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**TAX CONCESSIONS LAW**

**(1999 Revision)**

Cap. 164 consolidated with Laws 22 of 1969, 6 of 1973, 25 of 1991, 12 of 1994 and 8 of 1997.

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

Originally enacted-

Cap. 164-1st January, 1964  
Law 22 of 1969-15th December, 1969  
Law 6 of 1973-28th June, 1973  
Law 25 of 1991-12th December, 1991  
Law 12 of 1994-23rd September, 1994  
Law 8 of 1997-18th April, 1997.

Consolidated and revised this 5th day of January, 1999.

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



**TAX CONCESSIONS LAW**

**(1999 Revision)**

**ARRANGEMENT OF SECTIONS**

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## **TAX CONCESSIONS LAW**

**(1999 Revision)**

### **PART I- Introductory**

1. This Law may be cited as the Tax Concessions Law (1999 Revision). Short title
2. In this Law - Definitions  
  
“approved investments” mean any investments 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 183 of the Companies Law (1998 Revision); and 1998 Revision  
  
“Governor” means the Governor in Council.

### **PART II-Approved Investments**

3. (1) Subject to this section, the Governor, 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- Approval of investments
  - (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 may be satisfied will redound to the public good; and
  - (b) it undertakes to employ available Caymanian unskilled and skilled labour and clerical and supervisory staff in preference to non-Caymanian unskilled or skilled labour or clerical or supervisory staff with comparable qualifications.
- (2) The Governor 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 ten thousand dollars 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 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, 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.

(3) The Governor 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 re taxes

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 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, income, gains or appreciations shall apply to such exempted company or its operations.

(2) An undertaking given under subsection (1) may provide, in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax, shall be payable-

- (a) on or in respect of the shares, debentures or other obligations of the exempted company; or
- (b) by way of the withholding in whole or part of any relevant payment.

(3) In subsection (2)(b) "relevant payment" means-

- (a) a payment of dividend or other distribution of income or capital by the exempted company to its members; or

- (b) a payment of -
  - (i) principal or interest; or
  - (ii) other sums due under a debenture or other obligation of the exempted company.
- (4) In the period beginning 1st May, 1963 and ending on 1st September, 1996-
  - (a) the power of the Governor to give an undertaking to an exempted company under subsection (1) shall be deemed always to have included the power to give in any such undertaking the provision described in subsection (2)(b); and
  - (b) any undertaking given under subsection (1) shall be deemed to include the undertaking described in subsection (2)(b).

(5) 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 shall determine.

7. Nothing in this Part shall be construed as exempting any other person not being an exempted company, exempted limited partnership or exempted trust ordinarily resident in the Islands from any Law imposing any tax referred to in this Law.

*Saving re exemptions*

Publication in consolidated and revised form authorised by the Governor in Council this 5th day of January, 1999.

Carmena H. Parsons  
Clerk of Executive Council