

Supplement No. 6 published with Gazette No. 6 of 20th March, 1995.

THE LAND HOLDING COMPANIES SHARE TRANSFER TAX LAW

(14 of 1976)

(1995 Revision)

Consolidated with Laws 15 of 1978, 25 of 1978, 20 of 1983, 18 of 1991 and 31 of 1993.

Revised under the authority of the Law Revision Law (19 of 1975).

Originally enacted-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

Consolidated and revised this 7th day of February, 1995.

LAND HOLDING COMPANIES
SHARE TRANSFER TAX LAW (LAW 14 OF 1976)
(1995 Revision)

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LAND HOLDING COMPANIES

SHARE TRANSFER TAX LAW (Law 14 OF 1976)

(1995 Revision)

1. This Law may be cited as the Land Holding Companies Share Transfer Tax Law (1995 Revision). Short title

2. In this Law, unless the context otherwise requires- 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 (Revised) but does not include a corporation sole or a charitable corporation; 1990 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;

Law 26 of 1983

“partnership” includes a limited partnership established pursuant to the Partnership Law, 1983 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; and

“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.

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

(c) a sum for the benefit of the revenue equivalent to seven and one half per centum of the taxable value of such transfer.

(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. The provisions of section 3 do 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.
5. The Governor in Council may make Regulations prescribing forms and procedures to be used in compliance with this Law.
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 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 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 with the same right of appeal from decisions of the Financial Secretary in his capacity of adjudicator.
- Transfers between trustees, etc.
- Regulations
- Offence of neglecting to make return, etc.
- Offence of making false statements, etc.
- Valuation disputes
Law 5 of 1973

Publication in consolidated and revised form authorised by the Governor in Council this 7th day of February, 1995.

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Acting Clerk of the Executive Council

ERRATUM

Land Holding Companies Share Transfer Tax Law

(1995 Revision)

In the above revision, which was published as Supplement No. 6 with Gazette No. 6 of 20th March, 1995, a comma was inadvertently misplaced in the definition of “land holding corporation”. As this misplacement affects the interpretation of that phrase subscribers to the Gazette and other purchasers of this particular revision should correct their copies thus:

In section 2 delete the comma immediately following the word “corporation” in the second line of the definition of “land holding corporation” and insert a comma immediately following the word “specify” in the third line of the said definition so that the first three lines of the said definition read-

“ “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-”.