

# Tax Information Authority



**CAYMAN ISLANDS**

## **GUIDANCE NOTES ON THE REPORTING OF SAVINGS INCOME INFORMATION REQUIREMENTS IN THE CAYMAN ISLANDS**

**NOVEMBER 2006**

These Guidance Notes are issued under section 7 of the Reporting of Savings Income Information (European Union) Law, 2005 by the Tax Information Authority as the *Competent Authority* for the purposes of the legislation.

This is version 2.0 of the Guidance Notes.

Contact details:

*Tax Information Authority  
PO Box 10080  
Elizabethan Square (3<sup>rd</sup> Floor, Phase III)  
80 Shedden Road  
George Town  
Grand Cayman KY1-1001  
Cayman Islands*

*Email: [tia@gov.ky](mailto:tia@gov.ky)  
Fax: 345 946 4804*

Website: [www.tia.gov.ky](http://www.tia.gov.ky)

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## SECTION I

### Introduction

1. The Cayman Islands Government has entered into bilateral agreements with each of the Member States of the European Union in relation to the reporting of *savings income* information. In order to effect the implementation of these agreements a law was passed by the Legislative Assembly entitled the Reporting of Savings Income Information (European Union) Law, 2005 (“the Law”). The general form of the Master Agreement for these bilateral agreements is in Schedule 1 to the Law. The Law and Master Agreement can be found at [www.tia.gov.ky](http://www.tia.gov.ky) and are at **Appendix 1**.

Regulations under the Law were made on 19 September 2005. The Reporting of Savings Income Information (European Union) Regulations 2005 (“the regulations”) can be found at [www.tia.gov.ky](http://www.tia.gov.ky) and are at **Appendix 2**. The reporting requirements and definitions of key concepts are set out in these regulations

2. To assist with interpretation and compliance, section 7 of the Law provides that “the *Competent Authority* may issue guidance notes for the purpose of giving practical guidance to *paying agents, receiving agents* and other persons with respect to any requirements under the Law or the regulations”. After consultation with representatives from the financial services industry, the *Competent Authority* has prepared these Guidance Notes (also referred to as “Guidance”, “Notes” or “GN”) to accompany the implementing legislation.
3. The italicized terms in these Guidance Notes have the same meanings as defined in the Law or the regulations, and interested persons should distinguish how these terms are defined and used in the Law and regulations from other interpretations of these terms which may be in common usage.
4. Certain issues may not be covered in these Guidance Notes where the Law and regulations are considered to be sufficiently clear. Where topics are covered, the Notes are not exhaustive but do seek to convey principles which can be applied to various situations and circumstances. If further guidance is required, it may be sought from the *Competent Authority*.
5. These Guidance Notes are designed to assist persons who may be affected by the legislation. They are not legal advice and should therefore not be treated as such. If legal advice is required it should be sought from a qualified legal practitioner. Similarly, where any further guidance is sought from the *Competent Authority* this will not constitute legal advice and again the advice of a qualified legal practitioner should be sought.
6. A guiding principle in implementing the legislation, and therefore of these Guidance Notes, is the desire to avoid unnecessary administrative and cost burdens and to ensure the efficient operation of the reporting requirements. Accordingly, these Guidance Notes are not definitive or immutable and valid suggestions for alterations and amendments will be welcomed by the *Competent Authority*.

7. This is version 2.0 of the Guidance Notes. An Explanatory Memorandum which highlights significant changes from version 1.0 accompanies this new version and can be found at [www.tia.gov.ky](http://www.tia.gov.ky) . Subsequent versions will be issued periodically.
  
8. Users should pay particular attention to the key principle that the reporting requirements apply to payments of *savings income*, (as defined in Regulation 4), made by a *paying agent* (as defined in Regulation 2) established within the Cayman Islands, to *relevant payees* (as defined in Regulation 3), who are individuals resident in an EU Member State.

## SECTION II

### The purpose of the Guidance Notes

9. This Guidance is intended to offer practical assistance to those who fall within the scope of the reporting of *savings income* information requirements. As indicated above, these Notes are not a legal document and do not replace the need to obtain legal advice. Rather, the Notes are intended to help users answer for themselves such questions as, for example, whether they are *paying agents*, whether they are persons to whom *savings income* payments are made, and whether such payments are subject to the reporting requirements.
10. The Notes include guidance on:
  - who is a *paying agent*;
  - who is a *relevant payee*;
  - what are *residual entities*;
  - what is *savings income*;
  - the responsibilities of *paying and receiving agents*;
  - how identity and residence are to be established;
  - what information needs to be reported;
  - how to make a report.
11. Primarily these Notes are aimed at those who may be *paying agents* within the Islands and who therefore have responsibility for reporting *savings income* payments made to individuals resident in an EU Member State.
12. The Notes should have particular relevance for banks, registrars, custodians and other financial institutions which make payments of *savings income*, or distributions from certain *collective investment funds*, to individuals who are resident for tax purposes in EU Member States. They may also be of interest to financial intermediaries which purchase *money debts* or units in *collective investment funds* from individuals subject to the reporting requirements, businesses which redeem *money debts* or units in *collective investment funds* held by individuals and stockbrokers and others who act for individuals in the sale of such investments. They may also be relevant for those (such as accountants, lawyers or nominee companies) who hold or administer *money debts* and investments in *collective investment funds* on behalf of individuals.
13. Every person or organisation which may be affected by the reporting requirements should carefully review the Law and regulations together with these Guidance Notes and take professional advice as required. A systems based approach to the obligations set out in the Law may be of assistance. Persons or organisations may also wish to consider developing their own flowchart to assist in determining whether, on the basis of their activities and the facts relating to those with whom they may do business, they have any obligations under the Law.

14. Whilst there are many forms which such a flowchart may take, some of the relevant questions which might be included are:
- i. Is *savings income* paid or received in respect of any person?  
  
If the answer is no, a reporting obligation is unlikely to arise. If the answer is yes, then the other questions below may need to be addressed;
  - ii. Are any of the persons to whom *savings income* is paid, or on behalf of whom it is secured, natural persons (as distinct from legal persons such as companies or other bodies corporate, or one of the types of trust which is outside of the scope of the reporting requirements)?  
  
If the answer is no, a reporting obligation is unlikely to arise. If the answer is yes, then the other questions below may need to be addressed;
  - iii. Do any of the natural persons to whom *savings income* is paid reside in one of the EU Member States?  
  
If the answer is no, a reporting obligation is unlikely to arise. If the answer is yes, then the last question below may need to be addressed;
  - iv. Is the payment made in the capacity of a *paying agent* or a *receiving agent*?  
  
If the answer is no, a reporting obligation does not arise. If the answer is yes, a report should be made in accordance with the reporting requirements.
15. Other questions may be added to a flowchart based on the type of business which is conducted by a potential *paying* or *receiving agent* and other relevant factors. The basic framework which is set out above is not complete and is intended as a guide to form only.
16. The chart at **Appendix 3** may help in determining whether or not any reporting obligations arise under the Law and regulations.

## SECTION III

### *Savings Income*

#### **What is *savings income*?**

17. *Savings income* is broadly any income which is, contains, or is derived from interest. Other types of income (e.g. company dividends, pensions, rents, trading profits or employment income) are not considered to be *savings income* even where they are derived from investments. Income accumulated or rolled-up in some way in the disposal proceeds of certain savings instruments is *savings income*.
18. **Capital gains are not *savings income*.** However, certain types of income and capital gains may be included in the amounts that are reportable under the regulations if it is not possible to isolate the amount of *savings income* in a larger payment and, in the case of sale or redemption of shares or units in a *collective investment fund*, *savings income* is not restricted to income derived from interest.
19. Reports are required for all *savings income* payments by a *paying agent* to a *relevant payee*.

#### **Interest and *money debts***

20. All interest earned on debts derived from the lending of money is included as *savings income*. This includes interest on bank and building society accounts as well as interest on all types of debt securities (such as Treasuries or corporate bonds).
21. The term interest also includes for the purposes of the regulations:
  - premiums and discounts derived from *money debts*;
  - prizes (including premium bond prizes) attributable to *money debts*;
  - dividends on building society share accounts (including permanent interest bearing shares);
  - share interest paid by registered industrial and provident societies; and
  - interest accrued and paid after 1 July 2005.

Interest on *money debts* is reportable regardless of whether the debt is in bearer or registered form.

22. Client money (whether in designated or undesignated accounts) and margin or collateral deposited in the course of transactions in financial (and other) markets are *money debts* which arise from the lending of money. Interest on such sums is therefore *savings income*.

23. **Savings income does not include** any income (including any interest) which does not arise from a *money debt*. Examples of payments which are not *savings income* include:
- dividends on ordinary shares in a company (unless the company is an open-ended investment company – see section on *collective investment funds* below);
  - dividends from preference shares;
  - pensions, annuities and payouts from insurance policies;
  - lottery, gaming and betting winnings, etc (unless as a prize attributable to a *money debt* – see GN 21);
  - payments under contracts for differences;
  - manufactured payments arising during stock loans or under sale and repurchase agreements (including where the underlying security is a *money debt*);
  - discounts arising in the secondary markets as opposed to original issue discount;
  - return on capital introduced by way of loan;
  - penalty charges for late payment.
24. There are two types of debt which do not count as *money debts* for the purposes of the regulations (and so do not produce *savings income* even where they give rise to interest):
- debts which do not arise from a transaction for the lending of money (for instance where there is a late payment and compensation interest is paid); and
  - certain debt securities which already existed before 1 March 2001 (see Section VII - Transitional provisions for *negotiable debt securities*).
25. Debts which do not arise from a transaction for the lending of money include any debts arising from ordinary commercial or private transactions to purchase goods, services or other assets (e.g. land). The main consequence of this exclusion is that interest on late paid trade debts is not *savings income* and is not reportable. Penalty charges on late paid debts are also excluded from being *savings income*.
26. Structured products and derivatives can take many forms and it is not possible to provide specific guidance on the different forms that they can take. However, the general principle in the regulations - that only interest on *money debts* is reportable - applies equally to structured products and derivatives. If an instrument is not a *money debt*, or does not pay interest, no reporting will arise. Where there are reasonable grounds for uncertainty as to whether an instrument produces interest or not, it should be treated as producing interest for the purposes of the reporting requirements.

## Accrued and capitalised interest

27. *Savings income* is also regarded as paid when a *money debt* is sold to a *paying agent* (or a *receiving agent*) or redeemed by the debtor. Interest added to an account with a bank or building society when the account is closed is interest in the normal way and treated as such. Accrued interest, premiums and discounts paid out at the redemption of securities by the issuer, or included in part of the price paid by a third party purchaser at sale before redemption are also *savings income*.

28. Market makers who purchase interest-bearing securities from *relevant payees* or *residual entities* or agents acting for the seller (e.g. stockbrokers) could therefore be *paying agents* for the purposes of the regulations. This could be the case even if they are not the *paying agent* in respect of the coupon payments made to the *relevant payee* or *residual entity* selling the securities.
29. Accrued or capitalised interest normally only arises if:
- a security is sold to the *paying agent* cum dividend (*i.e.* **with** an entitlement to the next coupon payment) - in those circumstances the price will include an amount of accrued interest for the period from the last coupon payment date to the date of transfer of the security;
  - it was purchased by the seller at a discount; or
  - the sale price includes, or takes account of, a premium paid on redemption by the issuer.
30. If the security is purchased ex dividend (*i.e.* **without** an entitlement to the next coupon payment), there will not normally be any accrued interest in the selling price and therefore no reportable *savings income*. The next coupon payment to the *relevant payee* or *residual entity* may, of course, be reportable in the normal way by the appropriate *paying agent*.
31. Transfers of *money debts* under stock loan or sale and repurchase (“repo”) agreements do not give rise to reportable *savings income* (and manufactured payments which are representative of interest on such debts are also not reportable savings income – see GN 23). But a *money debt* which is acquired by a *relevant payee* or *residual entity* under a stock loan or repo agreement may give rise to *savings income* if the debt is sold, or if interest on the debt is received, by the *relevant payee* or *residual entity* during the term of the agreement.
32. For accrued or capitalised interest, either the amount of the *savings income* or the full amount of the proceeds of the sale or redemption of the securities may be reported. Information from established information vendors may be relied upon to determine the *savings income* realised on sale or redemption, although the *paying agent* remains legally responsible for the content of the report.

### ***Collective Investment Funds***

33. The interest element included in distributions paid by certain *collective investment funds* is also *savings income*. Interest element includes premiums, discounts and other income treated as interest on a *money debt*. It does not include interest on certain bonds (see Section VII - Transitional Provisions for *negotiable debt securities*.)
34. A *collective investment fund* is an investment fund or other collective investment scheme, which is:
- (a) a UCITS;
  - (b) a *Mutual Fund*;
  - (c) a UCITS equivalent in a country or territory listed in Schedule 1 to the regulations; or
  - (d) an entity established for collective investment in a place other than the Cayman Islands, an EU Member State or a country or territory listed in Schedule 1 to the regulations.

If a *collective investment fund* is either a segregated portfolio company registered pursuant to Part XIV of the Companies Law (2004 Revision), or provides arrangements for separate pooling of the contributions of the participants and the profits or income out of which payments are to be made to them and under which participants are entitled to exchange rights in one pool for rights in another, each segregated portfolio or separate pool shall be treated as a separate *collective investment fund*.

A fund may be treated by *paying agents* in the Cayman Islands on the basis that it is treated in the jurisdiction in which it is organised.

35. An “elective UCITS” is a *residual entity* which has been given a certificate by the place in which it is established allowing it to be treated as a UCITS. An “elective UCITS” is therefore a *collective investment fund*.
36. Funds authorised under Section 4(3) or Section 4(1)(b) of the Mutual Funds Law (2003 Revision), commonly known as “registered” or “administered” funds, are not included in the definition of *Mutual Fund* for the purposes of the Law and therefore do not give rise to a reporting obligation.
37. Limited partnerships are not included in the definition of undertakings for collective investment.

### ***Collective investment funds: Distributions***

38. A distribution by a *collective investment fund* only contains *savings income* if the fund has invested sufficient of its assets in *money debts* – excluding grandfathered bonds (see Section VII - Transitional Provisions for *negotiable debt securities*). *Savings income* in distributions by *collective investment funds* is reportable if the fund has invested more than 15% of its assets directly or indirectly (via other *collective investment funds* or *residual entities*) in *money debts*. If it is not possible to determine how much of the fund is invested directly or indirectly in *money debts*, it is assumed that all such distributions will be reportable.
39. Equalisation payments made to investors are a return of capital and are not considered to be *savings income*.
40. Accumulation of income in a *collective investment fund* whereby the value of units or shares is increased does not constitute a distribution and is therefore not reportable as a payment of *savings income*.
41. Where a distribution from a *collective investment fund* is (according to the rules of the fund) automatically reinvested into the acquisition of additional shares or units in the same *collective investment fund*, and does not require a physical separation of the distribution from the *collective investment fund* and its subsequent reinvestment, such a distribution is not reportable as a payment of *savings income*. However, where there is an elective reinvestment of a distribution, or where the distribution is paid out by the *collective investment fund* prior to reinvestment, the distribution will be reportable as *savings income*.

42. For *collective investment fund* distributions, either the amount of the *savings income* included in the distribution or the full amount of the distribution may be reported.

### ***Collective investment funds: Income realised at sale or redemption***

43. *Savings income* also arises when units or shares in a *collective investment fund* are sold and the proceeds are paid to a *paying agent* (or a *receiving agent*) or redeemed by the fund. This is analogous to the inclusion of accrued interest in the sale or redemption price of a security.
44. *Savings income* only arises under this heading if the *collective investment fund* has invested more than 40% of its assets directly or indirectly (via other *collective investment funds* or *residual entities*) in *money debts*. This applies to all *collective investment funds* and does not depend on any requirements of the country in which the fund is established.
45. However, all of the income accumulated by a *collective investment fund* is regarded as *savings income* if the test is passed. The reportable income is not simply the part of the accumulated income which would be considered to be *savings income* under the other headings – whether as interest paid, accrued or capitalised interest, or *savings income* in distributions from other funds. Equalisation payments to new investors since the last ex dividend date are a return of capital and are not considered to be *savings income*.
46. For income realised at the sale or redemption of units in *collective investment funds*, either the amount of accumulated income or the full amount of the proceeds of the sale or redemption of the shares or units may be reported.

### **Obtaining information about funds**

47. *Paying and receiving agents* will need information about the status and composition of funds in order to decide whether or not a fund is a *collective investment fund*, and if so, whether it passes either the 15% or the 40% test prescribed by regulation 6 of the regulations. In the first instance, such information should be obtained by reference to the investment policy laid down in the rules or instruments of incorporation (or similar constitutional documents) of the *collective investment fund* or *residual entity*.
48. Failing that, *agents* should consider the actual composition of the assets of the *collective investment fund* or *residual entity*. This information may be obtained from the fund's report and accounts or similar published sources and can be assumed to remain current until a further report and accounts is published and made generally available to investors. Where it cannot be ascertained whether or not a fund falls above or below the 15% or 40% threshold, the relevant threshold is considered to be exceeded.
49. In assessing whether or not a threshold has been exceeded, any calculations should be based on gross assets and should exclude any loans or overdraft. Cash holdings should be regarded as *money debts*.

50. In practice it is probable that for some *collective investment funds* there will be occasions when the percentages referred to above fluctuate one side or the other of the 15% and 40% thresholds. *Agents* should focus on the normally expected pattern. Therefore, if, at a particular point in time, the percentages suggest the application of the reporting requirements but this is not the norm, and the investment policy set down in the fund's rules or constitution is such that the reporting requirements would not ordinarily apply, it will be acceptable for the *paying agent* to decide that there is no reporting obligation.
51. A similar approach applies to the sale of units of a *collective investment fund*. Provision can also be made for set off. Bonds and other *negotiable debt securities* issued before 1 March 2001 which are not regarded as debt claims also can be excluded from the assets of *collective investment funds* for the purposes of calculating the amount of debt securities owned by that fund (for the purpose of the 15% and 40% threshold).
52. *Paying and receiving agents* are not expected to inspect original fund documents and may rely upon copies or on information received in the normal way with other fund documentation or literature. *Agents* may rely on information from recognised industry sources (for example, feeds from established information vendors) to decide whether the 15% or 40% test has been passed. This can include simple statements that the test has been passed where it is clear that the recognised industry source has obtained the necessary information about the fund in question from a suitable primary source of information.

### **Funds investing in other funds**

53. Where a fund invests in other funds, a calculation of indirect investment should be done by taking the investment by the fund in question in each of the other funds and multiplying that number by the percentage investment of the other fund in *money debts*. The resulting products should be added to the direct investment in *money debts* and the sum divided by the total assets of the fund to establish the percentage invested in *money debts*. This percentage can then be compared with 15% or 40% to decide which, if any, test has been passed.
54. For example, where a fund is invested \$10 million directly in *money debts* and \$30 million in each of three other *collective investment funds* (invested 20%, 50% and 80% respectively in *money debts*), the top level fund is invested 55%  $((\$10m + (20\% \times \$30m) + (50\% \times \$30m) + (80\% \times \$30m)) / \$100m)$  directly and indirectly in *money debts*. The top level fund therefore passes both the 15% and the 40% tests.
55. A fund which invests in other funds is not the same as an umbrella fund. An umbrella fund is a mechanism for bringing different, separate funds (called sub-funds) within a single fund organisation. Under the regulations, each sub-fund is treated as a separate *collective investment fund*; the 15% and 40% tests are then applied at that level. (It is, of course, possible that a sub-fund could invest in other funds.) An umbrella fund is not then treated as a *collective investment fund*.

## ***Savings income payments by residual entities***

56. A *residual entity* which is an elective UCITS is treated as a *collective investment fund* for all purposes.
57. *Savings income* payments from other *residual entities* are only reportable if the *residual entity* satisfies a 15% test under the rules of the EU Member State in which it is established. *Savings income* in payments by a *residual entity* is reportable if the entity has invested 15 % of its assets directly or indirectly (via other *collective investment funds* or *residual entities*) in *money debts*. Where it cannot be determined how much is invested in *money debts* the threshold is deemed to be exceeded.

## ***Savings income - Summary***

58. *Savings income* means:
- interest on a *money debt* including interest accrued or capitalised upon the sale, refund or redemption of a *money debt*;
  - income distributed by a *collective investment fund* which is derived directly or indirectly, via other *collective investment funds* or *residual entities*, from interest on a *money debt*;
  - income realised upon the sale, refund or redemption of shares or units in a *collective investment fund* if that fund invests directly or indirectly, via other *collective investment funds* or *residual entities*, more than 40% of its assets in *money debts*.
59. Where a *paying agent* has no information concerning the proportion of the income which derives from interest payments, the total amount of the income is considered to be *savings income*.
60. Where a *paying agent* has no information concerning the percentage of the assets invested in *money debts* or in shares or units in *collective investment funds*, that percentage will be considered to be above 40%. Where the *paying agent* cannot determine the amount of income realised by the *relevant payee*, the income is deemed to correspond to the proceeds of the sale, refund or redemption of the shares or units.
61. *Agents* should note that the regulations provide that the figure of 40% will change from 1st January 2011 to 25%.

## SECTION IV

### *Relevant payees, residual entities and paying & receiving agents*

#### *Relevant Payees*

##### **Definition of *relevant payee***

62. A person is not a *relevant payee* unless he is a natural person who is resident in one of the EU Member States. Therefore a person who is resident outside of the EU **cannot be** a *relevant payee* irrespective of the passport that such a person holds. “*Relevant payee*” means any individual who is resident in an EU Member State **and** receives *savings income*, or any such individual for whom *savings income* is secured, unless such individual can provide evidence that the interest payment was not received or secured for his own benefit.
63. Where a *paying agent* has information suggesting that the individual who receives a payment of *savings income*, or for whom a payment of *savings income* is secured, may not be the *relevant payee* (and is not a *paying agent* nor is acting on behalf of a *residual entity*), the *agent* should take reasonable steps to establish the identity of the *relevant payee*. If the *paying agent* is unable to identify the *relevant payee*, the individual in question should be treated as the *relevant payee*.
64. Similarly, if a *paying agent* holds information which gives him reason to believe that the individual he pays *savings income* to (or secures *savings income* for) does not receive the *savings income* for his own benefit because he is acting on behalf of another individual, the *paying agent* should take reasonable steps to establish who the beneficial owner of the payment is. If such reasonable steps do not yield the identity of the beneficial owner, the *paying agent* should treat the individual in question as the *relevant payee*.

##### **When is an individual not a *relevant payee*?**

65. An individual is not a *relevant payee* if:
- the individual provides evidence that he is himself a *paying agent* in the Cayman Islands or in an EU Member State;
  - the individual provides evidence that he acts on behalf of:
    - i. a *residual entity* AND he provides the name and address of the entity;
    - ii. a legal person (e.g. a company);
    - iii. an entity which is taxed under the general arrangements for business taxation (e.g. a partnership);
    - iv. a UCITS or an equivalent undertaking for collective investment established in the Cayman Islands;
    - v. an elective UCITS; or
    - vi. another individual AND he provides to the *agent* details of the other individual’s identity, appropriately verified, for example, by a written statement on headed paper, or a signed statement from the individual.

66. Consistent with the above, the reporting requirements do **not apply** to *savings income* payments made to:
- partnerships, including LLPs and limited partnerships;
  - trusts (unless, as in the case of an interest in possession trust, a relevant beneficiary has the immediate and absolute entitlement to an interest payment) (see GN 81 below);
  - unincorporated associations or societies;
  - individuals where the interest payment arises from relevant negotiable securities issued before 1 March 2001.

## ***Residual Entities***

### **What is a *residual entity*?**

67. A *residual entity* is an entity (*i.e.* a body of persons or an organisation (not an individual) established in an EU Member State or in the Islands – other than an entity:
- which is a legal person (e.g. a company or other corporate body);
  - the profits of which are taxed under the general arrangements for business taxation in an EU Member state;
  - which is a UCITS or a *Mutual Fund*;
  - which is established in the Islands and on behalf of which a legal person receives or secures a *savings income* payment on behalf of the entity.

The term *residual entity* does not include a partnership established in the Cayman Islands.

68. However, certain Swedish and Finnish entities (which are normally regarded as legal persons) are treated as *residual entities* in the regulations. The entities are:
- in Finland, partnerships commonly referred to as “avoin yhtiö (Ay)” and “kommandittiyhtiö (Ky)/öppet bolag” and “kommanditbolag”
  - in Sweden, partnerships commonly referred to as “handelsbolag (HB)” and “kommanditbolag (KB)”.
69. Entities wishing to be treated as *residual entities* may provide information to a *paying agent* demonstrating that they are treated as such in an EU Member State.

## ***Paying agents***

### **Definition of *paying agent***

70. *Paying agent* means any person who pays *savings income* to, or secures the payment of *savings income* for, the immediate benefit of a *relevant payee* or a *residual entity*, whether the person is the debtor of the debt claim which produces the interest, or the person charged by the debtor or the *relevant payee* with paying interest or securing the payment of *savings income*.

71. The *paying agent* must also have established a place of business in the Islands through which such person makes *savings income* payments in the course of his business or profession.
72. A person is not a *paying agent* (and therefore does not have a reporting obligation) if:
- *savings income* payments are not made in the course of a business or profession;
  - payments are not *savings income*;
  - the persons to whom payments are made are resident in the Cayman Islands or any other country outside the EU Member States, or
  - the persons to whom payments are made are not *relevant payees* or *residual entities* in an EU Member State.
73. A person is not a *paying agent* in relation to a specific *savings income* payment if that payment is made to another person who is a *paying agent*.

### **Who is a *paying agent*?**

74. A *paying agent* means any *economic operator* who pays interest to or secures the payment of interest for the immediate benefit of the beneficial owner. The ‘operator’ can either be the debtor of the debt claim or can be the ‘operator’ charged by the debtor or the beneficial owner with paying or securing the interest. The key term here is ‘paying’ and ties in with the requirement that the *paying agent* is the last link in the chain.
75. A *paying agent* is therefore a person who, in the course of a business or profession, makes *savings income* payments to individuals (*relevant payees*) or *residual entities* in any of the EU Member States. The *paying agent* is always ‘the last link in the payment chain’ before the *relevant payee* or *residual entity* and is the person that actively initiates a payment directly to a *relevant payee* or *residual entity*, or to his or its instructions.
76. Where two competing organisations have significant claim to the role of *paying agent* it is acceptable for these organisations to agree that one of them will be the *paying agent* and for that organisation to act accordingly.

### **Making *savings income* payments**

77. A *savings income* payment is made where a payment of *savings income* is made to another person, or if such a payment of *savings income* is secured for another person. A payment is made by paying a sum of money which is owed, or by paying a sum of money on behalf of another person. A payment is secured if a sum of money is received or collected on behalf of another person.
78. Making or securing a payment requires a significant active responsibility for ensuring that the payment is made or secured. It is necessary to have more than a simple passive or supporting role to be a *paying agent*.

79. In particular, banks and other financial institutions, or other businesses, which have a role in the payment process are not regarded as making a payment if their role is essentially passive (they act on instructions from others) or auxiliary (they merely provide services to help the *paying agent*). A bank or similar institution does not therefore make a payment merely by issuing or sending a cheque, or arranging for the electronic transfer of funds on behalf of one of its customers. Equally, a bank or similar institution does not secure a payment merely by clearing a cheque, arranging for the clearing of a cheque, or receiving an electronic transfer of funds on behalf of one of its customers.
80. Modern payment arrangements can be complex and the increasing use of outsourcing by financial institutions means that a number of different organisations can have a role at any specific stage of the payment chain. In most cases it will be straightforward to decide who the *paying agent* is although there may be cases where it is not. GN 82-90 illustrate the broad principle and provide a starting point for the analysis by potential *paying agents* of the more complicated arrangements which may exist in practice.
81. Payments made by a professional trustee will not be subject to the reporting requirements unless the beneficiary of the trust concerned is absolutely entitled to the *savings income* as it arises (and that beneficiary is a *relevant payee*). This would be the case where the trust is an interest in possession trust and the beneficiary has the immediate entitlement to any *savings income*.

*Savings income* distributed by the trustees of a discretionary trust is not *savings income* and does not incur any reporting liability. Trustees or executors who are not acting in a business or professional capacity are not *paying agents*.

### **Examples of *paying agents* who make *savings income* payments**

82. Persons who *make savings income* payments can include:

- debtors (in a business rather than a private capacity) themselves;
- persons who are responsible for paying *savings income* on behalf of debtors.

#### **Example 1:**

83. A bank (or building society) which has outsourced many of its administrative or back-office functions to an independent contractor. The bank takes full responsibility for everything that the contractor does and the bank's customers are not aware of the contractor's role or of the fact that the staff with whom they communicate are employees of the contractor rather than the bank.

#### **Answer:**

84. The bank is the *paying agent*. The outsourcing contractor provides services to the bank but has no responsibility for making *savings income* payments.

**Example 2:**

85. An issuer of bonds or debentures has appointed a specialist registrar which is responsible for maintaining all the records of the bond holders. The specialist registrar also makes the *savings income* payments to the bond holders using funds provided by the issuer. These funds are under the control and ownership of the specialist registrar before payment is made.

**Answer:**

86. The specialist registrar is the *paying agent*. The issuer has outsourced both essential administrative services and the responsibility for making *savings income* payments.

**Examples of *paying agents* who secure *savings income* payments**

87. Persons who secure *savings income* payments can include:

- professional nominees and nominee companies;
- professional persons (such as lawyers or stockbrokers) acting for *relevant payees* or *residual entities*.

**Example:**

88. A stockbroker holds money and/or assets which produce *savings income* (either as interest or when they are sold or redeemed) for a natural person resident in an EU Member State using a subsidiary company as nominee. The stockbroker has agreed to safeguard and administer investments for his clients and accepts full responsibility to the clients for the safe custody of the assets by the subsidiary company.

**Answer:**

The stockbroker is the *paying agent*. He takes responsibility for securing the *savings income* due to his clients and has full control over the subsidiary company which formally holds the client's property.

**Who is not a *paying agent*?**

89. The following are examples of circumstances in which a person would not be a *paying agent*, although this list is not exhaustive :
- a bank which passively receives payments of *savings income* credited to a customer's account;
  - a person who only makes payments other than *savings income*, for example, pension, annuity and rental income payments;
  - a person not in business who makes payments of *savings income*, for example on a personal loan to an individual resident in an EU Member State;
  - a person who does not make *savings income* payments in the course of a business or profession;
  - the payments made are not *savings income*;
  - the person to whom the payments are made is not a natural person subject to the reporting requirements; that is, the person is not an individual resident in an EU Member State.

90. As stated above, a person is not a *paying agent* if the *savings income* payment is made to another person who is a *paying agent*. The relevant *paying agent* is always the “last link in the payment chain” before the individual resident in the EU Member State who is in receipt of a payment of *savings income*; that is, the *paying agent* actively initiates a payment directly to a *relevant payee* or on his instructions. **Where the last link in the payment chain is outside the Cayman Islands no reporting requirement exists within the Cayman Islands.**

**Example:**

If a Cayman Islands fund, which is within the scope of the regulations, appoints an entity in another jurisdiction as the agent responsible for the payment of all *savings income* to *relevant payees*, then the fund itself is not the *paying agent*.

## ***Receiving Agents***

### **What is a *receiving agent*?**

91. A *receiving agent* is a *residual entity* established within the Cayman Islands which has received a *savings income* payment for the benefit of a *relevant payee* (but not a *residual entity*).
92. A *receiving agent* is therefore an entity (i.e. a body of persons or an organisation) which is not a *paying agent* (nor otherwise excluded from being a *residual entity*) but which has a responsibility similar to those of a *paying agent* for securing *savings income* payments on behalf of a *relevant payee*. Unlike *paying agents*, it reports on *savings income* it receives on behalf of *relevant payees*, not what it pays to them. In practice, most entities making *savings income* payments to *relevant payees* will not be *residual entities*; they will either be legal persons (e.g. companies) or businesses and so will be *paying agents*.
93. However, there may be certain unincorporated associations (e.g. clubs and societies) which are not in business and have members resident in EU Member States. These clubs could have a reporting obligation under the regulations if they receive *savings income* payments on behalf of their members.
94. In general it is unlikely that clubs or societies receive *savings income* payments on behalf of their individual members. Most clubs and societies receive *savings income* to add to club funds and to use for club purposes. The members are generally not entitled individually to any of the income it receives and are not, therefore, *relevant payees*. In those circumstances, a club, society or other unincorporated association is **not** a *receiving agent* and need not make a report.
95. But there may be some clubs, such as investment clubs, where the rules entitle individual members to shares in the income received by the club. These clubs are *receiving agents* **if** they have any members resident in EU Member States, and therefore have to make reports and comply with the other requirements of the regulations. The responsible officers of these clubs should read all of this Guidance. Investment clubs which limit their membership so as to exclude persons who are resident in any of the EU Member States would therefore not be *receiving agents*.

96. Classification as a *receiving agent* is not a matter of choice for a club or society. If the rules provide that its members can be resident in an EU Member State and that its members have individual entitlements to *savings income* received by the club or society and any of them are *relevant payees*, it is likely to be a *receiving agent*. If the rules do not provide for individual entitlements for the members, it is unlikely to be a *receiving agent*.
97. A club or other *residual entity* which is a *receiving agent* may apply to be treated as a UCITS. This means that it is treated as a *paying agent* rather than as a *receiving agent* for the purposes of the regulations.
98. A *residual entity* wishing to be treated as a UCITS should send a notice to the *Competent Authority*. A form of notice to be treated as equivalent to a *Mutual Fund* for the purposes of the regulations is at **Appendix 4**.
99. The notice should include the following information:
- the name and address of the *residual entity*;
  - where the application is sent on behalf of a *residual entity*, the name, address and position within the *residual entity* of the person submitting the application (including a telephone and email contact details);
  - a statement that the entity:
    - is established in the Cayman Islands
    - is a *residual entity*
    - wishes to be treated as a UCITS for the purposes of the regulations;
  - a signed and dated declaration by the person making the application that the information in the letter is, to the best of his knowledge, complete and correct.
100. The *Competent Authority* will issue a certificate which will be effective from a specified date and it will be valid until it is revoked. The certificate may be revoked at the request of the *residual entity*.

## SECTION V

### Identity and Residence of *Relevant Payees*

#### General Rules

101. The following obligations are relevant to persons who are *paying agents* or *receiving agents*. Accordingly, persons or organisations must establish that they are *paying agents* or *receiving agents*, and that there is a payment of *savings income* to a *relevant payee*.
102. Where a *paying agent* makes, or a *receiving agent* receives or secures, a *savings income* payment for the immediate benefit of an individual whom the *agent* believes to be a *relevant payee*, the *agent* must establish the identity and country of residence of that individual.
103. The country of residence means the country where the individual has his permanent address. In ascertaining the permanent address of an individual, *agents* may rely on documentary evidence issued by government agencies and other reasonable documentation. In the absence of documentation to the contrary, the country of residence of an individual is determined by his permanent address.

For example:

- a person who has the Cayman Islands as his permanent address is resident in the Cayman Islands and therefore not a *relevant payee*;
  - a person who has his permanent address in the United States or Brazil is *prima facie* not a *relevant payee*;
  - a natural person who has his permanent address in France can be assumed to be resident in France, and therefore a *relevant payee*, absent documentation to the contrary.
104. Where contractual relations between an *agent* and a *relevant payee*, or transactions carried out in the absence of contractual relations, are entered into before 1 July 2005 the *agent* should establish the name, address and country of residence of the *relevant payee* based on information in its possession, including information obtained pursuant to the Money Laundering Regulations and the Guidance Notes on the Prevention and Detection of Money Laundering in the Cayman Islands (“AML Guidance”).
  105. Where contractual relations between an *agent* and a *relevant payee* are entered into, or transactions are carried out in the absence of contractual relations, on or after 1 July 2005, the *agent* should use reasonable efforts to obtain and verify the following information:
    - First name of relevant payee
    - Last name of relevant payee
    - Permanent address of relevant payee
    - City or Town
    - Postal Code
    - Country
    - Tax identification number of relevant payee OR (if tax ID not available) the date of birth of relevant payee AND the place of birth of relevant payee

106. Information for a *relevant payee*, other than the tax identification number, may be established using information obtained pursuant to the Money Laundering Regulations and the AML Guidance together with such other documentation as may be available to an *agent*.
107. If the tax identification number is not mentioned on the passport, official identity card or any other documentary proof of identity presented by the *relevant payee*, the *agent* should verify the individual's date and place of birth on the basis of his passport or official identity card.
108. Where a passport or official identity card issued by an EU Member State is the prima facie basis for evidence of residence of an individual, but he declares his country of residence to be in a country or territory outside the EU Member States, the *agent* should establish the country of residence by means of a certificate of residence or other official documentation issued by the competent authority in the country or territory in which the individual claims to be resident.
- If the individual fails to present such a certificate or other documentation, the EU Member State that issued the passport or other official identity document originally used as evidence of residence of the individual will be considered to be the country of residence.
109. "Other official documentation" includes a certificate of residence for tax purposes issued by a competent authority or by the relevant government authorities in other countries or territories.
110. Reference should also be made to GN 147-155 regarding Cayman Islands Tax Residence Certificates.
111. The identification rules to be applied should mirror the AML Guidance under the anti-money laundering provisions currently in place in the Cayman Islands. *Paying agents* therefore should be able to cater for the reporting requirements through their existing systems.
112. In most cases it should be clear whether contractual relations exist, and, if so, when they began. However there will be occasions when it is less clear. It will be for the *paying agent* to exercise reasonable judgement but, as a guide, pre-1 July 2005 contractual relations can be considered to continue to apply after that date where:
- the underlying contractual basis for the pre-1 July 2005 relationship continues;
  - the pre-1 July 2005 customer takes advantage of a new product or service from the same *paying agent*;
  - a business is acquired or merged with another business;
  - a pre- 1 July 2005 relationship is transferred from one group entity to another.
113. *Agents* should note that when an individual moves during the year there may be more than one country of residence and address for the same reporting period.
114. There is no standard tax residence certificate which is used by all countries. *Paying agents* should therefore exercise judgement as to whether the documentation in their possession is sufficient. If in doubt *paying agents* may seek guidance from the *Competent Authority*.
115. Reporting of a TIN, or the date and place of birth, is not required for individuals with whom an *agent* has contractual relations which started before 1 July 2005, nor does it matter where the individual's passport or ID card was issued.

116. Where the reportable information is obtained from existing records, including any information held for anti-money laundering purposes, there is no requirement to obtain additional documentary verification regarding identity or residence.
117. If the reportable details of a *relevant payee* change, *agents'* records should be updated according to reasonable business practice. The reporting obligations only apply to reporting the current or updated details.
- Example:**
118. A *paying agent* pays *savings income* to an individual with whom there is a pre-1 July 2005 contractual relationship. The individual currently lives in the US (not reportable), but then moves permanently to France (reportable). The *paying agent's* records should be updated and the new French address reported. However, since the contractual relationship pre-dates 1 July 2005, it is not necessary to obtain a TIN or the date and place of birth.
119. The chart at **Appendix 5** may be of assistance in determining some questions relating to residence. The categories are not exclusive and the substantive text of these Notes should be referred to before finally determining in which country a *relevant payee* may be resident.

## Which address?

120. For individuals with more than one address, the address to be reported should be the verified permanent address determined in accordance with the general rules set out above. This will normally be the individual's correspondence address. However, a different address may be reported provided it has been properly verified as the permanent address.
121. For example:
- an individual has addresses in two EU Member States, Italy and France, and, although he currently lives at the correspondence address in Italy, he will return to France on the expiry of his contract in three months time; in this case the French address should be verified;
  - an individual has multiple addresses in different EU Member States but, as several of the addresses are permanently available to her, it is not clear that the correspondence address is the address that she would think of as her permanent home; in this case a judgement should be made from the available information, provided the address can be verified to the appropriate standard from documents presented by the individual;
  - an individual has several addresses in EU Member States, but the available information, including a certificate of tax residence confirms that he is resident for tax purposes in France in respect of the income concerned; in this case the French address should be reported as a certificate of tax residence is satisfactory documentary evidence of address.

## PO Box addresses

122. The validity of PO Boxes must be assessed in context. As a number of countries including the Cayman Islands do not have residential mail delivery, a residential PO Box number may be considered as evidence of residence in such cases. However, other countries use PO boxes less frequently. In these cases, a PO Box address will not be the individual's permanent address and therefore will not generally be the reportable address. The key question is: "Is this the individual's permanent address?"
123. PO Box addresses should be reported only if they represent the permanent residential addresses for the area in which the individual lives and would allow him to be traced. It is the responsibility of *agents* to check whether PO Box addresses are, in the circumstances, acceptable residential addresses. In the absence of direct knowledge or information to the contrary, confirmation of this may be accepted from the potential *relevant payee*. A record should be kept of any checks made and/or a copy of such confirmation.
124. PO Box addresses must be verified to the same standard as is required for other addresses.

## C/o addresses

125. Like PO Box addresses, *c/o* addresses are only acceptable if they have been verified as a permanent address to the required standard. If a *c/o* address is accepted on this basis, particular care should be taken to ensure that the country of residence is correctly established.

## Hold mail addresses

126. Hold mail addresses are not normally acceptable and the actual address should be obtained and verified.
127. However, in cases where it is the only address available and the contractual relationship with the individual pre-dates 1 July 2005, a hold mail address may be sufficient.

## Whereabouts unknown

128. Reports of payments of *savings income* made before a *relevant payee* went 'whereabouts unknown' should be made on the basis of the last known address. Where an *agent* is unable to make a *savings income* payment because the *relevant payee's* whereabouts are unknown, no report is necessary. If the *relevant payee's* new address is subsequently discovered and the outstanding *savings income* is paid, such payment should be reported in the year the payment is made together with the new address.
129. If an *agent's* systems are based on the date on which *savings income* is payable, *savings income* may be reported as if it had been paid (using the last known address), provided this happens in only a small number of cases and the alternative of making the report in the tax year the payment was actually made would be disproportionately expensive.

## Closure of account

130. If an account was closed during reporting year any *savings income* paid should be reported if there was a reportable address at the date the account was closed. A later or updated address may be used as the basis for reporting, assuming the address has been properly verified.

## Reasonable excuse

131. There may be occasions where it is not possible to obtain the required information from a *relevant payee* in time to make a report. If *agents* can demonstrate a reasonable excuse for not having met the requirements, they may not be considered to have failed to comply.
132. In order to have a 'reasonable excuse' for not reporting the information it must be shown that reasonable steps were taken to obtain it. What is reasonable will always depend on what is proportionate in the circumstances of the case but, in normal cases, evidence of at least two requests for the information will be sufficient. The *Competent Authority* should be contacted with specific queries as to what may constitute reasonable steps.

## Changes of address

133. The address to be reported is determined in accordance with the appropriate identification procedures. If an individual subsequently changes his permanent address *agents* should update their records.

## Moving from one EU Member State to another

134. Where a reportable individual lives in one EU Member State and moves to a different EU Member State, the address and country of residence should be updated. In addition, it will be necessary to obtain and verify a new TIN. If the new TIN cannot be obtained, the date and place of birth should be obtained, verified and reported.

### **Example:**

135. A *paying agent* makes a *savings income* payment to a Spanish passport holder whose permanent address is in France and with whom he has a contractual relationship made on or after 1 July 2005. The *paying agent* currently reports the *relevant payee's* name, address, country of residence (France) and the French TIN. The *relevant payee* subsequently moves permanently to Germany. The *paying agent* should now report the *relevant payee's* name, new address and country of residence (now Germany). Since the contractual relationship was made on or after 1 July 2005, the *agent* should also, if Germany is now the country of tax residence, obtain and verify the new German TIN or, if it is not available, the *relevant payee's* date and place of birth.

## Moving to countries which are not EU Member States

136. It is not necessary to make a report if an EU resident moves permanently to a country which is not an EU Member State.

## Individuals who move during the year

137. When an individual moves during the year, there may be more than one country of residence and address for the same reporting period.
138. As long as reporting is done consistently, either the address and country of residence at the time the *savings income* payment is made, or the address and country of residence at the end of the reporting period may be reported.

## What about dual nationality?

139. Since the general rule is that the country of residence is the country in which the *relevant payee* has their permanent address, dual nationality only raises issues if an individual falling under the general rules gives a permanent address which is not in an EU Member State and does not produce acceptable evidence of his residence.
140. If this is the case and:
- one of the passports or ID card is issued by an EU Member State, the Member State should be treated as the country of residence;
  - both of the passports or ID cards are issued by EU Member States, the place of residence should be chosen according to which is considered to be the most realistic;
  - neither of the passports or ID cards are issued by an EU Member State, the reporting requirements do not apply.

## Documentation and acceptable evidence

### Copies of documents

141. Under the regulations, the information being reported for individuals falling under the general rules must be verified by reference to the relevant details from the passport, official identity card or other documentary evidence presented by the individual. Copy documents may be accepted provided they are properly certified. Such copies should be certified by an embassy, consulate or high commission of the country of issue, or a lawyer, attorney, notary public or other person authorised to provide official certification in the jurisdiction in which the document is certified. The copies should be dated and signed “original seen”.

142. Copies may also be accepted if certified by a senior official within a reputable intermediary, for example, where copy documents are being accepted from an introducing firm.
143. Copies of all documents should be retained and kept available for compliance purposes.

### **What 'other documentary evidence' is acceptable?**

144. Any document that may be accepted by *agents* undertaking checks for anti-money laundering purposes is acceptable for the purposes of these Notes. After the initial verification of identity, changes may be 'self certified' (*e.g.* - a written notification of change of address or a new TIN from an individual would normally be acceptable 'other documentary evidence' of the change).
145. A certificate of residence for tax purposes issued by the relevant competent authority is acceptable documentary evidence of TIN or address.

### **What if the individual presents false documentation?**

146. If documents are accepted in good faith but other information is available which casts doubt on the authenticity of the documentation presented, reasonable steps should be taken to establish the authenticity of the information. Normally such reasonable steps will have been taken where *agents* have followed standard procedures and complied with their wider legal obligations. If in doubt, *agents* should seek legal advice.

### **Cayman Islands Tax Residence Certificates**

147. Tax Residence Certificates ("TRC") may be issued to residents of the Cayman Islands by the *Competent Authority* (regulation 15). This is in line with the position in other jurisdictions which have reporting of savings income information requirements. The form of TRC which the *Competent Authority* will issue is in schedule 5 to the regulations.
148. TRC's are intended for specific purposes in relation to reporting of savings income information requirements and not all residents in the Cayman Islands are required to obtain one.
149. A person will only have to consider obtaining a TRC if they are an individual *relevant payee*, have their permanent address in the Cayman Islands, and are seeking to establish that residence to an *agent* or *economic operator* established in an EU Member State or a country or territory listed in schedule 1 to the regulations. If a person does not need to do this then they do not need to obtain a TRC from the *Competent Authority*.
150. The categories of person who may apply for a TRC, if they are satisfied that they need to do so for the purposes of the reporting requirements, are the established categories of person under local immigration legislation.. Whilst Caymanians and residents of the Cayman Islands are included in these categories they do not, as a matter of routine, require a TRC, although they may do so.

151. These categories, broadly, are:
- Caymanians;
  - Permanent Residents;
  - Work Permit holders, or those exempted from work permit requirements (such as civil servants);
  - Persons granted asylum;
  - Dependants of any of the above.
152. A style of application form is at **Appendix 6** of these Guidance Notes. Any person seeking a TRC should ensure that they have satisfactory evidence from the Immigration Department confirming their immigration position in the Cayman Islands. This will be treated by the *Competent Authority* in most ordinary cases as satisfactory evidence of the individual's permanent address in the Cayman Islands and a TRC will accordingly be issued. Completed applications should be accompanied by a certified copy of the person's passport or official identity card.
153. In particular or unusual cases, the individual may wish to provide further information. For example:
- a student who is temporarily absent from their permanent address in the Cayman Islands for educational purposes, or a person who is absent on a short term overseas contract, may wish to provide information in support of their current position;
  - a person holding permanent residence but who *prima facie* may lose that permanent residence under any provisions regarding aggregated periods of non-residence, may wish to provide additional information to satisfy the *Competent Authority* as to their permanent address.
154. Caymanians who have their permanent address in the Cayman Islands will not require a TRC. The holding of a passport issued by an EU Member State does not alter that position since the individual is not resident in the country issuing the passport. However, where, for example, a person is an EU citizen who holds his primary passport from an EU Member State but who also has Caymanian status, or other immigration position which entitles him to reside in the Cayman Islands, and he is in fact so resident, he may require to demonstrate that his permanent address is in the Cayman Islands as against the EU Member State issuing the passport. Accordingly, such a person may wish to apply for a TRC.
155. If a person is an individual *relevant payee* for the purposes of the reporting requirements, the chart at **Appendix 7** of these Notes may be used as a guide to whether that person may or may not wish to apply for a TRC.

## **Sub-contracting and introduced business**

### **What about sub-contracting?**

156. Both the task of completing and updating the identity and residence details and the preparation and submission of reports may be sub-contracted. However, the legal responsibility to establish identity and residence and to provide accurate and complete

information remains with the *agent* which is subject to the reporting requirements. Before any decision to sub-contract is made, *agents* must be satisfied that the sub-contractor has put adequate arrangements in place to ensure compliance.

157. If the preparation and submission of reports is sub-contracted, the *agent* must ensure that any such reports submitted to the *Competent Authority* by a third party include any relevant identification or reference code. It is important that the correct link is made between the *agent* and any sub-contractor.

### **What if the sub-contractor gets it wrong?**

158. There are penalties for supplying incorrect information, and responsibility for collecting, verifying and reporting the necessary information is with the *agent* making the reports. If the information reported is incorrect any consequential action taken will depend on the circumstances of the case, taking into account whether reasonable steps have been taken to ensure that the sub-contractor had adequate procedures in place.

### **What about introduced business?**

159. If a new reportable individual is introduced on or after 1 July 2005, reporting will be in accordance with the general rules.
160. If a reputable institution certifies that it has completed appropriate identification and residence procedures and is able to provide the required information and supporting evidence (*i.e.* a copy of the documents seen under the general rules), there is no need to repeat identity and residence checks. However, if other information is available which casts doubt on the authenticity of the documentation presented, reasonable steps should be taken to establish the accuracy of the information.

### **What about groups of companies?**

161. If there is more than one *paying agent* within a group they may act as ‘agents’ for each other. How this arrangement would work in practice will vary depending on the commercial circumstances. For example, if one *paying agent* within the group supplied the required details to another, this could be treated in a similar way as introduced business. The information could be “certified”, either on a case-by-case basis or on a bulk basis.
162. Alternatively, all the necessary information within a group may be held on a central database.
163. If the group member is in another country it may be possible to treat the information provided in the same way, provided the group member or the country would be acceptable under AML Guidance.
164. As in other cases, *paying agents* remain responsible for ensuring that the information reported is accurate and up to date.
165. Where an individual maintaining pre-1 July 2005 contractual relations with a different *paying agent* within the group buys an additional product on or after 1 July 2005, full identification procedures should be carried out. This work may be sub-contracted to another group member in the normal way.

## Record-keeping and retaining evidence

### What documentary evidence of identity and residence must be retained?

166. *Agents* must be able to produce copies of the documents used to verify an individual's identity and residence. These documents must be retained for the following periods:
- in relation to information concerning the identity and country of residence for tax purposes of a *relevant payee*, the period of two years beginning immediately after the end of the year in which transactions between the *relevant payee* and the *paying agent* cease;
  - in relation to a *residual entity*, the period of two years beginning immediately after the end of the year in which transactions between the entity and the *paying agent* cease; and
  - in relation to information concerning *savings income*, the period of two years beginning after the end of the year in which the income is reported.

### What evidence needs to be retained in the case of introduced business?

167. *Agents* must be able to produce copies of the documents used by the introducer of the business to verify the identity and residence of individuals and certification by the introducer that it has carried out the identity and residence checks to the required standard. These documents must be retained for the periods noted above.

## SECTION VI

### Reporting of Information by *Agents*

168. Reporting occurs on an annual basis with reporting periods being 1 January to 31 December each year. (The first reporting period was a period of 6 months from 1 July to 31 December 2005.)
169. *Agents* must report to the *Competent Authority* within 5 months after the end of the reporting period any payments of *savings income* to *relevant payees* or *residual entities* during that period. *i.e.* reports must be made by 31 May each year.
170. Any person or organisation which may qualify as an *agent*, should report this to the *Competent Authority* within 14 days prior to the end of the 5 month period. *i.e.* within 14 days prior to 31 May. *Agents* are not required to give such notification annually. If, however, subsequent to giving such a notification, an *agent* ceases to have a reporting obligation, that cessation should be notified to the *Competent Authority*.
171. When a *paying* or *receiving agent* makes a *savings income* payment to a *relevant payee* or *residual entity* established in an EU Member State for the immediate benefit thereof, the information specified in Schedules 2 or 3 of the regulations should be reported, as the case may be.
172. The standard formats of the Savings Income Reporting Forms prescribed in Schedules 2 & 3 of the regulations, together with the explanatory Notes on the Completion of Savings Income Reports, are available at [www.tia.gov.ky](http://www.tia.gov.ky). The forms may be completed electronically and, whilst advance copies of completed reports may be submitted to the *Competent Authority* by email, original completed forms should be submitted in printed form. The Forms and Notes are also at **Appendices 8 & 9**.
173. *Agents* should identify under which of the following three categories *savings income* is being reported:
- (a) Interest on a *money debt*:  
report the amount of *savings income*;
  - (b) Interest accrued or capitalised upon the sale, refund or redemption of a *money debt* **or** income realised upon the sale, refund or redemption of shares or units in a *collective investment fund* if that fund invests directly or indirectly, via other *collective investment funds* or *residual entities*, more than 40% of its assets in *money debt*:  
report either the amount of *savings income* or the full amount of the proceeds from the sale redemption or refund;

- (c) Income distributed by a *collective investment fund* which is derived directly or indirectly, via other *collective investment funds* or *residual entities*, from interest:

report either the amount of *savings income* or the full amount of the distribution.

174. *Agents* may round down all *savings income* amounts to the nearest whole currency unit in which the report is being made. ***Agents are therefore not required to make reports where the amount of savings income is less than one whole currency unit.***
175. Whilst the currency code for the currency in which the *savings income* payment is being reported must be completed in the report, there is no requirement about which particular currency should be used. *Agents* may therefore choose the most convenient currency in which to make a report, or may make some reports in one currency and some in other currencies. This applies to single or multiple currency cases.
176. Where an *agent* has reported *savings income* under GN 173 paragraphs (a) or (c) above, no further report of the same *savings income* is required under paragraph (b).
177. As indicated in GN 81, payments made by a professional trustee will not be subject to the reporting requirements unless the beneficiary of the trust is a *relevant payee* who is absolutely entitled to the *savings income* as it arises. The normal basis for reporting by *paying agents* in such cases is to report on the basis of the date on which the *savings income* is received by the *paying agent*. However, if this would create systems difficulties which would be disproportionately expensive to resolve, *paying agents* may report on the basis of the date that the payment of *savings income* is made to the individual, provided the reporting is done consistently.
178. The obligation to report does not arise with respect to interest accrued prior to 1 July 2005, but paid on or subsequent to that date. The obligation only arises with respect to interest accrued and paid from and after 1 July 2005.
179. *Paying agents* making *savings income* payments in respect of joint accounts should have regard to the underlying legal obligations of the particular type of “joint account” in question, such as the legal nature of the joint holding and the legal rights of individual parties to receive income payments (and in what proportions). Since the reporting requirements attach to *savings income* payments to individual *relevant payees*, such consideration will assist in determining how *paying agents* should fulfil their reporting obligations in relation to a joint account. If it is possible to determine what proportion of *savings income* is attributable to an individual *relevant payee*, that amount should be reported, otherwise the full amount should be reported.

## Reportable amounts – summary

180. Interest on money debts

- report the actual amount of the *savings income* (i.e. the actual amount paid or credited to an account).

181. Accrued and capitalised interest

- report the amount of the accrued or capitalised interest or the full amount of the proceeds of the sale or redemption of the *money debt*;
- the above option is that of the *paying agent* and it is not for the debtor of the *money debt* nor the *relevant payee* of the accrued or capitalised interest to decide what is reported;
- interest accrued or capitalised includes any premiums or discounts which are earned during the period of ownership of the *money debt* but does not include interest credited to an account immediately before the account is closed (this should be reported as interest paid in the previous category);
- if an interest payment had already been reported as interest when it was added to a *money debt* it should not be reported again as part of the accrued or capitalised interest; there is no requirement to report accrued interest before sale or redemption and, if such interest has already been reported, it should not be reported again on sale or redemption of the *money debt*;
- where an *agent* has no information concerning the amount of interest that is accrued or capitalised, the total amount of the proceeds of sale, redemption or refund is *savings income* and reportable.

182. Distributions from collective investment funds

- for *collective investment fund* distributions, the amount of the *savings income* included in the distribution or the full amount of the distribution; the option is that of the *agent* and it is not for the fund concerned or the *relevant payee* to decide what is reported;
- where an *agent* has no information concerning the proportion of income which derives from interest, the total amount of the income is *savings income* and reportable.

183. Income realised on the sale, redemption or refund of units or shares in a collective investment fund

- for income realised at the sale or redemption of fund units, the amount of accumulated income or the full amount of the proceeds of the sale or redemption of the shares or units.

## SECTION VII

### Transitional provisions for *negotiable debt securities*

184. During the transitional period in regulation 16, but until 31 December 2010 at the latest, domestic and international bonds and other *negotiable debt securities* which have been first issued before 1 March 2001 or for which the original issuing prospectuses have been approved before that date by the relevant responsible authorities, will not be considered as *money debts*, provided that no further issues of such *negotiable debt securities* are made on or after 1 March 2002.
185. If a further issue is made on or after 1 March 2002 of *negotiable debt securities* issued by a State issuer *e.g. a government* or an entity acting as a public authority or whose role is recognised by an international treaty, the entire issue of such security, consisting of the original issue and any further issue, will be considered a *money debt*.
186. If a further issue is made on or after 1 March 2002 of *negotiable debt securities* issued by any other issuer not being a State issuer, such further issue will be considered a *money debt*.

## SECTION VIII

### Confidentiality

187. All information received by the *Competent Authority* is kept confidential.
188. Information provided to the competent authority of an EU Member State may not be used for any purpose other than for the purposes of direct taxation without the prior written consent of the Cayman Islands Government.
189. Information provided will be disclosed only to persons or authorities concerned with the purposes of direct taxation, and used by such persons or authorities only for such purposes or for oversight purposes, including the determination of any appeal. For these purposes, information may be disclosed in public court proceedings or in judicial proceedings.
190. Where a competent authority of an EU Member State considers that information which it has received from the *Competent Authority* is likely to be useful to the competent authority of another EU Member State, it may transmit it to the latter competent authority with the agreement of the *Competent Authority*.

## **APPENDIX 1**

### **The Reporting of Saving Income Information (European Union) Law, 2005**

[www.tia.gov.ky](http://www.tia.gov.ky)

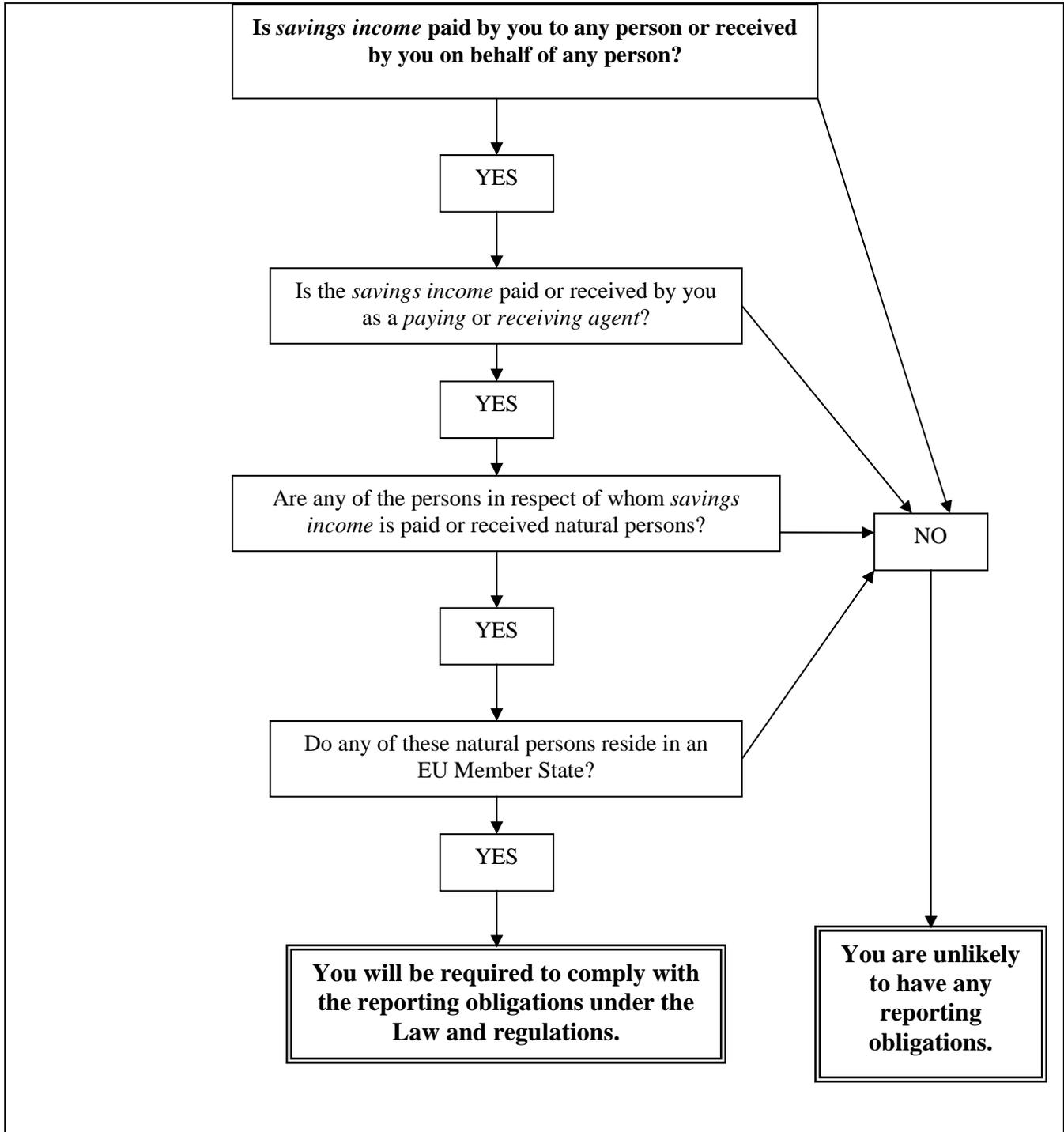
## **APPENDIX 2**

### **The Reporting of Savings Income Information (European Union) Regulations, 2005**

[www.tia.gov.ky](http://www.tia.gov.ky)

## APPENDIX 3

### Determination of reporting obligations



**Note:** Where words appear in italics on this chart they have the same meanings as defined in the Law or the regulations. See GN 4

## APPENDIX 4

### Form of Notice for an entity to be treated as equivalent to a Mutual Fund

[Notepaper heading]

To: *Tax Information Authority  
PO Box 10080  
Elizabethan Square (3<sup>rd</sup> Floor, Phase III)  
80 Shedden Road  
George Town  
Grand Cayman KY1-1001  
Cayman Islands*

#### **Election to be treated as equivalent to a Mutual Fund**

This Notice is submitted to the Tax Information Authority as competent authority for the purposes of the Reporting of Savings Income Information (European Union) Law and Regulations, 2005, in respect of an election under regulation 14 that an entity be treated as equivalent to a Mutual Fund for the purposes of the regulations.

The name and address of the entity is:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*(If applicable)* This Notice is given on behalf of the entity. The name, address and position of the person submitting this Notice are:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

This Notice confirms that the entity is established in the Cayman Islands, is not a legal person, is not a Mutual Fund and that the entity elects to be treated as if it were equivalent to a Mutual Fund for the purposes of the regulations.

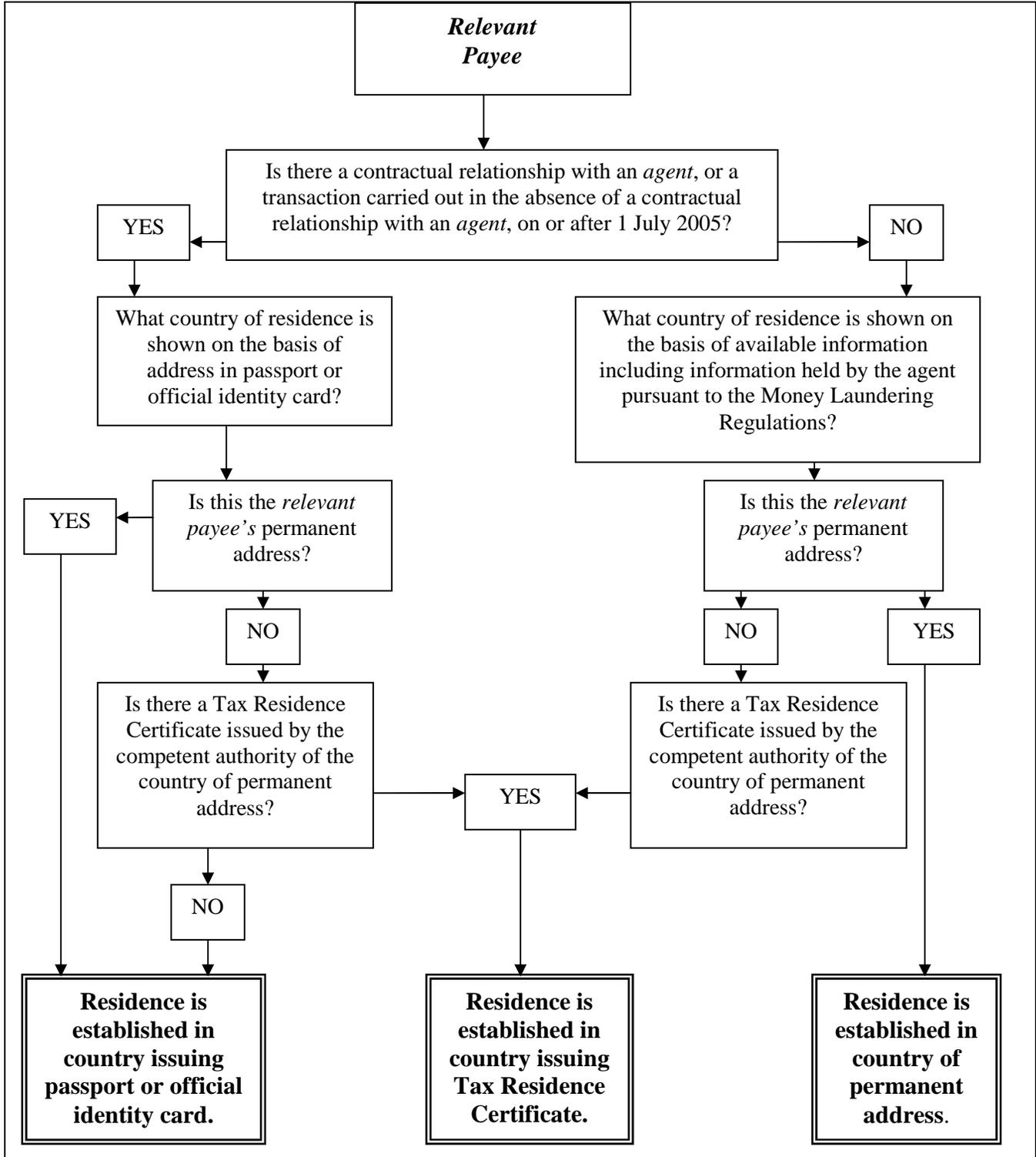
I declare that to the best of my knowledge this Notice is correct and complete.

\_\_\_\_\_  
*(signature of person submitting Notice)*

**Dated this      day of      , 200**

## APPENDIX 5

### Establishing Tax Residence of *Relevant Payees*



## APPENDIX 6

### Form of Application for a Cayman Islands Tax Residence Certificate

[Notepaper heading]

To: *The Director,  
Tax Information Authority  
PO Box 10080  
Elizabethan Square (3<sup>rd</sup> Floor, Phase III)  
80 Shedden Road  
George Town  
Grand Cayman KY1-1001  
Cayman Islands*

Dear Sir,

Application for a Tax Residence Certificate

I hereby make an application to the Tax Information Authority as competent authority for the purposes of the Reporting of Savings Income Information (European Union) Law and Regulations, 2005 for the issue of a Tax Residence Certificate under section 4 (3) (c) of the Law, and regulation 15.

My personal details are as follows:

Full Name: \_\_\_\_\_

Date of Birth: \_\_\_\_\_

Place of Birth: \_\_\_\_\_

Permanent  
Address in the  
Cayman Islands: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Postal Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Nationality: \_\_\_\_\_

Tax Identification  
Number (*if applicable*): \_\_\_\_\_

Preferred telephone,  
fax and email  
contact details: \_\_\_\_\_  
\_\_\_\_\_

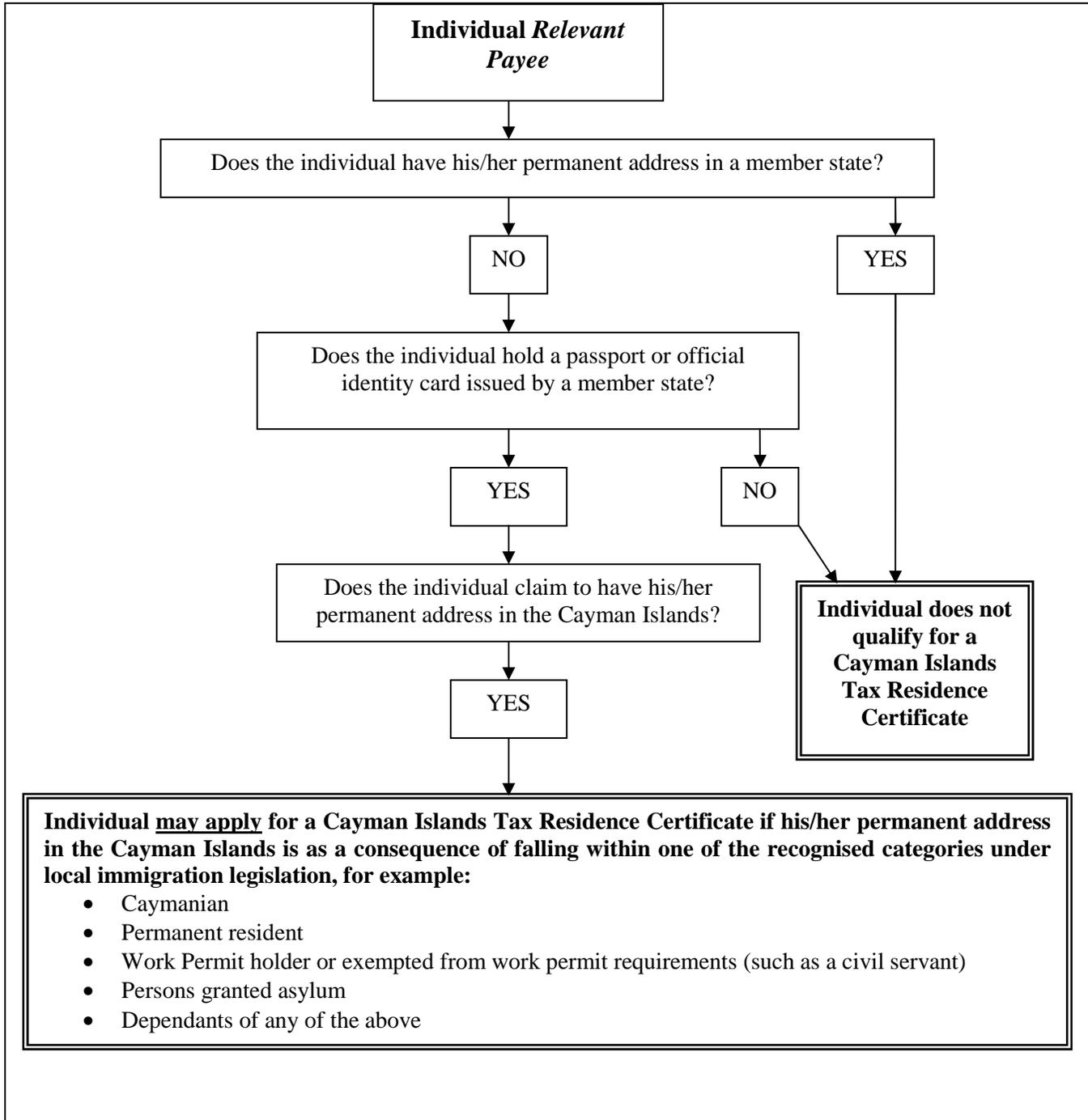
I attach the following:

1. Certified copy of my passport / official identity card (*if appropriate*).
2. Documentary evidence issued by the Chief Immigration Officer confirming my immigration position in the Cayman Islands.
3. (*Please attach any further documents you consider appropriate.*)

Yours faithfully,

## APPENDIX 7

### Application for Cayman Islands Tax Residence Certificate



**Note:** See GN 147-155. Caymanians and residents of the Cayman Islands DO NOT as a matter of routine require a Tax Residence Certificate.

## APPENDIX 8

### Form of Savings Income Report – Schedule 2 Tax Information Authority



#### Report under the Reporting of Savings Income Information (European Union) Regulations, 2005

#### SCHEDULE 2 RELEVANT PAYEE AND PAYMENT INFORMATION

##### PART A RELEVANT PAYEE INFORMATION

First name of relevant payee: \_\_\_\_\_  
Last name of relevant payee: \_\_\_\_\_

Permanent address of relevant payee  
Address: \_\_\_\_\_  
City or Town: \_\_\_\_\_  
Postal Code: \_\_\_\_\_  
State or Province: \_\_\_\_\_  
Country Code: \_\_\_\_\_

Tax identification number of relevant payee: \_\_\_\_\_  
OR, if not available

\* Date of birth of relevant payee (dd/mm/yy): \_\_\_\_\_  
AND  
\* Place of birth of relevant payee (country code): \_\_\_\_\_

\* to be established on the basis of passport or official identity card

##### PART B PAYMENT INFORMATION

Name of agent: \_\_\_\_\_  
Capacity of agent: \_\_\_\_\_

Address of agent: \_\_\_\_\_

Account number of relevant payee into which savings income payment is made or (if none) details of source of payment: \_\_\_\_\_

Savings income payment amount and currency code: \_\_\_\_\_  
Savings income code: \_\_\_\_\_  
Reporting period (year): \_\_\_\_\_

## Form of Savings Income Report – Schedule 3 Tax Information Authority



### Report under the Reporting of Savings Income Information (European Union) Regulations, 2005

#### SCHEDULE 3 RESIDUAL ENTITY AND PAYMENT INFORMATION

Name of Residual Entity: \_\_\_\_\_

Address of Residual Entity

Address: \_\_\_\_\_

City or Town: \_\_\_\_\_

Postal Code: \_\_\_\_\_

Country Code: \_\_\_\_\_

#### PAYMENT INFORMATION

Name of paying agent: \_\_\_\_\_

Address of paying agent: \_\_\_\_\_

Account number of residual entity into which savings income payment is made or (if none) details of source of payment: \_\_\_\_\_

Savings income payment amount and currency code: \_\_\_\_\_

Savings income code: \_\_\_\_\_

Reporting period (year): \_\_\_\_\_

## APPENDIX 9

### Notes on the Completion of Savings Income Reports

#### Tax Information Authority



CAYMAN ISLANDS



### Reports under the Reporting of Savings Income Information (European Union) Regulations, 2005

#### NOTES ON THE COMPLETION OF SAVINGS INCOME REPORTS

##### Introduction

These Notes are designed to assist in the completion of *savings income* reports in the form of Schedules 2 & 3 to the Reporting of Savings Income Information (European Union) Regulations, 2005. In the first instance, reference should be made to the regulations themselves and to the current version of the "Guidance Notes on the Reporting of Savings Income Information requirements in the Cayman Islands".

These Notes and the forms for *savings income* reports may be found at [www.tia.gov.ky](http://www.tia.gov.ky).

Words which have been italicized in these Notes are defined in the regulations and should be interpreted accordingly.

##### Completion of reports

###### Relevant payee information / residual entity information

###### **Name**

Enter the name of the reportable individual (*relevant payee*) or entity (*residual entity*)

Where more than one individual shares entitlement to the payment or the receipt, a separate form must be completed for each *relevant payee*. Do not complete a form for individuals that are not reportable.

###### **Permanent Address**

The address to be shown is the permanent address of the *relevant payee* or *residual entity*. It should include the postal code, if known.  
(See Section V of the Guidance Notes in relation to determination of address.)

###### **Country Code**

Enter the ISO country code for the country of residence. A list of country codes is attached - **Appendix 1 (Notes on Completion)**.

### **Tax Identification Number (TIN)**

Enter a *Tax Identification Number* TIN, if required. Completion of TIN details are required where contractual relations between an *agent* and a *relevant payee* are entered into, or transactions are carried out in the absence of contractual relations, on or after 1 July 2005.

### **Date of birth and place of birth**

Where a TIN is required but is not available, the date and place of birth should be entered.

The date of birth should be shown as day/month/year.

The place of birth should be shown by country code. The country codes are the same as those required for permanent address (see **Appendix 1 (Notes on Completion)**).

### **Payment Information**

#### **Name of agent**

Enter the name of the *paying agent* or the *receiving agent*.

#### **Capacity of agent**

Specify whether the *agent* is a *paying agent* or a *receiving agent*.

#### **Address of agent**

Enter the business address of the *agent*.

#### **Account number of relevant payee / residual entity**

Provide the account number or unique identification (description and / or number) of the instrument or other source in respect of which the payment of *savings income* was made.

#### **Savings income payment amount and currency code**

Enter the amount of the *savings income*. (See Section III of the Guidance Notes in relation to what constitutes *savings income*.)

The currency code should be reported according to the SWIFT standard to show the currency in which the report is made. A list of currency codes is attached - **Appendix 2 (Notes on Completion)**.

#### **Savings income code**

Identify the appropriate category of *savings income* in accordance with regulation 9(1).

Enter the *savings income* code as A, B or C to correspond with the categories of *savings income* specified in regulations 9(1)(a), (b) & (c) respectively.

#### **Reporting period**

Enter the reporting period in respect of which the report is being made.

Reporting periods are annual and end on 31 December each year.

## Submission of reports

### **Mode of completion**

Reports should be completed electronically using the standard forms which accompany these Notes and which are available at [www.tia.gov.ky](http://www.tia.gov.ky).

Completed reports should be printed and submitted to the Tax Information Authority at the address below. Advance copies of completed reports may be submitted by email.

### **Multiple reports?**

Where more than one payment is made from a single account or security, **either** an individual transaction, **or** an aggregate figure relating to all transactions, should be reported on each form.

If the payment is made to an individual, separate forms for each individual should be used even when a number of individuals receive the income from the same account or security. For example, for a joint account a separate form will be required for each individual who is reportable.

If the payment is made to a *residual entity* a single form should be completed for each account or security.

### **Contact details:**

Tax Information Authority  
PO Box 10080  
Elizabethan Square (3<sup>rd</sup> Floor, Phase III)  
80 Shedden Road  
George Town  
Grand Cayman KY1-1001  
Cayman Islands

Email: [tia@gov.ky](mailto:tia@gov.ky)  
Fax: 345 946 4804

## APPENDIX 1 (Notes on Completion)

### ISO Country Codes

TABLE A - Alphabetically by ISO Country Code

ISO Code	COUNTRY
AD	Andorra
AE	United Arab Emirates
AF	Afghanistan
AG	Antigua and Barbuda
AI	Anguilla
AL	Albania
AM	Armenia
AN	Netherlands Antilles
AO	Angola
AQ	Antarctica
AR	Argentina
AS	American Samoa
AT	Austria
AU	Australia
AW	Aruba
AX	Aland Islands
AZ	Azerbaijan
BA	Bosnia and Herzegovina
BB	Barbados
BD	Bangladesh
BE	Belgium
BF	Burkina Faso
BG	Bulgaria
BH	Bahrain
BI	Burundi
BJ	Benin
BM	Bermuda
BN	Brunei Darussalam
BO	Bolivia
BR	Brazil
BS	Bahamas
BT	Bhutan
BV	Bouvet Island
BW	Botswana
BY	Belarus
BZ	Belize
CA	Canada
CC	Cocos (Keeling) Islands
CD	Congo, The Democratic Republic of the
CF	Central African Republic
CG	Congo
CH	Switzerland
CI	Ivory Coast (Cote D'Ivoire)
CK	Cook Islands
CL	Chile

<b>CM</b>	Cameroon
<b>CN</b>	China
<b>CO</b>	Colombia
<b>CR</b>	Costa Rica
<b>CS</b>	Serbia And Montenegro
<b>CU</b>	Cuba
<b>CV</b>	Cape Verde
<b>CX</b>	Christmas Island
<b>CY</b>	Cyprus
<b>CZ</b>	Czech Republic
<b>DE</b>	Germany
<b>DJ</b>	Djibouti
<b>DK</b>	Denmark
<b>DM</b>	Dominica
<b>DO</b>	Dominican Republic
<b>DZ</b>	Algeria
<b>EC</b>	Ecuador
<b>EE</b>	Estonia
<b>EG</b>	Egypt
<b>EH</b>	Western Sahara
<b>ER</b>	Eritrea
<b>ES</b>	Spain
<b>ET</b>	Ethiopia
<b>FI</b>	Finland
<b>FJ</b>	Fiji
<b>FK</b>	Falkland Islands
<b>FM</b>	Micronesia
<b>FO</b>	Faroe Islands
<b>FR</b>	France
<b>GA</b>	Gabon
<b>GD</b>	Grenada
<b>GE</b>	Georgia
<b>GF</b>	French Guiana
<b>GG</b>	Guernsey
<b>GH</b>	Ghana
<b>GI</b>	Gibraltar
<b>GL</b>	Greenland
<b>GM</b>	Gambia
<b>GN</b>	Guinea
<b>GP</b>	Guadeloupe
<b>GQ</b>	Equatorial Guinea
<b>GR</b>	Greece
<b>GS</b>	South Georgia and the South Sandwich Islands
<b>GT</b>	Guatemala
<b>GU</b>	Guam
<b>GW</b>	Guinea Bissau
<b>GY</b>	Guyana
<b>HK</b>	Hong Kong
<b>HM</b>	Heard Island and McDonald Islands
<b>HN</b>	Honduras
<b>HR</b>	Croatia

<b>HT</b>	Haiti
<b>HU</b>	Hungary
<b>ID</b>	Indonesia
<b>IE</b>	Ireland
<b>IL</b>	Israel
<b>IM</b>	Isle of Man
<b>IN</b>	India
<b>IO</b>	British Indian Ocean Territory
<b>IQ</b>	Iraq
<b>IR</b>	Iran
<b>IS</b>	Iceland
<b>IT</b>	Italy
<b>JE</b>	Jersey
<b>JM</b>	Jamaica
<b>JO</b>	Jordan
<b>JP</b>	Japan
<b>KE</b>	Kenya
<b>KG</b>	Kyrgyzstan
<b>KH</b>	Cambodia
<b>KI</b>	Kiribati
<b>KM</b>	Comoros
<b>KN</b>	St Kitts & Nevis
<b>KP</b>	Korea, Democratic People's Republic of (North)
<b>KR</b>	Korea, Republic of (South)
<b>KW</b>	Kuwait
<b>KY</b>	Cayman Islands
<b>KZ</b>	Kazakhstan
<b>LA</b>	Laos
<b>LB</b>	Lebanon
<b>LC</b>	St Lucia
<b>LI</b>	Liechtenstein
<b>LK</b>	Sri Lanka
<b>LR</b>	Liberia
<b>LS</b>	Lesotho
<b>LT</b>	Lithuania
<b>LU</b>	Luxembourg
<b>LV</b>	Latvia
<b>LY</b>	Libya
<b>MA</b>	Morocco
<b>MC</b>	Monaco
<b>MD</b>	Moldova, Republic of
<b>MG</b>	Madagascar
<b>MH</b>	Marshall Islands
<b>MK</b>	Macedonia
<b>ML</b>	Mali
<b>MM</b>	Myanmar
<b>MN</b>	Mongolia
<b>MO</b>	Macau
<b>MP</b>	Northern Mariana Islands
<b>MQ</b>	Martinique
<b>MR</b>	Mauritania

<b>MS</b>	Montserrat
<b>MT</b>	Malta
<b>MU</b>	Mauritius
<b>MV</b>	Maldives
<b>MW</b>	Malawi
<b>MX</b>	Mexico
<b>MY</b>	Malaysia
<b>MZ</b>	Mozambique
<b>NA</b>	Namibia
<b>NC</b>	New Caledonia
<b>NE</b>	Niger
<b>NF</b>	Norfolk Island
<b>NG</b>	Nigeria
<b>NI</b>	Nicaragua
<b>NL</b>	Netherlands
<b>NO</b>	Norway
<b>NP</b>	Nepal
<b>NR</b>	Nauru
<b>NU</b>	Niue
<b>NZ</b>	New Zealand
<b>OM</b>	Oman
<b>PA</b>	Panama
<b>PE</b>	Peru
<b>PF</b>	French Polynesia
<b>PG</b>	Papua New Guinea
<b>PH</b>	Philippines
<b>PK</b>	Pakistan
<b>PL</b>	Poland
<b>PM</b>	St Pierre & Miquelon
<b>PN</b>	Pitcairn Island
<b>PR</b>	Puerto Rico
<b>PS</b>	Palestine
<b>PT</b>	Portugal
<b>PW</b>	Palau
<b>PY</b>	Paraguay
<b>QA</b>	Qatar
<b>RE</b>	Reunion
<b>RO</b>	Romania
<b>RU</b>	Russian Federation
<b>RW</b>	Rwanda
<b>SA</b>	Saudi Arabia
<b>SB</b>	Solomon Islands
<b>SC</b>	Seychelles
<b>SD</b>	Sudan
<b>SE</b>	Sweden
<b>SG</b>	Singapore
<b>SH</b>	St Helena
<b>SI</b>	Slovenia
<b>SJ</b>	Svalbard and Jan Mayen Islands
<b>SK</b>	Slovakia

<b>SL</b>	Sierra Leone
<b>SM</b>	San Marino
<b>SN</b>	Senegal
<b>SO</b>	Somalia
<b>SR</b>	Suriname
<b>ST</b>	Sao Tome and Principe
<b>SV</b>	El Salvador
<b>SY</b>	Syria
<b>SZ</b>	Swaziland
<b>TC</b>	Turks & Caicos Islands
<b>TD</b>	Chad
<b>TF</b>	French Southern Territories
<b>TG</b>	Togo
<b>TH</b>	Thailand
<b>TJ</b>	Tajikistan
<b>TK</b>	Tokelau
<b>TL</b>	Timor-Leste
<b>TM</b>	Turmenistan
<b>TN</b>	Tunisia
<b>TO</b>	Tonga
<b>TP</b>	East Timor
<b>TR</b>	Turkey
<b>TT</b>	Trinidad & Tobago
<b>TV</b>	Tuvalu
<b>TW</b>	Taiwan, Province of China
<b>TZ</b>	Tanzania, United Republic of
<b>UA</b>	Ukraine
<b>UG</b>	Uganda
<b>UK</b>	United Kingdom
<b>UM</b>	USA Minor Outlying Islands
<b>US</b>	United States
<b>UY</b>	Uruguay
<b>UZ</b>	Uzbekistan
<b>VA</b>	Vatican City State
<b>VC</b>	St Vincent & The Grenadines
<b>VE</b>	Venezuela
<b>VG</b>	Virgin Islands (British)
<b>VI</b>	Virgin Islands (USA)
<b>VN</b>	Vietnam
<b>VU</b>	Vanuatu
<b>WF</b>	Wallis and Futuna Islands
<b>WS</b>	Samoa
<b>YE</b>	Yemen
<b>YT</b>	Mayotte
<b>ZA</b>	South Africa
<b>ZM</b>	Zambia
<b>ZW</b>	Zimbabwe

TABLE B - Alphabetically by country name

COUNTRY	ISO Code
Afghanistan	AF
Aland Islands	AX
Albania	AL
Algeria	DZ
American Samoa	AS
Andorra	AD
Angola	AO
Anguilla	AI
Antarctica	AQ
Antigua and Barbuda	AG
Argentina	AR
Armenia	AM
Aruba	AW
Australia	AU
Austria	AT
Azerbaijan	AZ
Bahamas	BS
Bahrain	BH
Bangladesh	BD
Barbados	BB
Belarus	BY
Belgium	BE
Belize	BZ
Benin	BJ
Bermuda	BM
Bhutan	BT
Bolivia	BO
Bosnia and Herzegovina	BA
Botswana	BW
Bouvet Island	BV
Brazil	BR
British Indian Ocean Territory	IO
Brunei Darussalam	BN
Bulgaria	BG
Burkina Faso	BF
Burundi	BI
Cambodia	KH
Cameroon	CM
Canada	CA
Cape Verde	CV
Cayman Islands	KY
Central African Republic	CF
Chad	TD
Chile	CL
China	CN
Christmas Island	CX
Cocos (Keeling) Islands	CC
Colombia	CO
Comoros	KM
Congo	CG

Congo, Democratic Republic of the	CD
Cook Islands	CK
Costa Rica	CR
Cote D'Ivoire	CI
Croatia	HR
Cuba	CU
Cyprus	CY
Czech Republic	CZ
Denmark	DK
Djibouti	DJ
Dominica	DM
Dominican Republic	DO
East Timor	TP
Ecuador	EC
Egypt	EG
El Salvador	SV
Equatorial Guinea	GQ
Eritrea	ER
Estonia	EE
Ethiopia	ET
Falkland Islands	FK
Faroe Islands	FO
Fiji	FJ
Finland	FI
France	FR
French Guiana	GF
French Polynesia	PF
French Southern Territories	TF
Gabon	GA
Gambia	GM
Georgia	GE
Germany	DE
Ghana	GH
Gibraltar	GI
Greece	GR
Greenland	GL
Grenada	GD
Guadeloupe	GP
Guam	GU
Guatemala	GT
Guernsey	GG
Guinea	GN
Guinea-Bissau	GW
Guyana	GY
Haiti	HT
Heard Island and McDonald Islands	HM
Honduras	HN
Hong Kong	HK
Hungary	HU
Iceland	IS

India	<b>IN</b>
Indonesia	<b>ID</b>
Iran	<b>IR</b>
Iraq	<b>IQ</b>
Ireland	<b>IE</b>
Isle of Man	<b>IM</b>
Israel	<b>IL</b>
Italy	<b>IT</b>
Jamaica	<b>JM</b>
Japan	<b>JP</b>
Jersey	<b>JE</b>
Jordan	<b>JO</b>
Kazakhstan	<b>KZ</b>
Kenya	<b>KE</b>
Kiribati	<b>KI</b>
Korea, Democratic People's Republic of (North)	<b>KP</b>
Korea, Republic of (South)	<b>KR</b>
Kuwait	<b>KW</b>
Kyrgyzstan	<b>KG</b>
Laos	<b>LA</b>
Latvia	<b>LV</b>
Lebanon	<b>LB</b>
Lesotho	<b>LS</b>
Liberia	<b>LR</b>
Libya	<b>LY</b>
Liechtenstein	<b>LI</b>
Lithuania	<b>LT</b>
Luxembourg	<b>LU</b>
Macao	<b>MO</b>
Macedonia	<b>MK</b>
Madagascar	<b>MG</b>
Malawi	<b>MW</b>
Malaysia	<b>MY</b>
Maldives	<b>MV</b>
Mali	<b>ML</b>
Malta	<b>MT</b>
Marshall Islands	<b>MH</b>
Martinique	<b>MQ</b>
Mauritania	<b>MR</b>
Mauritius	<b>MU</b>
Mayotte	<b>YT</b>
Mexico	<b>MX</b>
Micronesia	<b>FM</b>
Moldova, republic of	<b>MD</b>
Monaco	<b>MC</b>
Mongolia	<b>MN</b>
Montserrat	<b>MS</b>
Morocco	<b>MA</b>
Mozambique	<b>MZ</b>
Myanmar	<b>MM</b>
Namibia	<b>NA</b>

Nauru	NR
Nepal	NP
Netherlands	NL
Netherlands Antilles	AN
New Caledonia	NC
New Zealand	NZ
Nicaragua	NI
Niger	NE
Nigeria	NG
Niue	NU
Norfolk Island	NF
Northern Mariana Islands	MP
Norway	NO
Oman	OM
Pakistan	PK
Palau	PW
Palestine	PS
Panama	PA
Papua New Guinea	PG
Paraguay	PY
Peru	PE
Philippines	PH
Pitcairn Island	PN
Poland	PL
Portugal	PT
Puerto Rico	PR
Qatar	QA
Reunion	RE
Romania	RO
Russian Federation	RU
Rwanda	RW
St Helena	SH
St Kitts & Nevis	KN
St Lucia	LC
St Pierre and Miquelon	PM
St Vincent and The Grenadines	VC
Samoa	WS
San Marino	SM
Sao Tome and Principe	ST
Saudi Arabia	SA
Senegal	SN
Serbia and Montenegro	CS
Seychelles	SC
Sierra Leone	SL
Singapore	SG
Slovakia	SK
Slovenia	SI
Solomon Islands	SB
Somalia	SO
South Africa	ZA
South Georgia and the South Sandwich Islands	GS

Spain	<b>ES</b>
Sri Lanka	<b>LK</b>
Sudan	<b>SD</b>
Suriname	<b>SR</b>
Svalbard and Jan Mayen	<b>SJ</b>
Swaziland	<b>SZ</b>
Sweden	<b>SE</b>
Switzerland	<b>CH</b>
Syria	<b>SY</b>
Taiwan, Province of China	<b>TW</b>
Tajikistan	<b>TJ</b>
Tanzania, United Republic of	<b>TZ</b>
Thailand	<b>TH</b>
Timor-Leste	<b>TL</b>
Togo	<b>TG</b>
Tokelau	<b>TK</b>
Tonga	<b>TO</b>
Trinidad and Tobago	<b>TT</b>
Tunisia	<b>TN</b>
Turkey	<b>TR</b>
Turkmenistan	<b>TM</b>
Turks and Caicos Islands	<b>TC</b>
Tuvalu	<b>TV</b>
Uganda	<b>UG</b>
Ukraine	<b>UA</b>
United Arab Emirates	<b>AE</b>
United Kingdom	<b>GB</b>
United States	<b>US</b>
United States Minor Outlying Islands	<b>UM</b>
Uruguay	<b>UY</b>
Uzbekistan	<b>UZ</b>
Vanuatu	<b>VU</b>
Vatican City State	<b>VA</b>
Venezuela	<b>VE</b>
Vietnam	<b>VN</b>
Virgin Islands (British)	<b>VG</b>
Virgin Islands (USA)	<b>VI</b>
Wallis and Futuna	<b>WF</b>
Western Sahara	<b>EH</b>
Yemen	<b>YE</b>
Zambia	<b>ZM</b>
Zimbabwe	<b>ZW</b>

## APPENDIX 2 (Notes on Completion)

### SWIFT STANDARD CODES

CURRENCY	CODE	COUNTRY
EURO	EUR	European Union
Andorran Peseta	ADP	Andorra
UAE Dirham	AED	United Arab Emirates
Afghani	AFA	Afghanistan
Albanian Lek	ALL	Albania
Armenian Dram	AMD	Armenia
Antilles Guilder	ANG	Netherlands Antilles
New Kwanza	AON	Angola
Argentine Peso	ARS	Argentina
Australian Dollar	AUD	Australia
Aruban Guilder	AWG	Aruba
Azerbaijan Manat	AZM	Azerbaijan
Bosnia Marka	BAK	Bosnia
Barbados Dollar	BBD	Barbados
Taka	BDT	Bangladesh
Lev	BGL	Bulgaria
Bahraini Dinar	BHD	Bahrain
Burundi Franc	BIF	Burundi
Bermudian Dollar	BMD	Bermuda
Brunei Dollar	BND	Brunei Darussalam
Boliviano	BOB	Bolivia
Cruzeiro	BRE	Brazil
Bahamian Dollar	BSD	Bahamas
Ngultrum	BTN	Bhutan
Pula	BWP	Botswana
Belarus Rouble	BYB	Belarus
Belize Dollar	BZD	Belize
Canadian Dollar	CAD	Canada
Swiss Franc	CHF	Switzerland
Chilean Peso	CLF	Chile
Yuan Renminbi	CNY	China
Colombian Peso	COP	Columbia
Costa Rican Colon	CRC	Costa Rica
Koruna	CSK	Czechoslovakia
Cuban Peso	CUP	Cuba
Verda Escudo	CVE	Cape Verde
Cyprus Pound	CYP	Cyprus
Djibouti Franc	DJF	Djibouti
Danish Krone	DKK	Denmark
Dominican Peso	DOP	Dominican Republic
Algerian Dinar	DZD	Algeria
Ecuador	ECS	Ecuador

Estonian Croon	<b>EEK</b>	Estonia
Egyptian Pound	<b>EGP</b>	Egypt
Convertible Peseta Securities	<b>ESB</b>	Spain
Ethiopian Birr	<b>ETB</b>	Ethiopia
Fiji Dollar	<b>FJD</b>	Fiji
Falkland Islands Pound	<b>FKP</b>	Falkland Islands
Sterling	<b>GBP</b>	United Kingdom
Georgian Lari	<b>GEL</b>	Georgia
Cedi	<b>GHC</b>	Ghana
Gibraltar Pound	<b>GIP</b>	Gibraltar
Dalasi	<b>GMD</b>	Gambia
Guinea Franc	<b>GNF</b>	Guinea
Quetzal	<b>GTQ</b>	Guatemala
Guinea-Bissau Peso	<b>GWP</b>	Guinea-Bissau
Guyana Dollar	<b>GYD</b>	Guyana
Hong Kong Dollar	<b>HKD</b>	Hong Kong
Lempira	<b>HNL</b>	Honduras
Croatian Kuna	<b>HRK</b>	Croatia
Gourde	<b>HTG</b>	Haiti
Forint	<b>HUF</b>	Hungary
Rupiah	<b>IDR</b>	Indonesia
Shekel	<b>ILS</b>	Israel
Indian Rupee	<b>INR</b>	India
Iraqi Dinar	<b>IQD</b>	Iraq
Iranian Rial	<b>IRR</b>	Iran
Iceland Krona	<b>ISK</b>	Iceland
Jamaican Dollar	<b>JMD</b>	Jamaica
Jordanian Dollar	<b>JOD</b>	Jordan
Yen	<b>JPY</b>	Japan
Kenyan Shilling	<b>KES</b>	Kenya
Kyrgyzstan Som	<b>KGS</b>	Kyrgyzstan
Riel	<b>KHR</b>	Cambodia
Comoro Franc	<b>KMF</b>	Comoros
North Korean Won	<b>KPW</b>	North Korea
South Korean Won	<b>KRW</b>	South Korea
Kuwaiti Dinar	<b>KWD</b>	Kuwait
Cayman Islands Dollar	<b>KYD</b>	Cayman Islands
Kazakhstan Tenge	<b>KZT</b>	Kazakhstan
Kip	<b>LAK</b>	Laos People's Democratic Republic
Lebanese Pound	<b>LBP</b>	Lebanon
Sri Lanka Rupee	<b>LKR</b>	Sri Lanka
Liberian Dollar	<b>LRD</b>	Liberia
Loti	<b>LSL</b>	Lesotho
Latvian Lats	<b>LVL</b>	Latvia
Libyan Dinar	<b>LYD</b>	Libya
Moroccan Dirham	<b>MAD</b>	Morocco
Moldovan Leu	<b>MDL</b>	Republic of Moldova

Malagasy Franc	<b>MGF</b>	Madagascar
Macedonian Denar	<b>MKD</b>	Macedonia
Kyat	<b>MMK</b>	Myanmar
Tugrik	<b>MNT</b>	Mongolia
Pataca	<b>MOP</b>	Macau
Ouguiya	<b>MRO</b>	Mauritania
Maltese Lira	<b>MTL</b>	Malta
Mauritius Rupee	<b>MUR</b>	Mauritius
Rufiyaa	<b>MVR</b>	Maldives
Kwacha	<b>MWK</b>	Malawi
Mexican Peso	<b>MXP</b>	Mexico
Malaysian Ringgit	<b>MYR</b>	Malaysia
Metical	<b>MZM</b>	Mozambique
Namibian Dollar	<b>NAD</b>	Namibia
Naira	<b>NGN</b>	Nigeria
Cordoba Oro	<b>NIO</b>	Nicaragua
Norwegian Krone	<b>NOK</b>	Norway
Nepalese Rupee	<b>NPR</b>	Nepal
New Zealand Dollar	<b>NZD</b>	New Zealand
Rial Omani	<b>OMR</b>	Oman
Balboa	<b>PAB</b>	Panama
Pennuevo Sol	<b>PEN</b>	Peru
Kina	<b>PGK</b>	Papua New Guinea
Philippine Peso	<b>PHP</b>	Philippines
Pakistan Rupee	<b>PKR</b>	Pakistan
Zloty	<b>PLZ</b>	Poland
Guarani	<b>PYG</b>	Paraguay
Qatar Rial	<b>QAR</b>	Qatar
Leu	<b>ROL</b>	Romania
Rwanda Franc	<b>RWF</b>	Rwanda
Saudi Riyal	<b>SAR</b>	Saudi Arabia
Solomon Islands Dollar	<b>SDB</b>	Solomon Islands
Seychelles Rupee	<b>SCR</b>	Seychelles
Sudanese Pound	<b>SDP</b>	Sudan
Swedish Krona	<b>SEK</b>	Sweden
Singapore Dollar	<b>SGD</b>	Singapore
St Helena Pound	<b>SHP</b>	St Helena
Slovenian Tolar	<b>SIT</b>	Slovenia
Slovakian Koruna	<b>SKK</b>	Slovakia
Leone	<b>SLL</b>	Sierra Leone
Somali Shilling	<b>SOS</b>	Somali
Surinam Guilder	<b>SRG</b>	Surinam
Dobra	<b>STD</b>	SaoTome and Principe
Rouble	<b>SUR</b>	Russia
El Salvador Colon	<b>SVC</b>	El Salvador
Syrian Pound	<b>SYP</b>	Syria
Lilangeni	<b>SZL</b>	Swaziland
Baht	<b>THB</b>	Thailand
Tunisian Dinar	<b>TND</b>	Tunisia

Pa'Anga	<b>TPO</b>	Tonga
Turkish Lira (to 31 Dec. 2004)	<b>TRL</b>	Turkey
New Turkish Lira (from 1 Jan 2005)	<b>TRY</b>	Turkey
Trinidad and Tobago Dollar	<b>TTD</b>	Trinidad and Tobago
New Taiwan Dollar	<b>TWD</b>	Taiwan
Tanzanian Shilling	<b>TZS</b>	Tanzania
Ukrainian Hryvna	<b>UAH</b>	Ukraine
Uganda Shilling	<b>UGX</b>	Uganda
US Dollar	<b>USD</b>	United States
US Dollar Next Day Funds	<b>USN</b>	United States
Uruguayan Peso	<b>UYU</b>	Uruguay
Uzbekistan Sum	<b>UZS</b>	Uzbekistan
Bolivar	<b>VEB</b>	Venezuela
Dong	<b>VND</b>	Vietnam
Vatu	<b>VUV</b>	Vanuatu
Tala	<b>WST</b>	Samoa
CFA Franc Beac	<b>XAF</b>	French African Territories
East Caribbean Dollar	<b>XCD</b>	
Franc Bceao	<b>XOF</b>	French Occidental Territories
CPF Franc	<b>XPF</b>	French Pacific Territories
Yemeni Rial	<b>YAR</b>	Yemen