

CRS 2.0 comes to the Cayman Islands

With effect from 1 January 2026, significant changes have been made to the Cayman Islands CRS Regulations to implement the OECD's CRS 2.0.

Since 1 January 2016, the Cayman Islands has participated in the Common Reporting Standard (CRS). Ten years after it was introduced, the Cayman Islands Tax Information Authority (International Tax Compliance) (Common Reporting Standard) Regulations (CRS Regulations) have undergone their most significant amendments to date to implement updates made by the OECD to the CRS, known as "CRS 2.0".¹ The changes tighten data quality expectations, move key deadlines forward, require a local Principal Point of Contact (PPoC) and expand the scope of reportable data, particularly to address virtual assets. Cayman Islands Financial Institutions (CFIs) should familiarise themselves with the changes and ensure they are ready for the new regime.

We have provided an overview of the key changes for CFIs.

Registration requirements

Entities that become CFIs must now submit a registration form by 31 January following the calendar year in which the entity became a CFI; a move forward from the previous 30 April deadline. A transitional deadline of 30 April 2026 applies for entities that became CFIs during 2025.

Importantly, the "required information" that a CFI must provide upon registration has expanded. Newly added is the date on which the entity became a CFI; any number given to the CFI by the General Registry, the Cayman Islands Monetary Authority or another regulatory or supervisory body; a correct statement of the CFI's classification; and the details of a PPoC in the Cayman Islands.

Where any of the required information included in the registration form changes, a change form must be submitted within 30 days. Failure to do so could result in penalties.

Both registration and change forms are required to be "adequate, accurate and current" – in other words, they must contain all the details specified in the regulation, be correct and reliable and be as up-to-date as is reasonably practicable.

Principal Point of Contact

As noted, CFIs must now appoint a PPoC in the Cayman Islands. All CFIs that have not appointed a local PPoC have until 31 January 2027 to notify the Tax Information Authority (TIA) of such appointment. An industry advisory has been released which provides some clarity around what is meant by "in the Islands". Essentially, the PPoC requires a physical address in the Cayman Islands, i.e. not solely a mailing or correspondence address.

Due diligence

CFIs have always been required to establish, implement, maintain and comply with written CRS policies and procedures. However, such policies and procedures are now required to expressly

¹ The amendments to the CRS Regulations have been made by the Cayman Islands Tax Information Authority (International Tax Compliance) (Common Reporting Standard) (Amendment) Regulations, 2025.



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comply with the reporting and due diligence requirements in Sections II to VIII of the CRS itself (replacing the prior reference to Part 2 of the CRS Regulations).

This seemingly small change is likely to have a substantive impact on the content, and level of detail, of a CFI's written CRS policies and procedures; although it should not materially change the substance of what is required to be done in practice.

The CRS Regulations themselves now stipulate that a CFI must collect a "valid" self-certification at or before the opening of a new account. This requirement is subject to a limited "temporary lack of self-certification" carve-out for exceptional circumstances (where a self-certification cannot be obtained in time for opening of a new account, CFIs must apply pre existing account procedures until a valid self certification is obtained and validated). What will constitute a "valid" self-certification is also now defined. CFIs will need to update their on-boarding procedures to meet this new requirement.

Reporting requirements

From 2027 onwards, CFIs must submit both the CRS Return and the CRS Compliance Form by 30 June of the year following the reporting year (e.g. by 30 June 2027 for the 2026 reporting year). These deadlines accelerate prior timelines, which were previously 31 July for CRS Returns and 15 September for CRS Compliance Forms.

The CRS Return and CRS Compliance Form must also now be accompanied by a declaration that the information is "adequate, accurate and current".

The information that a CFI must report for each Reportable Account under the CRS itself has been expanded to include: whether the Account Holder or Reportable Person has provided a "valid" self-certification; where the Account Holder is an Entity, the role by virtue of which each Reportable Person is a Controlling Person of the Entity; whether the account is a joint account and the number of joint account holders; the account type (including whether it is a Pre-existing Account or a New Account) and, in the case of any Equity Interest held in an Investment Entity that is a legal arrangement, the roles by virtue of which the Reportable Person is an Equity Interest Holder.

Penalties and enforcement

The framework for imposing penalties has moved in two directions. On one hand, penalties no longer accrue interest and are limited to a combined primary-and-continuing penalty maximum of CI\$50,000 per offence. On the other, the TIA is no longer required to give a breach notice prior to issuing a penalty notice for reporting offences. This means there will be no ability to make written representations to the TIA and "informally" appeal any proposed penalty. The only formal avenue of appeal will be via the courts.

Virtual asset coverage

Finally, the CRS itself has been updated to reflect the developing virtual asset landscape, modernising a range of definitions to cover certain electronic money products, digital currencies, an interest in certain crypto-assets, as well as certain "Relevant Crypto-Assets" that can be used for payment or investment purposes. While many crypto-asset service providers are expected to be in scope of the OECD's Crypto-Asset Reporting Framework (those that, as a business, provide a service effectuating "exchange transactions" and "transfers" for customers involving relevant crypto-assets), some activities (for example, entities investing, administering or managing crypto-assets on behalf of others) may be captured under the CRS.

Conclusion

The introduction of CRS 2.0 represents a substantial change to the Cayman Islands CRS regime. While some transitional periods apply, CFIs should be taking steps now to get acquainted with, and prepare for, the new CRS regime (including updating policies and procedures and on-boarding protocols, once anticipated guidance is released) as reporting for the 2026 reporting period, due on 30 June 2027, will be under the new CRS 2.0 regime.