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BY EMAIL: tax.reform@mail.house.gov

The Honourable Devin Nunes
Chair, International Tax Working Group
The Committee on Ways & Means
United States House of Representatives
Washington, DC 20515

The Honourable Earl Blumenauer
Vice - Chair, International Tax Working Group
The Committee on Ways & Means
United States House of Representatives
Washington, DC 20515

Dear Representatives Nunes and Blumenauer:

As the Chief Executive Officer of Cayman Finance, I am writing to express our views on the U.S. tax reform process, as requested of the public by your Chairman, Dave Camp, of the U.S. House of Representatives Ways & Means Committee.

Cayman Finance takes no position on the specific provisions of the U.S. income tax code because we respect your sovereignty to tax your citizens as you determine is in your nation's best interest. We in turn expect our sovereignty to decide how the Cayman Islands Government collects revenue to be respected.

There are two aspects of your tax code that merit brief discussion from the perspective of Cayman Finance: first, discussion of Cayman as an offshore finance centre during your international tax reform debate and, second, how your tax code interacts with the laws of other nations.

Cayman is a successful international finance centre because we provide banking, finance, accounting, and legal services to international enterprises and investors without imposing an additional layer of taxation. Investors can partner with like-minded investors via Cayman and pool their funds to invest in businesses throughout the world, including in the U.S., while relying on the English common law court system and our stable government of Cayman for their security. Each investor remains responsible for their home country taxes and any taxes due in the nation where their venture does business.

To many in the U.S., doing financial or investment business in Cayman has become short-hand for tax evasion. The repetition by U.S. officials of statements confusing registered office services with a business' headquarters and concluding that registered offices assist tax evasion have been misleading, and it is astonishing how over and over a building in Cayman is quoted when there is an even smaller building in Delaware where a much bigger number of companies are registered. We are tax neutral; we do not assist or condone income tax evasion. Our Government supports transparency and law enforcement; it has had a Tax Information Exchange Agreement with the United States for over 20 years and now has similar ones with more than 30 other nations. Cayman participates in the EUSD, exchanging information automatically for European citizens and recently announced the decision to enter in a FATCA Model 1 Intergovernmental Agreement with the United States and a similar one with the UK.

Much of the work done by members of Cayman Finance is discussed in a 2008 U.S. Government Accountability Office report (GAO-08-778). I recommend your Committee consult this report for a thorough discussion of our financial industry before drafting international tax reform legislation with a focus on Cayman. Should the Committee need further information about Cayman and its financial sector, I would be happy to assist.

Second, while the U.S. should draft its tax code as it sees fit, as an international financial centre we too have a strong interest in transparency, efficiency, simplicity, and especially harmonization. I would be remiss in my duties as the leader of Cayman Finance if I do not encourage the U.S. to consider if the root of many of the problems is not that the U.S. does not have a territorial tax system like most of the rest of the world.

As I mentioned the considerations regarding the U.S. tax system are yours to make but please respect Cayman's sovereignty and tackle the root of the problem which is not Cayman.

Thank you for considering our views.

Sincerely,

"original signed by G. Jalles"

Gonzalo Jalles
Chief Executive Officer