

UPDATE

Cayman economic substance deadlines

Update prepared by Sara Galletly (Cayman Islands)

The Cayman Islands Department for International Tax Co-operation (DITC) issued an advisory on 8 February 2021 reminding industry of the first year deadlines for economic substance filings.

The DITC's online portal now has full functionality for economic substance filings and the deadlines are as follows:

Entities tax resident in another jurisdiction

For entities reporting on a financial period ending between 31 December 2019 and 29 February 2020, which claim to be tax resident in another jurisdiction, the deadline is **28 February 2021** (irrespective of which relevant activity is being carried on).

For such entities reporting on a financial period ending on or after 1 March 2020, the deadline is **12 months after the period end date**.

Economic substance returns

Intellectual property (IP) business

For relevant entities reporting in relation to IP business carried on during a financial period ending between 31 December 2019 and 29 February 2020, the deadline is **28 February 2021**.

For such entities reporting on a period ending on or after 1 March 2020, the deadline is **12 months after the period end date**.

All other relevant activities

For relevant entities reporting in relation to any relevant activity other than IP business carried on during a financial period ending between 31 December 2019 and 30 April 2020, the deadline is **30 April 2021**.

For such entities reporting on a period ending on or after 1 May 2020, the deadline is **12 months after the period end date**.

Next steps

It is important to submit economic substance returns before the deadline. The economic substance legislation imposes a late filing penalty of US\$6,098 and an additional penalty of US\$610 for each day during which the failure to file continues. For further information, or for assistance with the preparation and submission of any economic substance return or form, please contact your usual Mourant contact or get in touch with one of the contacts named below.

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