

## **G-20 Summit has positive outcome for the Cayman Islands**

Following the meeting of 2nd April 2009 of the G-20 leaders in London, the OECD published a report on 82 financial centers assessing their progress towards the "internationally agreed tax standard". This standard requires exchange of information on request in all tax matters for the purposes of administering and enforcing domestic tax law.

The OECD progress report recognizes the strong position of the Cayman Islands, as a financial centre committed to meeting the highest international standards. In its report, the OECD divided the 82 jurisdictions into three categories:

1. A "white list" of jurisdictions that have substantially implemented the internationally agreed tax standard.
2. A "grey list" of jurisdictions that have committed to the internationally agreed tax standard, but are said to have not yet substantially implemented it. Most of the offshore financial centers appear on this list, including Luxembourg and Cayman as well as Switzerland and Singapore.
3. A "black list" of jurisdictions that have not committed to the internationally agreed tax standard. There were only four jurisdictions on this list: Costa Rica, Malaysia (Labuan), the Philippines and Uruguay and these countries were subsequently removed from the black list on 7 April 2009.

Of the "grey list" jurisdictions, Cayman has the highest number of bilateral tax information exchange agreements, which is understood to be the principal yardstick by which the jurisdictions' progress in tax matters has been measured. In addition, in December 2008 Cayman enacted an innovative unilateral tax information exchange mechanism to supplement its bilateral agreement negotiations. A footnote to the list states that the Cayman legislation is being reviewed by the OECD, and the Director of the OECD's Centre for Tax Policy and Administration commented favorably on the unilateral mechanism immediately prior to the G-20 meeting, saying "I appreciate the fact the Cayman Islands has sought to simplify the means by which to broaden its information exchange relationships. The Cayman Islands is setting a good example." Accordingly, it is expected that Cayman will be removed from the grey list and added to the white list in the near future.

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