BRIS GROUP

CAYMAN ISLANDS

EXEMPTED COMPANY

CLIENT GUIDE 2026

Formation, 0% direct taxation, tax undertaking, records and annual compliance

Professional company formation and ongoing corporate administration

BRIS GR LIMITED | 66 Paul Street, London EC2A 4NA, United Kingdom

general.info@bris-group.com | +44 207 206 2487 | +44 775 479 5814 | bris-group.com

Cayman Islands Exempted Company at a Glance

For a non-resident international business, investment or holding structure, the principal Cayman Islands corporate vehicle is the **Exempted Company** under Part VII of the **Companies Act (2026 Revision)**. The statutory declaration for registration confirms that the proposed company's operations will be conducted mainly outside the Cayman Islands (unless it is licensed to conduct local business).

Topic	Current position
Foreign ownership	An Exempted Company can be wholly foreign-owned. Its international business is normally conducted outside the Cayman Islands.
Shareholder	At least one shareholder/member may be used for a standard private structure.
Director	A standard Exempted Company may operate with one or more directors; there is no general requirement that directors be Cayman-resident merely because the company is exempted.
Registered office	A registered office in the Cayman Islands must be maintained.
Local business restriction	Section 174 prohibits an Exempted Company from carrying on trade/business in the Islands with persons in the Islands except in furtherance of its overseas business, unless appropriately licensed.
Annual return	An unlicensed Exempted Company files its annual return/declaration in January each year.
Tax	The Cayman Islands currently impose **no income tax, company/corporation tax, capital gains tax or inheritance tax**.

Key Benefits for International Clients

- **0% Cayman corporate income tax**: the Cayman Islands Government confirms there are no direct taxes, including no company/corporation tax, income tax or capital gains tax.
- 100% foreign ownership is possible for the normal international Exempted Company.
- No general Cayman-resident director requirement for the ordinary exempted-company structure.
- The company is specifically designed for operations conducted mainly outside the Cayman Islands.
- A statutory **Tax Exemption Undertaking** may be obtained to protect the company against specified future taxes for a period permitted by the Companies Act.
- Internationally recognised common-law corporate framework used extensively for holding, investment, financing, joint ventures, funds and international transactions.
- No exchange controls restrict ordinary international movement of company funds.
- Beneficial ownership is governed by the Beneficial Ownership Transparency Act rather than an unrestricted general public company-ownership register; access is controlled by the statutory regime.
- An Exempted Company can hold meetings and conduct necessary corporate acts in Cayman while its substantive business remains overseas.

Incorporation Requirements

Topic	Current position
Company name	Must be available and comply with the Companies Act; an Exempted Company name may include permitted corporate suffixes.
Memorandum & Articles	The constitutional documents establish the company, share structure, powers and governance.
Exempted declaration	A subscriber signs the statutory declaration that operations will be conducted mainly outside the Islands or pursuant to a relevant licence.
Shareholder	Ownership and share allocation are established after/incidental to incorporation and must be supported by KYC/UBO information.
Director	Provide proposed director(s), consents and KYC. Regulated structures can have additional governance requirements.
Registered office	Mandatory Cayman registered office maintained through an appropriate corporate service provider.
Business activity	Provide full details of activities, countries, customers/counterparties and transaction profile for AML, BO and Economic Substance analysis.
Regulated activity	Funds, securities, banking, insurance, virtual assets and other regulated businesses require CIMA/other authorisation where applicable.

Share Capital

The Memorandum states the company's authorised share capital where applicable, divided into shares of a stated amount/class. Cayman companies can be structured with different classes and rights through their Memorandum and Articles.

No general requirement to pay the full authorised capital at incorporation

For a standard private Exempted Company, the authorised share capital is not a mandatory cash deposit. Shares are issued for the consideration approved/documented by the company. There is no general Companies Act requirement that the entire authorised capital be paid into a Cayman bank account before incorporation.

Government incorporation and annual fees are linked to registered-capital bands, so an unnecessarily high authorised capital can increase Registry fees.

Documents Required from the Client

- Certified passport or acceptable government-issued identification for each shareholder, director and ultimate beneficial owner.
- Recent proof of residential address.
- Full ownership/control and beneficial-ownership information.
- Detailed description of business activities, countries of operation, expected clients/counterparties and transaction profile.
- Source-of-funds evidence and, where appropriate, source-of-wealth evidence.
- Tax-residence information relevant to CRS/FATCA and Economic Substance classification.
- For a corporate shareholder/director: incorporation/constitutional documents, management/ownership evidence and natural-person UBO information.
- Additional KYC/AML documentation requested by the Cayman corporate service provider.

Before certification

Send scans to BRIS Group first. We will confirm the Cayman registered-office provider's exact certification, notarisation/apostille and translation requirements before certification costs are incurred.

Formation Process & Documents Received

1. Structure/activity review **2.** KYC/AML approval **3.** Name clearance **4.** Incorporation filing **5.** Director/share organisation **6.** Corporate file

Typical corporate file: Certificate of Incorporation; registered Memorandum and Articles; initial director/shareholder resolutions; register of members; register of directors/officers; share certificate(s), where issued; registered-office particulars; and statutory corporate records. Certificate of Good Standing, incumbency-style documents, certified Registry copies, apostilles and a Tax Exemption Undertaking can be arranged separately where required.

Taxation - 0% Direct Tax

0% Cayman corporate income tax

The Cayman Islands Government states that there are **no direct taxes**: no income tax, company/corporation tax, inheritance tax, capital gains tax or gift tax. Therefore, a normal non-resident-owned Cayman Exempted Company carrying on international business outside Cayman generally has **0% Cayman corporate income tax on its profits**.

This is not merely a foreign-source exemption: Cayman currently does not impose an ordinary corporation tax. However, the company remains subject to Registry fees, registered-office/provider fees and all applicable AML, beneficial ownership, Economic Substance, CRS/FATCA and regulatory obligations. Stamp duty, customs/import charges and licensing fees can arise in relevant Cayman transactions.

International business restriction

The tax benefit should be considered together with section 174 of the Companies Act: an Exempted Company is intended principally for overseas operations and cannot conduct ordinary local trade/business with persons in Cayman unless appropriately licensed.

Tax Exemption Undertaking

An important Cayman advantage is the ability of an Exempted Company to apply for a formal **Tax Exemption Undertaking**. The undertaking protects the company against future Cayman laws imposing specified taxes on profits, income, gains or appreciations, and may also cover estate/inheritance-type taxation in respect of company obligations or shares, for the statutory period.

Additional long-term tax certainty

Cayman Government guidance confirms that tax exemption certificates/undertakings are available to exempted companies. This is particularly useful for long-term holding, investment and financing structures because it provides contractual/statutory certainty beyond the fact that Cayman currently has no corporation tax.

Economic Substance

The **International Tax Co-operation (Economic Substance) Act (2026 Revision)** requires relevant entities carrying on one or more relevant activities to satisfy the applicable economic-substance test unless they fall outside the relevant-entity definition or establish a statutory exemption such as qualifying tax residence outside the Islands.

Topic	Current position
Relevant activities	Include banking, distribution/service centre, financing/leasing, fund management, headquarters, holding company, insurance, intellectual property and shipping business as defined by the Act.
Notification	Entities within the framework must make the prescribed annual Economic Substance notification/classification.
Substance test	Where applicable, the entity must conduct Cayman core income-generating activities, be directed/managed appropriately and maintain adequate expenditure, physical presence and personnel relative to the activity.
Pure equity holding	A pure equity holding company is subject to a reduced substance test under the statutory framework.
Tax-resident elsewhere	An entity claiming tax residence outside Cayman must provide the required evidence and is subject to information-exchange consequences.
Investment funds	Investment funds are excluded from the definition of relevant entity under the statutory framework, although other regulatory obligations can apply.

0% tax does not remove Economic Substance obligations

A Cayman Exempted Company may pay 0% corporation tax and still be required to file Economic Substance notifications/reports and satisfy the substance test for a relevant activity.

Accounting Records

The Companies Act requires every company to keep proper books of account, including records of money received/expended, sales/purchases and assets/liabilities. The records must give a true and fair view of the state of the company's affairs and explain its transactions.

Topic	Current position
Accounting records	Maintain ledgers, bank statements, invoices, contracts and supporting documents sufficient to explain transactions and financial position.
Location	Records may be kept at the registered office or another place determined by the directors, subject to the statutory requirements.
Availability	Where records are maintained outside Cayman, prescribed information must be made available at the registered office and records must be producible when lawfully required.
Audit	A standard private Exempted Company is not automatically required to have an annual statutory audit solely because it is incorporated; regulated entities such as funds may have separate audit requirements.
Tax result	0% corporation tax does not mean no accounting records.
Provider/KYC	The registered-office/corporate-services provider may require annual financial information for AML, BO and Economic Substance compliance.

Beneficial Ownership Transparency

The **Beneficial Ownership Transparency Act, 2023**, now reflected in the current 2026 legislative framework, consolidates Cayman beneficial-ownership requirements. A corporate services provider establishes and maintains the beneficial ownership register and regularly deposits prescribed information in the statutory system.

Topic	Current position
Beneficial owner	Generally includes an individual who ultimately owns or controls **25% or more** of shares/voting rights or otherwise exercises ultimate effective control.
Register	Adequate, accurate and current BO information must be maintained.
Updates	Changes in beneficial ownership/control must be reported to the service provider so the register can be updated.
Access	Access is governed by the Beneficial Ownership Transparency Act and current access regulations; it is not an unrestricted ordinary public shareholder database.

Topic	Current position
Competent authorities	Authorised Cayman authorities can access information for lawful regulatory, tax-cooperation and law-enforcement purposes.
International reporting	CRS/FATCA obligations can separately apply to financial accounts and reportable persons.

Annual Return & Annual Government Fee

Sections 168-169 of the Companies Act require an unlicensed Exempted Company to file its annual return/declaration and pay its annual government fee in **January of each year after the year of registration**. The return confirms, among other matters, the nature of the business and that operations have been mainly outside Cayman.

Topic	Current position
Capital up to CI$42,000	2026 Companies Act Schedule 5 annual fee: **CI$925**.
CI$42,000-820,000	Annual fee: **CI$1,225**.
CI$820,000-1,640,000	Annual fee: **CI$2,209**.
Over CI$1,640,000	Annual fee: **CI$2,793**.
Due date	Annual return and fee are due in January.
Late filing/payment	Statutory penalties increase according to the period of default.
Registered office	Renew the Cayman registered-office/corporate-services arrangement.
ES / BO / CRS	Complete applicable Economic Substance, beneficial ownership and CRS/FATCA compliance.

These are Registry annual fees under the Companies Act. They should not be confused with the separate Trade and Business Licence fees that can apply if an exempt company is actually licensed to conduct business in Cayman.

Annual Maintenance Checklist

- Pay the Companies Act annual government fee and file the annual return in January.
- Renew the Cayman registered office/corporate-services provider.
- Review directors, shareholders, registers and corporate resolutions.
- Maintain proper accounting records and supporting documentation.
- Complete annual Economic Substance notification/reporting and satisfy substance requirements where applicable.
- Review and update beneficial ownership information.
- Complete CRS/FATCA classification/reporting where applicable.
- Maintain any CIMA or other regulatory licences/filings if the company conducts regulated activity.
- Review whether a Tax Exemption Undertaking should be obtained or renewed for the structure.

How BRIS Group Supports You

Pre-formation review - Review the proposed international activity, ownership and suitability of a Cayman Exempted Company.

Company formation - Coordinate name clearance, Memorandum/Articles and incorporation through a Cayman corporate service provider.

KYC & beneficial ownership - Coordinate shareholder, director, UBO and source-of-funds due diligence.

Corporate administration - Assist with shares, directors, resolutions, registers and corporate changes.

Annual renewal - Coordinate January annual return/fee, registered office and good-standing maintenance.

Economic Substance - Coordinate ES classification/reporting and Cayman substance support where required.

Tax undertaking - Arrange an application for the Cayman Tax Exemption Undertaking where appropriate.

Documents - Arrange Good Standing, certified Registry documents, apostilles and other corporate certificates.

Professional Fees & Quotations

Tailored quotation

This brochure is an informational guide to Cayman Islands Exempted Company incorporation and maintenance and is not a fee quotation. BRIS Group professional fees, Cayman registered-office/corporate-services provider fees, government Registry fees, Economic Substance support, accounting/compliance, Tax Exemption Undertaking, certified documents and optional services are quoted separately. Clients may request a tailored quotation based on the proposed structure and activity.

Client Preparation Checklist

- Three proposed company names.
- Detailed business activity and countries where operations will take place.
- Names and ownership percentages of shareholders and ultimate beneficial owners.
- Proposed director(s).
- Certified passport and recent proof of address for each relevant individual.
- Source-of-funds/source-of-wealth evidence.
- Expected turnover, currencies, banking and transaction profile.
- Proposed authorised/issued share-capital structure.
- Corporate-owner/director documents where a legal entity is involved.
- Information required for Economic Substance and tax-residence classification.
- Whether a Tax Exemption Undertaking is required.
- Any banking, apostille, CIMA-regulated or other licensing requirements.

Important Legal Notes & Official Sources

This brochure is a general commercial guide and does not constitute Cayman Islands legal, tax, accounting, banking, investment or regulatory advice. The **0% Cayman corporate income-tax benefit is genuine**: Cayman currently has no company/corporation tax. Nevertheless, an Exempted Company must comply with the Companies Act, Economic Substance, beneficial ownership, AML/CFT, CRS/FATCA and any sector-specific regulatory requirements.

Primary official sources reviewed: Companies Act (2026 Revision), particularly Part VII and Schedule 5; International Tax Co-operation (Economic Substance) Act (2026 Revision); Beneficial Ownership Transparency Act and current 2026 Regulations/access framework; Cayman Islands Government guidance on direct taxation and Tax Exemption Undertakings; and current 2026 Government fee/revenue measures.

Information reviewed: August 2026. Government fees and administrative practice can change and will be reconfirmed before incorporation and annual renewal.

PREPARED BY BRIS GROUP

Cayman Islands Exempted Company - Client Guide 2026

Professional incorporation and corporate administration for international clients.