

CAYMAN ISLANDS



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**THE LAND HOLDING COMPANIES  
SHARE TRANSFER TAX LAW  
(Law 14 of 1976)**

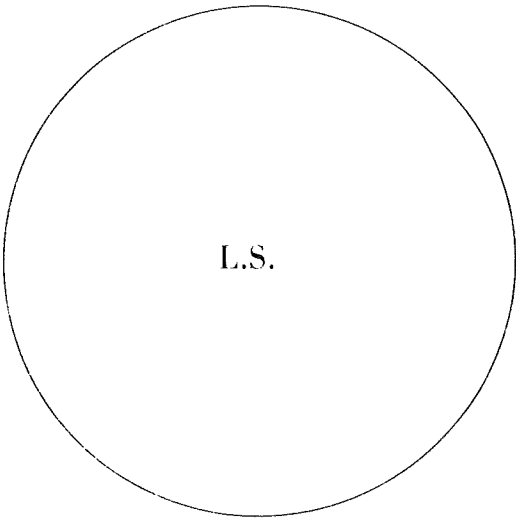
Date of operation:  
Notice of non-disallowance published in Gazette No.    of 197.

#### MEMORANDUM OF OBJECTS AND REASONS

The Land Holding Companies Equity Transfer Stamp Duty Law has been successful in collecting a considerable amount of revenue which otherwise would have been lost to Government. However, it has been complained that on the one hand it is too complicated and that on the other it allows a certain amount of potential revenue to be lost by reason of the 10 per cent rule in the definition of a “land holding company”.

This Law is intended to simplify the Law and to close all loopholes by making every company which holds land in the Islands a land holding company and by making every land holding company liable to make one annual payment at the end of each February to cover all relevant share transfers throughout the preceding year.

CAYMAN ISLANDS



Law 14 of 1976.

I assent

\_\_\_\_\_  
T. RUSSELL  
Governor

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13th September, 1976

**A LAW to repeal and replace the Land Holding Companies Equity Transfer Stamp Duty Law.**

ENACTED by the Legislature of the Cayman Islands.

Short title and commencement.

1. This Law may be cited as the Land Holding Companies Share Transfer Tax Law and shall come into operation on the 1st day of January, 1977.

Definitions.

2. In this Law, unless the context otherwise requires —

“charitable corporation” means a corporation whose main objects are charitable and which has been certified as such by the Governor in Council;

“corporation” includes a foreign corporation, a chartered corporation, a mutual fund and a company incorporated under the Companies Law but does not include a corporation sole or a charitable corporation;

“equity capital” with respect to a corporation includes all shares, stock and scrip whether registered, inscribed or bearer which, other than by way of a fixed and predetermined right to interest and repayment of subscribed capital at par, entitles the owner to any variable right of participation in the corporation’s profit, whether by way of dividend, bonus, conversion or distribution upon winding-up;

“immovable property” means immovable property in, on, under or over land in the Cayman Islands including all structures built into or adhering to such land, but does not include tenant’s fixtures, or removable fixtures or power plants installed for the purpose of trade, industry, agriculture or animal husbandry;

“land holding” means every legal or beneficial interest in landed property other than such interest held by a legal or equitable mortgagee or chargee by way of bona fide security for the payment of money or money’s worth;

“land holding corporation” means a corporation, other than a charitable corporation, which —

- (a) is the legal or beneficial owner of any land holding; or
- (b) is the legal or beneficial owner of any equity capital of a land holding corporation;

“landed property” means every legal or beneficial interest in, or claim to, or over immovable property whether freehold or leasehold provided that in the case of leasehold property, the original lease was for a term exceeding thirty (30) years; and

“share” includes stock and all other subdivisions of equity capital.

“transfer” includes, in addition to a transfer of shares, every dealing or transaction, whether by the issue of shares, the placement of shares, the grant or take up of any rights, the exchange of shares, the conversion of shares, the grant or exercise of an option or other means howsoever whereby equity capital undergoes a change of beneficial ownership or proportion of ownership or a change occurs in the entitlement or potential entitlement of any person to a share in the distribution of a corporation’s profit or capital.

Return and payment to be made by land holding corporation.

3. Every land holding corporation shall before the first day of March in each year make return to the Financial Secretary in the prescribed form showing —
- (a) all the landed property at any time held by the corporation in the preceding year, the market value of each parcel thereof and the market value of the total;
  - (b) all the corporation’s interests in other land holding corporations;
  - (c) the total issued equity share capital of the company at the beginning of the preceding year;
  - (d) the total of dealings in equity capital in the preceding year showing the number of transfers, the number of shares transferred in each case and the total number of shares transferred;
  - (e) the proportion that the total number of shares so transferred bears to the whole of the issued equity capital expressed as a fraction

and shall pay to the Financial Secretary for the benefit of the revenue a sum equal to 7½ percent of the total value of landed property returned in paragraph (a) multiplied by the fraction arrived at in paragraph (e).

Exemption of transfers between trustees of the same trust etc.

4. For the purpose of paragraph (d) of section 3, transfers between trustees or between nominees where there is no change in beneficial interest are not “dealings”.

Regulations.

5. The Governor in Council may make Regulations prescribing forms and procedures to be used in compliance with this Law.

Penal, neglect to make return etc.

6. Whoever being a director, manager or secretary of a land holding corporation fails to comply with any provision of section 3 is guilty of an offence and liable on summary conviction to a fine not exceeding \$1,000 or to imprisonment for a term not exceeding six months or both and every land holding corporation in respect of which default under section 3 is made is guilty of an offence and liable on summary conviction to pay a fine not exceeding \$1,000 or three times the duty otherwise payable under this Law whichever is the greater.

Penal, false statements etc.

7. Whoever makes any return under section 3 or any statement relevant to the liability of any person or corporation thereunder containing matter in the truth

of which he does not believe (proof of his belief being upon him) is guilty of an offence and liable on summary conviction to a fine not exceeding \$1,000 or to imprisonment not exceeding six months or both.

Valuation disputes.

8. Should any dispute arise as to the market value of any property for the purpose of compliance with paragraph (a) of section 3 it shall be settled in the same manner as a stamp duty adjudication under the Stamp Duty Law with the same right of appeal from decisions of the Financial Secretary in his capacity of adjudicator.

Law 5 of 1973.

Repeal of Law 15 of 1971.

9. The Land Holding Companies Equity Transfer Stamp Duty Law is hereby repealed.

Transitional provisions. Law 15 of 1971.

10. Transactions which have suffered a charge to stamp duty under the Land Holding Companies Equity Transfer Stamp Duty Law, 1971 are not transactions for the purpose of this Law.

Passed the Legislative Assembly this 7th day of September, 1976.

T. RUSSELL  
President

SYBIL McLAUGHLIN  
Clerk of the Legislative Assembly.