

Insights



Jalil Asif KC: EU Removing Cayman from Tax Blacklist Signals Easier Asset Tracing to the Offshore Center

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On October 6, 2020, the European Union removed the Cayman Islands from its tax blacklist, the list of non-cooperative jurisdictions for tax transparency purposes. While being on the list in and of itself had no major consequences for the Cayman Islands, the legislative and regulatory reforms brought in by the Government have made it easier to trace assets within the offshore center, Kobre & Kim's Jalil Asif KC explained.

In response to the EU's concerns about oversight of Cayman collective investment vehicles, the Cayman Islands passed a series of reforms governing the registration, administration and supervision of funds. These include expanding the kinds of funds required to register with the Cayman Islands Monetary Authority (CIMA), file audited accounts and implement appropriate internal asset-valuation procedures and proper custodial and cash-monitoring processes.

As Mr. Asif explained, these measures have strengthened anti-money laundering (AML) procedures in the Cayman Islands, increasing the availability of valuable information. "A more robust AML regime in Cayman means more investment and hedge funds will carry more documentation and be subject to greater scrutiny, thus potentially making it easier for creditors around the world to trace and recover assets in the Cayman Islands," Mr. Asif noted.