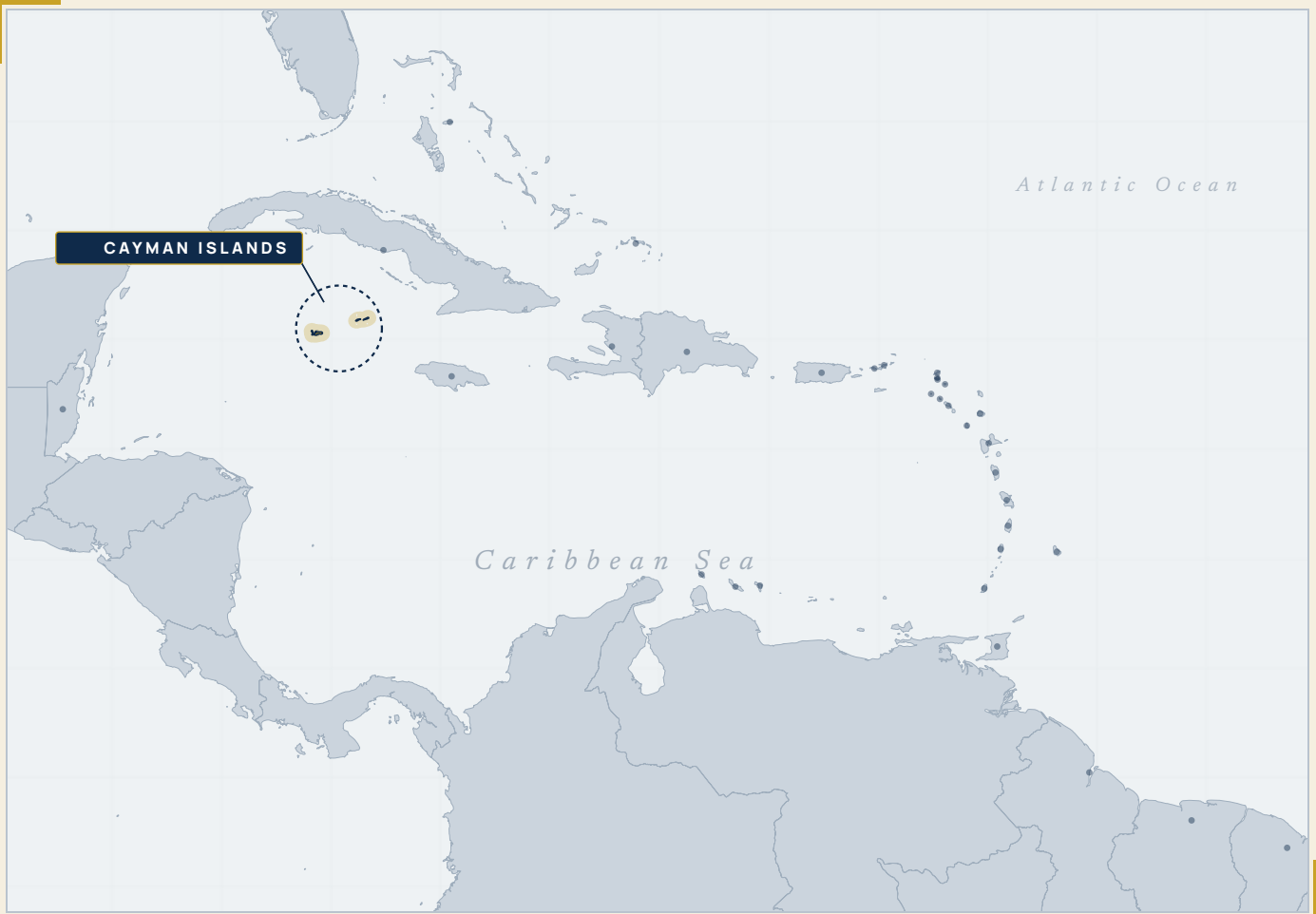




CARIBBEAN TAX SERVICE DESK · NORTHERN CARIBBEAN AND ATLANTIC

The Cayman Islands *Tax Guide*

A guide to corporate, personal and indirect taxes in the Cayman Islands

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FOREWORD

The Cayman Islands levies no income, corporate, capital gains or value added tax. That does not mean there is nothing to manage.

Tax neutrality is the foundation of the Cayman Islands' international business. Government is funded instead by import duty, stamp duty, tourism accommodation tax and a wide range of annual fees, while entities must meet demanding international rules on economic substance, beneficial ownership and the automatic exchange of tax information.

This guide explains, in plain language and current to October 2026, which taxes do not apply, which charges do, and the reporting obligations that take their place. It is written for investors, finance teams, fund sponsors and individuals with interests in the Cayman Islands.

Tax matters are handled by Dawgen Global's Caribbean Tax Service Desk, managed from Kingston. We would be glad to help you plan, comply and resolve issues with confidence.

Dr. Dawkins Brown, Ph.D., MCMI, ACFE

Executive Chairman, Dawgen Global

How to use this guide

This guide summarises the main taxes that apply to companies and individuals in the Cayman Islands. It is general information, current to October 2026, and is not a substitute for advice on your circumstances. Rates and rules change; speak to us before you act. Our companion Doing Business guide covers set-up, employment and regulation.

FOUNDATIONS

01 Investment basics

The Cayman Islands has a currency fixed to the US dollar, no exchange controls and no direct taxes. Revenue comes from duties and fees.

CORPORATE INCOME TAX**None**

No tax on profits, income or gains

PERSONAL INCOME TAX**None**

No tax on salaries, investment income or gains

VAT OR SALES TAX**None**

Import duty is the main tax on consumption

IMPORT DUTY**22%**

On most goods; other rates for vehicles, fuel, alcohol and tobacco

STAMP DUTY ON LAND**7.5% / 10%**

10% where the price is CI\$2 million or more

TAX UNDERTAKING**20 years**

Exempted companies, extendable by 10; 50 years for exempted limited partnerships

Currency and foreign exchange

The Cayman Islands dollar (KYD) is fixed at CI\$1 = US\$1.20 and issued by CIMA. There are no exchange controls, and US dollar accounts are widely used.

Accounting and audit

IFRS and US GAAP are both widely used. Companies must keep proper books of account giving a true and fair view, but there is no general audit or filing requirement. Entities regulated by CIMA, including registered funds, file audited financial statements with CIMA.

Principal business entities

Exempted company

Ordinary resident company

Ordinary non-resident company

Limited liability company

Exempted limited partnership

Foundation company

Registered foreign company

The revenue system

Import duty, stamp duty, tourism accommodation tax and licence, registry and work permit fees fund government. The Department for International Tax Cooperation (DITC) administers international tax reporting.

BUSINESS TAX

02 Corporate taxation

No tax is charged on the profits, income or gains of any company, partnership or trust, whether resident or not.

Residence and basis

With no corporate tax, residence does not decide a tax charge. It matters for economic substance, where an entity resident for tax elsewhere files evidence of that residence, and for CRS and FATCA classification. Other countries may treat a Cayman entity as resident there if it is managed from there.

Taxable income

There is no taxable income computation, no capital allowances and no tax return. Accounts are prepared for owners, lenders and regulators, not for a tax authority.

Taxpayer	Rate
Exempted and ordinary companies	0%
Limited liability companies and foundation companies	0%
Partnerships, including exempted limited partnerships	0%
Branches of overseas companies	0%
Banks, insurers and funds	0%; annual CIMA fees apply

Tax undertakings

An exempted company may apply under the Tax Concessions Act for a Cabinet undertaking that no future tax on profits, income, gains or appreciation will apply to it for 20 years, extendable by 10 years. Exempted limited partnerships may obtain a 50-year undertaking. Undertakings give investors and lenders written certainty.

Minimum tax and surtax

There is no minimum tax, surtax or asset tax. Annual government fees, set by entity type and, for companies, by authorised share capital, are payable instead.

BUSINESS TAX

03 Corporate taxation (continued)

Dividends

Dividends received and paid are not taxed and carry no withholding tax. Distributions are governed by company law and the constitutional documents, not tax rules.

Capital gains

There is no capital gains tax. Stamp duty applies to transfers of Cayman land and of shares in companies that hold Cayman land (page 07).

Losses

With no tax base, losses have no tax value in the Cayman Islands. They may matter in an owner's home country.

Foreign tax credit

There is no Cayman tax against which foreign tax can be credited. Foreign tax on income received is a cost, so the source country's rules matter.

Holding companies and groups

No participation exemption, holding company regime or group relief is needed. Holding entities may still have economic substance duties as pure equity holding entities.

Incentives in brief

Incentive	Main benefit
Tax undertakings	Certainty against future direct taxes
Special economic zone	Relief from certain duties and fees; five-year staff certificates
Duty concessions	Import duty relief for approved developments and projects
Small business support	Licence fee discounts for qualifying Caymanian businesses
Home ownership	Stamp duty concessions for first-time Caymanian buyers

Eligibility and conditions apply to each regime.

CROSS-BORDER PAYMENTS

04 Withholding taxes and tax treaties

No withholding tax is deducted from payments made from the Cayman Islands to residents or non-residents.

Payment	Resident	Non-resident	Treaty rate
Dividends	None	None	Not applicable
Interest	None	None	Not applicable
Royalties	None	None	Not applicable
Management and service fees	None	None	Not applicable
Branch remittances	None	None	Not applicable

Income flowing into the Cayman Islands may suffer withholding tax in the source country without treaty relief. Some countries apply higher rates or other defensive measures to payments to low- or no-tax jurisdictions; check the payer country's rules.

Tax treaties

There are no comprehensive double tax treaties. A limited arrangement with the United Kingdom, made in 2009, mainly covers individuals, pensions and information exchange. The Cayman Islands is not party to the CARICOM tax agreement.

Information exchange agreements

The Cayman Islands has bilateral tax information exchange agreements with many countries and takes part in the Multilateral Convention on Mutual Administrative Assistance in Tax Matters. Requests are handled by the DITC as competent authority.

Treaty access in practice

Groups wanting treaty relief on income from abroad generally need an entity resident in a treaty country with real substance there.

INTERNATIONAL RULES

05 Anti-avoidance and international rules

Without direct taxes, the Cayman Islands' international obligations centre on substance, transparency and the exchange of information.

Transfer pricing, interest and CFCs

There are no transfer pricing, thin capitalisation, CFC or general anti-avoidance rules, as there is no tax to protect. Arm's length pricing still matters to tax authorities abroad, and many countries apply CFC rules to Cayman subsidiaries.

Economic substance

The International Tax Co-operation (Economic Substance) Act requires entities carrying on a relevant activity to show adequate substance in the Cayman Islands. The nine activities are banking, distribution and service centre, financing and leasing, fund management, headquarters, holding company, insurance, intellectual property and shipping. Investment funds are outside the regime. Failing the test attracts a penalty of up to CI\$10,000, then up to CI\$100,000 in a later year, with possible strike-off and exchange of information with other countries.

Pillar Two

The Cayman Islands joined the OECD two-pillar agreement in 2021 but had not adopted the 15% global minimum tax, or announced a domestic minimum tax, at mid-2026. Cayman entities of large groups may face top-up tax in other countries.

Information exchange

- ◆ **FATCA:** Model 1B agreement with the United States
- ◆ **CRS:** in place since 2016; amendments and crypto-asset reporting from 1 January 2026
- ◆ **Country-by-country reports:** filed with the DITC by large multinational groups
- ◆ **Beneficial ownership:** held at the registered office and filed monthly through the corporate services provider

CORPORATE COMPLIANCE

06 Compliance for corporations

There are no corporate tax returns. Compliance is a calendar of registry, substance, information-reporting and regulatory filings.

Annual cycle

Each entity files its own returns; there is no group or consolidated filing. Most deadlines follow the calendar year, while substance and country-by-country returns follow each entity's financial year.

1

Annual return and fees

31 JAN

With the economic substance notification, to the General Registry.

2

CRS and FATCA reports

31 JUL

Reporting financial institutions report to the DITC.

3

Economic substance return

12 MONTHS AFTER
YEAR-END

For entities with relevant activities.

Penalties

Registry penalties apply when the annual return and fees are not completed by the end of March, and increase over time. Late substance returns, information reports and CIMA filings attract penalties under each law, and unpaid fees can lead to strike-off.

Records and rulings

Keep proper books and underlying documents, and tell the registered office where they are kept if outside the Cayman Islands. A tax undertaking provides certainty; the DITC publishes guidance on substance and reporting.

Appeals

Penalty decisions can be challenged under the relevant law, generally before the Grand Court, with further appeal to the Court of Appeal and the Privy Council.

Practical points

Classify each entity for economic substance and CRS/FATCA when it is formed, and review the classification each year. Diarise January fee deadlines early, keep beneficial ownership details current, and keep evidence of board meetings and decision-making in the Cayman Islands where substance depends on it.

BEYOND INCOME TAX

07 Other taxes on corporations

Charge	Rate and base	Who pays
Payroll and social security tax	None	—
Pension contributions	5% employer and 5% employee, on earnings up to CI\$87,000 a year	Employer and employee
Health insurance	Approved cover for every employee; employer may recover up to 50% of the standard premium	Employer, with employee share
Work permit fees	Annual fee set by occupation	Employer
Property tax	None	—
Stamp duty on land	7.5% of the price; 10% at CI\$2 million or more; also on shares in land-holding companies	Usually the buyer
Stamp duty on security	1% to 1.5% of the sum secured over land	Borrower
Capital duty	None; annual fees vary with authorised share capital	Companies
Registry and CIMA fees	Annual government fees by entity type and regulated activity	All entities; regulated entities
Trade and business licence	Annual fee by activity; local companies control licence where required	Businesses trading locally
Tourism accommodation tax	13% of the charge for accommodation	Collected by operators
Import duty	22% on most goods; other rates for some goods	Importers

There is no insurance premium tax or financial services tax; regulated financial businesses pay CIMA fees instead.

INDIVIDUALS

08 Personal taxation

Individuals pay no income tax, whatever their residence, nationality or source of income.

Basis of taxation

There is no personal income tax, so residence, domicile and remittance do not decide a Cayman tax charge. Residence matters for immigration, for pension and health insurance duties, and for the tax residence declared to banks under CRS and FATCA.

Residence and immigration

The right to live and work is governed by WORC, through work permits, residency certificates and permanent residence. Certificates for persons of independent means and investors require minimum investment and income set by regulation.

Home-country tax

Moving to the Cayman Islands does not end tax duties elsewhere. US citizens remain taxable on worldwide income, and other countries may tax former residents or Cayman-source income under their own rules.

Income or gain	Cayman tax
Employment income and benefits	None
Business and professional profits	None
Dividends, interest and royalties	None
Rental income	None; tourism accommodation tax on short stays
Pensions	None

Filing status and allowances

There are no personal returns, filing status elections, allowances or thresholds.

INDIVIDUALS

09 Personal taxation (continued)

Capital gains

There is no capital gains tax. Stamp duty applies when land, or shares in a land-holding company, change hands.

Pensions

Most employees in the Cayman Islands, including work permit holders, must be enrolled in a registered pension plan under the National Pensions Act. Contributions are 5% from the employee and 5% from the employer, on earnings up to CI\$87,000 a year, unless the employer pays more.

Employment benefits

Benefits in cash or kind are not taxed in the Cayman Islands. Employees must be covered at least under the Standard Health Insurance Contract, and employers commonly provide housing or allowances to expatriates.

Charge	Position for individuals
Pension (employee)	5% of earnings up to CI\$87,000 a year
Health insurance	Up to 50% of the standard premium
Stamp duty on land	7.5%; 10% at CI\$2 million or more
First-time Caymanian buyers	No duty on homes up to CI\$550,000; reduced rate to CI\$650,000
Import duty	22% on most personal imports, with allowances for returning residents
Property tax	None
Inheritance, estate and gift tax	None
Net wealth tax	None
Capital acquisitions tax	None

Self-employed persons arrange their own pension and health cover in line with the relevant laws.

INDIVIDUAL COMPLIANCE

10 Compliance for individuals

Individuals file no tax returns in the Cayman Islands. Their obligations arise through employment, property and reporting to financial institutions.

Employees

Employers deduct the employee's pension contribution and any health insurance share from pay, and pay pension contributions by the 15th of the next month. There is no PAYE and no annual employer tax return.

Property owners

When	What
On purchase	Stamp duty on the transfer and on any mortgage
Monthly, if let to tourists	Tourism accommodation tax and occupancy report, within 28 days of month-end

Short-term lets need a tourism accommodation licence from the Department of Tourism.

Non-residents and expatriates

- ◆ Pay for work done in the Cayman Islands is not taxed locally, but may be taxed at home
- ◆ Foreign staff need a work permit from WORC before starting work
- ◆ Banks ask for self-certification of tax residence under CRS and FATCA
- ◆ US persons continue to file US returns and foreign account reports
- ◆ Beneficial owners of Cayman entities are recorded through the corporate services provider
- ◆ Gifts and inheritances are not taxed locally; check the rules of the home country

Plan before you move

Leaving a taxing country can trigger exit or departure rules there. Take advice on timing, residence ties and existing assets before relocating.

INDIRECT TAXES

11 Indirect taxes and customs

There is no VAT, GST or sales tax. Import duty, collected by Customs and Border Control, is the main tax on goods.

Item	Position
VAT, GST or sales tax	None
Import duty, general	22% on most goods
Higher or specific rates	Motor vehicles, fuel, alcohol and tobacco
Nil or reduced rates	Some goods, such as books, spectacles and approved project materials
Tourism accommodation tax	13% of accommodation charges to tourists
Services, including digital	No tax on local, imported or digital services

Registration and returns

Without VAT there is no registration threshold or input tax recovery. Commercial importers register for a Trader Identification Number, and accommodation operators register with the Department of Tourism.

Duty relief

Government may grant duty concessions for approved developments and projects, special economic zone companies receive relief from certain duties, and new residents may import used household effects free of duty, subject to conditions.

Customs procedure

Goods are declared through the Customs Online System within seven days of arrival. Duty is charged on the value of the goods at the rates in the Customs Tariff, and import duty is a cost to the business, not recoverable.

Excise

There is no separate excise tax; alcohol, tobacco and fuel carry specific import duty rates instead.

Tourism accommodation tax

Hotels and licensed rental operators charge 13% to guests who are tourists, and remit it with a monthly occupancy report within 28 days of month-end.

ADMINISTRATION

12 Tax calendar and administration

Main laws

Tax Concessions Act; International Tax Co-operation (Economic Substance) Act; Tax Information Authority Act; Beneficial Ownership Transparency Act, 2023; Customs Tariff Act; Stamp Duty Act; Companies Act; Exempted Limited Partnership Act; National Pensions Act; Health Insurance Act; Trade and Business Licensing Act; Local Companies (Control) Act.

Authorities

The DITC handles substance, CRS, FATCA and information exchange. Customs and Border Control collects duty, stamp duty on land is paid when transfers are registered with the Registrar of Lands, and the Department of Tourism collects accommodation tax. Appeals generally go to the Grand Court.

Recent and upcoming changes

- ◆ **1 January 2026:** 10% stamp duty at CI\$2 million or more; CRS amendments and crypto-asset reporting
- ◆ **2026–2027 Budget:** no new taxes; higher financial services and real estate fees
- ◆ **28 April 2026:** higher trade and business licence fees in several sectors
- ◆ **Ahead:** Pillar Two not adopted; watch for announcements

When	What
15th monthly	Pension contributions for the previous month
28 days after month-end	Tourism accommodation tax and occupancy report
15 January	CIMA annual fees for regulated entities
31 January	Annual return, Registry fees and economic substance notification
31 March	Registry penalties apply after this date
30 April	CRS and FATCA registration for new financial institutions
31 July	Annual CRS and FATCA reports
15 September	CRS compliance form
12 months after year-end	Economic substance return; country-by-country report

Check each date with the authority concerned, as dates and procedures may be revised.

YOUR PARTNER

13 How Dawgen Global helps

Our Caribbean Tax Service Desk, managed from Kingston, supports entities and individuals with every Cayman Islands filing and the international rules that apply.

Tax compliance

Annual returns, economic substance notifications and returns, and filing calendars.

Corporate tax advisory

Structuring, tax undertakings and home-country tax for Cayman entities.

International tax and transfer pricing

CRS, FATCA, country-by-country reporting, Pillar Two and arm's length pricing.

Indirect taxes (VAT/GST and customs)

Import duty, concessions, customs reviews and tourism accommodation tax.

Payroll and employment taxes

Payroll, pension and health insurance compliance, and work permit fees.

Tax disputes and authority engagement

DITC enquiries, penalty reviews and engagement with foreign tax authorities.

Incentives and investment planning

Special economic zone, duty concessions and stamp duty planning.

Private client and expatriate tax

Relocation, home-country tax, US filings, trusts and property.

Tax technology and reporting

Classification records, reporting data and compliance processes.

Start with a conversation

Tell us about your plans or your tax question in the Cayman Islands, and we will set out the steps and timeline for your situation. Some regulated services are performed by affiliated firms; we will advise you of the arrangements when you make a request. Fees are tailored to each client's circumstances and set out in an engagement letter. Email caymanislands@dawgen.com or info@dawgen.global, or call (876) 926-5210.

Talk to the Caribbean Tax Service Desk about the Cayman Islands

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Key official sources

- Department for International Tax Cooperation (ditc.ky)
- Ministry of Finance and Economic Development (gov.ky)
- Cayman Islands Monetary Authority (cima.ky)
- General Registry (ciregistry.ky)
- Customs and Border Control (gov.ky)
- Department of Tourism (ourcayman.ky)
- Department of Labour and Pensions (gov.ky)
- Workforce Opportunities and Residency Cayman (worc.ky)
- Parliament of the Cayman Islands (parliament.ky)

