

Offence of making false statements, etc.

Valuation disputes  
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fine of one thousand dollars or three times the duty otherwise payable under this Law whichever is the greater.

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 of one thousand dollars and to imprisonment for six months.

8. Should any dispute arise as to the market value of any property for the purpose of compliance with of section 3 it shall be settled in the same manner as a stamp duty adjudication under the Stamp Duty Law (2002 Revision) with the same right of appeal from decisions of the Financial Secretary in his capacity of adjudicator.

Publication in consolidated and revised form authorised by the Governor in Council this 4th day of June, 2002.

Carmena Watler

Clerk of the Executive Council

*Note: By virtue of the provisions of section 1(2) and (3) of Law 31 of 2001 the following paragraph (c) came into operation on the 14th November, 2001 in substitution for paragraph (c) of subsection (1) of section 3 on page 6, and shall cease to have effect on the 14th November, 2002, at which time paragraph (c), as set out on page 6 shall come back into operation-*

*“(c) a sum for the benefit of the revenue equivalent to five per centum of the taxable value of such transfer.”*

Supplement No. 5 published with Gazette No. 13 of 2<sup>nd</sup> July, 2002.

**LAND HOLDING COMPANIES SHARE TRANSFER TAX LAW**  
**(2002 Revision)**

Law 14 of 1976 consolidated with Laws 15 of 1978, 25 of 1978, 20 of 1983, 18 of 1991, 31 of 1993, 15 of 2001 and 31 of 2001.

Revised under the authority of the Law Revision Law (1999 Revision).

Originally enacted-

Law 14 of 1976-7th September, 1976  
Law 15 of 1978-15th June, 1978  
Law 25 of 1978-28th November, 1978  
Law 20 of 1983-21st June, 1983  
Law 18 of 1991-11th September, 1991  
Law 31 of 1993-29th November, 1993  
Law 15 of 2001-25th May, 2001  
Law 31 of 2001-14th November, 2001.

Consolidated and revised this 4th day of June, 2002.

*Note (not forming part of the Law): This revision replaces the 1995 Revision which should now be discarded.*

(ii) *equivalent to seven and one half per centum of the taxable value of such transfer in the case where fifty per centum or more of the market value of the landed property of the landed corporation is situate in areas not specified in subparagraph (i).*

(2) For the purposes of this section, the taxable value of a transfer shall be a sum equivalent to the same proportion of the total market value of all the landed property of the relevant corporation at the time of the transfer as the nominal value of the share, or shares, to which the transfer relates bears to the nominal value of the whole of the issued equity capital of the corporation.

(3) Where the Financial Secretary is satisfied that there is a transfer of land holding to or from a land holding corporation and the transfer is, as the case may be, from or to a person or persons who in aggregate are the legal and beneficial owners of not less than forty-five per centum of the shares in the land holding corporation, then he may, in his absolute discretion, abate the sum due and payable under the provisions of subsection (1)(c) by such percentage, not being a percentage greater than the aforementioned person or persons percentage holding in the said company, as he shall think fit.

4. Section 3 does not apply to transfers effected as a result of-
- (a) an order of a court, unless the court otherwise directs;
  - (b) distribution of property by personal representatives acting in that capacity;
  - (c) distribution of the estate of a bankrupt;
  - (d) transfers between trustees or nominees which effect no change in beneficial ownership;
  - (e) transfers for natural love and affection between parents and children or between spouses; and
  - (f) transfers for natural love and affection between children born of the same parent, or between grandparents and grandchildren where such transfers have been certified by the Financial Secretary to be transfers in respect of which he is satisfied that the provisions of this section may properly apply.

Transfers between trustees, etc.

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

Regulations

6. Whoever being a director, manager or secretary of a land holding corporation fails to comply with section 3 is guilty of an offence and liable on summary conviction to a fine of one thousand dollars and to imprisonment for six months 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 a

Offence of neglecting to make return, etc.

“might be expected to realise” refers to the expectation of properly qualified persons who are informed of all particulars ascertainable about the property and its capabilities, the demand for it and likely buyers;

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“partnership” includes a limited partnership established pursuant to the Partnership Law (2002 Revision) and a general or limited partnership established pursuant to the laws of any other jurisdiction;

“share” includes an interest in a partnership, 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; and

“willing seller” means a person selling as free agent, as distinct from one who is forced to sell under compulsory powers.

Returns, etc., of transfers to be delivered and tax payable

3. (1) Within thirty-one days of any transfer of any equity capital of a land holding corporation such corporation shall deliver to the Financial Secretary-

- (a) the instrument, if any, whereby such transfer is effected;
- (b) a return in the prescribed form containing the prescribed particulars relating to the corporation, its landed property, the transfer and connected matters; and

\*See note on page 8

- \*(c) a sum for the benefit of the revenue-
  - (i) equivalent to nine per centum of the taxable value of such transfer in the case where fifty per centum or more of the market value of the landed property of the land holding corporation is situate in any of the following registration sections, blocks and parcels-

Registration Section	Block
(A) West Bay	5C, (parcels with water frontage only, but including any parcel subsequently derived from another parcel with water frontage existing at the 9th June, 1997) 5D, 10A, 10E, 11B, 11C, 11D, 12C, 12D, 12E, 17A.
(B) George Town	13B, 13C, 13E, 13EH (parcels with road frontage on West Bay Road, Eastern Avenue and North Church Street) 13D (parcels with road frontage on Eastern Avenue) 14BG, 14BH, 14BJ, 14CJ, OPY, 18A; or

LAND HOLDING COMPANIES SHARE TRANSFER TAX LAW  
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ARRANGEMENT OF SECTIONS

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LAND HOLDING COMPANIES SHARE TRANSFER TAX LAW  
(2002 Revision)

1. This Law may be cited as the Land Holding Companies Share Transfer Tax Law (2002 Revision). Short title

2. In this Law- Definitions

“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 partnership, a foreign corporation, a chartered corporation, a mutual fund and a company incorporated under the Companies Law (2002 Revision) but does not include a corporation sole or a charitable corporation; 2002 Revision

“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 and such other corporations as the Governor may by notice published in the Gazette for the time being specify, 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 years;

“market value” means the amount which land if sold on the open market by a willing seller might be expected to realise;