maples Group Advantage

The Maples Group has unrivalled expertise in the regulatory and compliance fields. We pride ourselves on our established relationships with regulatory bodies and we are deeply involved in the development of financial services law and policy both locally and internationally. Our ability to draw on this experience enables us to provide prompt and pertinent assistance that adds real value and helps our clients determine how best to maintain compliance across multiple jurisdictions.

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