



CAYMAN ISLANDS  
GOVERNMENT

## Ministry of Finance Financial Services Secretariat

# Industry Advisory

4 May 2012

### Government Establishes Task Force for FATCA Implementation

**George Town, Grand Cayman** – Following recent discussions in Washington D.C. with U.S. Treasury Officials, the Ministry of Finance announces the formation of a new task force to evaluate the suitability of a government-to-government reporting arrangement for the implementation of the U.S. Foreign Account Tax Compliance Act (FATCA) in the Cayman Islands.

The work of this Cabinet appointed task force will commence immediately and coordination of the views of the local financial services industry will be facilitated through the Financial Services Council.

This is particularly timely as the global application of FATCA will begin to take effect in 2013 and will require foreign financial institutions (FFIs) to report directly to the IRS certain information about financial accounts held by U.S. taxpayers, or by foreign entities in which U.S. taxpayers hold a substantial ownership interest.

However, following a February 2012 joint statement issued by the U.S. Government and five EU countries (U.K., France, Spain, Italy and Germany), a government-to-government reporting mechanism to FATCA's implementation may now enable FFI's to report to their local governments.

Therefore, as part of the Ministry of Finance's ongoing efforts to comply with FATCA, a March 2012 meeting with U. S. Treasury officials resulted in the following mutually agreed statement:

“As part of an ongoing dialogue on international cooperation in tax matters, a delegation from the Cayman Islands Government met with senior officials in the US Treasury to discuss matters of mutual interest. In view of current developments in relation to U.S. FATCA requirements, the discussions were productive in enhancing each jurisdiction's understanding of how these requirements could be implemented in the most appropriate manner. Both delegations welcomed the continuation of the established cooperative relationship between the Cayman Islands and the U.S. and look forward to the possibility of more detailed discussions in the future.”

As you are aware, the Ministry has been appraising itself of developments related to FATCA since 2010 and to that end has submitted comments to the U.S. Treasury and the IRS



regarding the implementation of FATCA. There has also been continual engagement with the U.S. Treasury and IRS, and the Ministry has received regular updates from Sidley Austin LLP, the Cayman Islands Government's legal representatives in Washington D.C.

The Cayman Islands Premier and Minister of Finance, Hon. McKeeva Bush, OBE, JP, fully supports the efforts of the Government to comply with FATCA. "FATCA is a global initiative with far-reaching implications, and I welcome the progress which has been made by the Ministry through the high level of engagement they have had on this significant issue," he said. "Furthermore, I encourage the valued participation of our industry in enabling Government to fully evaluate the most appropriate way to implement these requirements in the Cayman Islands".

An updated industry advisory will be issued in due course.

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