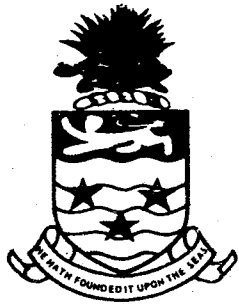


CAYMAN ISLANDS



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THE TAX CONCESSIONS LAW
(Revised)

CAYMAN ISLANDS

THE TAX CONCESSIONS LAW

(Cap. 164)

(Revised)

Consolidated with Law 22 of 1969
Law 6 of 1973

Originally enacted 1st May, 1963
Law 22 of 1969 19 December, 1969
Law 6 of 1973 2nd August, 1973

Published in revised form this 16th day of January, 1978, by authority of the Law Revision Law (No. 19 of 1975).

PART I.

Preliminary

Short title.

1. This Law may be cited as the Tax Concessions Law (Revised).

Interpretation.

2. In this Law —

“approved investments” means any investment approved by the Governor in Council in accordance with section 3;

“business” includes enterprise and industry;

“exempted company” means a company registered as an exempted company under section 180 of the Companies Law.

Cap. 22.

PART II.

Approved Investments

Approval of investments.

3. (1) Subject to the provisions of this section, the Governor in Council on the application of any company may approve the investment of money in a business carried on or proposed to be carried on in the Islands, and which conforms to the following requirements —

(a) its operation is such as is likely to bring direct benefit to the Islands, either in development of the tourist industry, beneficial exploitation of natural resources, development of export trade, increased revenues to the Government, improved provision of internal needs, or otherwise as the Governor in Council may be satisfied will redound to the public good;

(b) it undertakes to employ available Caymanian unskilled and skilled labour and clerical and supervisory staff in preference to non-Caymanian unskilled labour or skilled labour or clerical or supervisory staff with comparable qualifications.

(2) The Governor in Council shall not approve an investment under this section unless he is satisfied that, other than the value of land, the amount of money to be invested in the business is not less than \$10,000 and that not less than three-fourths thereof is being brought into the Islands from sources outside the Islands for the purpose of the investment.

Tax exemption on approved investments.

4. (1) An approved investment shall be exempted from any form of tax or duty computed on profits or income, which may be imposed by any legislation having effect in the Islands.

(2) The exemption aforesaid shall be for such reasonable period as will, in

the opinion of the Governor in Council, permit the company to recoup in profits or net income the approved investment, and shall in no case be for more than twenty-five years from the date on which the investment is approved pursuant to this Law.

(3) The Governor in Council may on the application of any company approve an increase of that company's approved investment, but the period of exemption pursuant to subsection (2) shall not thereby be extended beyond the period originally established in relation to that company.

Saving.

5. In the event of the enactment of any legislation in the Islands imposing any tax referred to in this Part, nothing herein contained shall be construed so as to prevent the application of any such tax to any company in respect of capital other than approved investments, or in respect of profits or income therefrom.

PART III.

Exempted Companies

Governor to give undertaking.

6. (1) The Governor in Council may give an undertaking to any exempted company that makes application therefor that no law which is hereafter enacted in the Islands imposing any tax to be levied on profits or income or gains or appreciations shall apply to such exempted company or its operations.

(2) Any undertaking given under subsection (1) may provide, in addition, that the aforesaid tax and any tax in the nature of estate duty or inheritance tax shall not be payable on the shares, debentures or other obligations of the exempted company.

(3) Any such undertaking as aforesaid may be for any period not exceeding thirty years from the date of the approval of the application and may be in such form as the Governor in Council shall determine.

Saving.

7. Nothing in this Part shall be construed as exempting any other person ordinarily resident in the Islands from the provisions of any Law imposing any tax referred to in this Law.

Published in revised form authorized this 10th day of January, 1978.

JENNY MANDERSON
Clerk of the Executive Council