

**CAYMAN ISLANDS**



**International Tax Co-operation (Economic Substance) Law, 2018**

**(Law 45 of 2018)**

**INTERNATIONAL TAX CO-OPERATION  
(ECONOMIC SUBSTANCE) (AMENDMENT  
OF SCHEDULE) (NO. 2) REGULATIONS,  
2019**

**(SL 20 of 2019)**

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## PUBLISHING DETAILS

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**INTERNATIONAL TAX CO-OPERATION  
(ECONOMIC SUBSTANCE) (AMENDMENT OF  
SCHEDULE) (NO. 2) REGULATIONS, 2019**

**(SL 20 of 2019)**

In exercise of the powers conferred by section 15(1)(b) of the International Tax Co-operation (Economic Substance) Law, 2018 the Cabinet makes the following Regulations —

**Citation**

1. These Regulations may be cited as the *International Tax Co-operation (Economic Substance) (Amendment of Schedule) (No. 2) Regulations, 2019*.

**Amendment of the Schedule to the International Tax Co-operation (Economic Substance) Law, 2018**

2. The *International Tax Co-operation (Economic Substance) Law, 2018* is amended in the Schedule as follows —
  - (a) in the definition of the words “Cayman Islands core income generating activities”, by deleting the words “income and that are being carried out in the Islands including” and substituting the words “relevant income and, if carried on by a relevant entity, must be carried on in the Islands including”;
  - (b) by deleting the definition of the words “Consolidated Financial Statements” and substituting the following definition —

- “ **Consolidated Financial Statements**” means the financial statements of a Group in which the assets, liabilities, income, expenses and cash flows of the ultimate parent company and the Constituent Entities are presented as those of a single economic entity;”;
- (c) by deleting the definition of the words “Constituent Entity” and substituting the following definition —
- “ **Constituent Entity**” means —
- (a) any separate business unit of a Group that is included in the Consolidated Financial Statements of the Group for financial reporting purposes, or would be so included if equity interests in such business unit of a Group were traded on a public securities exchange;
  - (b) any such business unit that is excluded from the Group’s Consolidated Financial Statements solely on size or materiality grounds; and
  - (c) any permanent establishment of any separate business unit of the Group included in (a) or (b) provided the business unit prepares a separate financial statement for such permanent establishment for financial reporting, regulatory, tax reporting, or internal management control purposes;”;
- (d) by deleting the definition of the words “domestic company” and substituting the following definition —
- “ **domestic company**” means a company that is —
- (a) carrying on business in the Islands and which complies with section 4(1) of the *Local Companies (Control) Law (2019 Revision)* or section 3(a) of the *Trade and Business Licensing Law (2019 Revision)*; or
  - (b) a company referred to in section 9 or 80 of the *Companies Law (2018 Revision)*;”;
- (e) in the definition of the words “fund management business”, by inserting after the word “licensed” the words “or otherwise authorised to conduct business”;
- (f) by deleting the definition of the word “Group” and substituting the following definition —
- “ **Group**” means a collection of enterprises related through ownership or control such that it is either required to prepare Consolidated Financial Statements for financial reporting purposes under applicable accounting principles or would be so required if



- equity interests in any of the enterprises were traded on a public securities exchange;”;
- (g) in the definition of the words “high risk intellectual property business”, by deleting —
- (i) the word “or” where it appears after the semi-colon at the end of paragraph (a); and
- (ii) paragraph (b);
- (h) in the definition of the words “investment fund”, by inserting after the word “operates” the words “(but not an entity that is itself the ultimate investment held)”;
- (i) by deleting the definition of the words “pleasure vessel” and substituting the following definition —
- “ **“pleasure yacht”** has the meaning given to that expression by section 11(6) of the *Merchant Shipping Law (2016 Revision)*;”;
- (j) by deleting the definition of the words “relevant income” and substituting the following definition —
- “ **“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;”;
- (k) in the definition of the words “shipping business”, by deleting the words “the operating of a pleasure vessel” and substituting the words “the owning, operating or chartering of a pleasure yacht”; and
- (l) by inserting after the definition “subsidiary company” the following definition —
- “ **“territorial waters”** has the same meaning given to “territorial sea” in the Cayman Islands (Territorial Seas) Order 1989 of the United Kingdom;”.

**Made in Cabinet the 30<sup>th</sup> day of April, 2019.**

**Kim Bullings**  
*Clerk of the Cabinet*