



Consultation Paper

AMENDMENTS TO THE COMMON REPORTING STANDARD

13 August 2025



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Purpose of the consultation

1. The purpose of this Consultation Paper is to provide information on the amendment of the Common Reporting Standard (CRS) and the Information Tax Information Authority (International Tax Compliance) (Common Reporting Standard) Regulations to assist with the review of the draft Tax Information Authority (International Tax Compliance) (Common Reporting Standard) (Amendment) Regulations, 2025 (the “draft Regulations”) attached as Appendix 1.

Background

2. On the mandate of the G20, the OECD developed the Common Reporting Standard (“CRS”) in 2014 as the international standard for automatic exchange of financial account information. The CRS requires jurisdictions to obtain information from their financial institutions and automatically exchange that information (“AEOI”) with other jurisdictions on an annual basis.
3. Along with over 100 other jurisdictions, the Cayman Islands implemented the CRS in domestic legislation and undertakes exchanges under the AEOI standard on a non-reciprocal basis in line with its international commitments.
4. Following the first few years of the CRS’s operation, the OECD carried out the first comprehensive review of the CRS in consultation with participating jurisdictions, financial institutions, and other stakeholders. The outcome of this review was a set of amendments to the CRS, (the amended CRS) which were published by the OECD in June 2023 and which together with the original CRS now form the basis of the international standard. Implementation of this amended standard is required by all jurisdictions that have already implemented the CRS.
5. To ensure that international commitments are adhered to, the Global Forum on Transparency and Exchange of Information for Tax Purposes is charged with conducting peer reviews to assess jurisdictions’ legislative frameworks and the effective implementation of the CRS in practice. The peer reviews are being conducted for all CRS jurisdictions in two rounds under the auspices of the Global Forum’s AEOI Peer Review Group. The first round was completed in 2022 for which the Cayman Islands received a rating of “on track”. The second round for all jurisdictions is being



conducted over the period 2023-2026 and is an in-depth review of the effectiveness in practice of each jurisdiction's implementation of the AEOI standard and includes an onsite visit by expert assessors, which in the case of the Cayman Islands took place in January 2024.

6. As part of the second round peer review process which will conclude in 2026, jurisdictions will receive recommendations for improvement and ratings on the effectiveness of their implementation of the AEOI standard. To support positive outcomes of the peer review process, any recommendations must be addressed to the satisfaction of Global Forum expert assessors and the AEOI Peer Review Group. The Tax Information Authority (the "Authority"), through the offices of the Department for International Tax Cooperation ("DITC"), plays a critical role in the jurisdiction's ability to achieve a positive assessment and requires the necessary legislative provisions to ensure it has sufficient compliance and enforcement powers.
7. These proposed amendments will strengthen our legislative framework and assist in achieving positive assessment in the AEOI Peer Review and will allow the Cayman Islands to continue to meet the commitment made by the Cayman Islands to implement CRS which shows continued support for furthering global tax transparency and to remain in alignment with FATF's efforts.
8. The introduction of the amended CRS will not only strengthen the existing Regulations and ensure that they conform with the international standard but will also be complementary to the implementation of the new Crypto Asset Reporting Framework (CARF) for which legislation is also being developed. The amended CRS brings new financial assets, products, and intermediaries within scope as they are alternatives to traditional financial products and will avoid duplicative reporting under CARF. There are also enhanced reporting requirements and strengthened due diligence procedures that are included in the amendments. A failure to implement amended CRS could result in a loss of access to vital transaction information, potential reputational damage as a non-cooperative jurisdiction, and missed opportunities for enhanced regulatory oversight.

Discussion

9. As a result of the second round of AEOI peer reviews, including the completion of a comprehensive review of the existing CRS legislation, there are amendments, in addition to the amended CRS, that will strengthen the Authority's ability to ensure compliance with the CRS Regulations and support enforcement measures. The proposed additional changes to the CRS



Regulations will enhance definitions to avoid misunderstandings by entities subject to the CRS, clarify reporting and due diligence requirements, and revise provisions related to enforcement which will reinforce the Authority's ability to enforce the CRS Regulations and improve compliance. A failure to implement the additional changes to the CRS Regulations is likely to result in an AEOI assessment which will negatively impact the rating assigned to the Cayman Islands by the Global Forum AEOI Peer Review Group. This is also likely to have a potentially adverse impact on the EU's assessment of the Cayman Islands under the EU Code of Conduct Group listing process regarding non-cooperative jurisdictions for tax purposes.

10. To support the amendments to the CRS Regulations, the DITC will prepare updated guidance to explain the changes and outline the implications to the financial services industry.
11. The international consensus for the proposed timeline to commence exchanges under the amended CRS is 2027. To allow sufficient time for the industry to meet the requirements, the intention is to enact the required legislation by the end of 2025.

The Draft Tax Information Authority (International Tax Compliance) (Common Reporting Standard) (Amendment) Regulations, 2025

12. The principal object of the Draft Tax Information Authority (International Tax Compliance) (Common Reporting Standard) (Amendment) Regulations, 2025 (the "Regulations") (attached as Appendix 1) is to give effect to the amended CRS and to enhance the compliance and enforcement powers of the Authority.
13. The Regulations are made pursuant to the powers conferred under the Tax Information Authority Act (2021 Revision) and are intended to ensure that the Cayman Islands remains compliant with evolving global tax transparency initiatives, particularly regarding the automatic exchange of financial account information.
14. *Regulation 1* establishes the name of the Regulations and sets the date they come into effect as 1 January 2026.
15. *Regulation 2* amends Regulation 2 of the principal Regulations to insert definitions for words introduced by the amendments.



16. *Regulation 3* repeals and substitutes regulation 7 of the principal Regulations to revise the policies and procedures to make it clearer to financial institutions what activities need to be carried out. These revisions will also help to improve compliance as it will provide the Tax Information Authority with the ability to penalise under Regulation 15 of the principal Regulations. Under the new Regulation 7, Cayman Financial Institutions are required to establish and maintain written policies and procedures that align with the reporting and due diligence standards outlined in the CRS. These policies must be implemented and adhered to, ensuring compliance. Institutions must determine the tax residency of Account Holders and Controlling Persons. They must follow CRS-prescribed due diligence protocols. Valid self-certifications must be collected and verified against documentary evidence. Information related to financial accounts or compliance steps must be retained for at least six years. For new accounts, Cayman Financial Institutions must collect a valid self-certification at account opening. A valid self-certification should include specific details such as name, residence address, tax jurisdiction(s), Tax Identification Number (TIN), and other relevant identifying information. This applies to both individual and entity account holders. Further, *Regulation 3* defines "resident for tax purposes" as anyone liable for income tax, corporation tax, or any similar tax in their jurisdiction.
17. *Regulation 4* amends regulation 8 of the principal Regulations to make changes to how and when the Reporting Financial Institutions (RFI) are required to register with the DITC. As the CRS has been in place for several years paragraph a has been simplified to avoid confusion for new RFI that are registering. The changes also reflect the actual names of the forms used by the DITC, namely a registration form and change form. A provision is introduced requiring a registration form to be adequate, accurate and current.
18. *Regulation 5* repeals and substitutes regulation 9 of the principal Regulations to clarify the reporting requirements and bring forward the reporting deadlines with the aim of improving compliance with the CRS. By the new regulation 9, each calendar year, every Cayman Financial Institution is required to meet specific reporting and compliance obligations. By 31 May of the year following the reporting period, institutions must submit a return to the Tax Information Authority for every Reportable Account held during the prior year, or a nil return for jurisdictions where no Reportable Accounts were maintained, accompanied by a declaration confirming that all information is adequate, accurate, and current. Additionally, by the same deadline, a



compliance form must be submitted for that calendar year, also including a declaration affirming the adequacy, accuracy and currency of the information provided. Cayman Financial Institutions are further obligated to supply any additional information reasonably requested by the Authority to support the effective implementation of CRS reporting and due diligence procedures. Under regulation 9, account balances of nil balance or value are reportable, and amounts credited to accounts are considered reportable payments. If any corrections are required, the Authority may issue a formal notice detailing the necessary amendments and applicable deadlines.

19. Regulation 6 repeals and replaces regulation 10 of the principal Regulations, requiring all returns, compliance forms, and declarations to be submitted through an electronic portal in the form and manner specified by the Authority. The Authority must inform Cayman Financial Institutions of the portal and its use either via a public notice on an official website or by direct notification. Unless proven otherwise, any submission accepted by the portal is presumed to have been properly made under regulation 10(1), at the time of acceptance, by the person using the portal, and with the authority of the Cayman Financial Institution on whose behalf it was submitted.
20. *Regulation 7* amends regulation 11 of the principal Regulations to insert a requirement for a third party appointed to be a person in the Islands.
21. *Regulation 8* amends the principal Regulations by repealing regulation 12 and substituting a new provision empowering the Authority to monitor compliance. The new Regulation 12 allows the Authority to require an entity, via written notice, to either provide or make available, within a specified time, any books, documents, records, or electronically stored information in its possession or control. This is to verify the entity's classification or assess whether previously submitted information was adequate, accurate, and up to date. If such information is located outside the Islands, the Authority may require that the information be brought to the Islands within a reasonable timeframe. Additionally, every Cayman Financial Institution is required to retain all records, including electronically stored data related to reporting obligations, for a minimum of six years.
22. *Regulation 9* amends regulation 14 of the principal Regulations to clarify that the word "makes", used in regulation 14, means to sign or otherwise positively affirm.
23. *Regulation 10* repeals regulation 16 of the principal Regulations which previously established an offence for providing inaccurate information. This has been replaced by other provisions that



require information submitted to be adequate, accurate, and up to date, including regulations 8 and 9.

24. *Regulation 11* amends regulation 17 of the principal Regulations by removing the requirement that information must be “materially” inaccurate for an offence related to the provision of confidential information. This amendment reflects a tightening of compliance expectations. Additionally, the term “inaccurate” is now defined to include information that is incomplete, incorrect, or unreliable.
25. *Regulation 12* amends regulation 24 of the principal Regulations to limit continuing penalties. If a primary penalty of \$50,000 is imposed, no continuing penalties may be applied. Additionally, once the combined total of the primary and continuing penalties reaches \$50,000, no further continuing penalties can be imposed. This is in keeping with the Tax Information Authority Act (2021 Revision) limits penalties for a breach of the Regulations to a maximum of \$50,000.
26. *Regulation 13* amends regulation 28 of the principal Regulations to give the Authority the power to issue a penalty notice without first issuing a breach notice.
27. *Regulation 14* amends regulation 29 of the principal Regulations to require that a breach notice state that the party may give supporting information with a representation against a breach notice. The amendment also reduces the sixty days breach notice period to thirty days.
28. *Regulation 15* amends regulation 30 of the principal Regulations to add a reference to supporting documentation.
29. *Regulation 16* amends regulation 33 to remove the reference to “interest” which will no longer be charged on unpaid penalties.
30. *Regulation 17* amends regulation 34 to remove the reference to “interest” which will no longer be charged on unpaid penalties.
31. *Regulation 18* repeals regulation 35 of the principal Regulations which provided for the Authority to charge interest on unpaid penalties.
32. *Regulation 19* amends regulation 38 of the principal Regulations which deals with evidentiary provisions to remove references to “interest” and to widen the scope of the provision to include all Cayman Financial Institutions rather than just Cayman Reporting Financial Institutions.
33. *Regulation 20* amends the Common Reporting Standard set out in the Schedule to the principal Regulations. These amendments expand the scope to include crypto-assets and digital financial



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products, strengthens due diligence requirements, and aligns more closely with AML/KYC rules. The amendments streamline reporting processes and simplify rules for certain financial entities, addressing gaps identified in the original framework to better tackle tax evasion in a digital financial landscape.

Responding to the consultation

The Ministry of Financial Services and Commerce invites you to review the **draft Tax Information Authority (International Tax Compliance) (Common Reporting Standard) (Amendment) Regulations, 2025** (attached as Appendix 1) and to provide your feedback and comments.

Please note that any responses received may be made public, albeit on an anonymous basis where possible. Responses may also be shared with other public bodies to assist the Ministry with developing relevant policies.

The deadline to respond to the Ministry is 5pm on 15th September 2025.

Please respond via email to dfslegislation@gov.ky, with the message title “Amendments to the Common Reporting Standard”.