



Residency on the Basis of Investment in Cayman Islands Real Estate

WHY CAYMAN?

Only one hour's flight from the United States, the Cayman Islands are an English-speaking British Overseas Territory in the Northwest Caribbean, located at the geographic centre of the Americas. They have long distinguished themselves from many other territories in the region by having a vibrant and increasingly sophisticated economy and a diverse and cosmopolitan population. More than 120 nationalities co-exist and work together in this progressive island group of approximately 75,000 persons.

The Cayman Islands have no income, property, estate or corporate taxes. The Government generates its revenues through an efficient mechanism of import duties and license fees. Residents are taxed based on their consumption, rather than their earnings. Unlike some other islands in the region there are no restrictions on the foreign ownership of real estate. The Cayman Islands are increasingly being recognised as an ideal tax-neutral hub from which to conduct international business. Further, citizenship (including full British citizenship) can be acquired on the basis of certain types of residence in the Cayman Islands.

The Government of the Islands is particularly receptive to and encourages inward investment.

The infrastructure of the Islands is already advanced and supports well established and leading financial services and tourism industries. Other sophisticated industries are establishing and growing. The highest quality of education, healthcare and communications is in place.

The Cayman Islands also boast a high standard of living and a wonderful quality of life. They are increasingly seen as a perfect home for discerning families, retirees and business persons.

INVESTMENT IN CAYMAN REAL ESTATE

Investors in Cayman Islands real estate are able to qualify for and achieve benefit from a number of opportunities under the Cayman Islands' Immigration Laws. Unlike the position in a number of competing jurisdictions, the Cayman Islands actively encourages foreign investment in property in the Islands, with particular advantage given to those who invest in developed real estate.

For foreign investors looking to simply benefit from the ability to enjoy a vacation home for the use of themselves, their family and friends, without seeking residence in the Islands, no express permissions are required. It should be noted, however, that persons who wish to spend more than approximately 180 days in the Cayman Islands in any year may risk a determination that rather than visiting as a tourist, they are treating the Islands as their home. In such cases, applications for some advanced form of immigration permission may become appropriate, or even be required.

There are no specific permissions required should a foreign national (whether resident or not) aim to act as a landlord and rent up to two units of property belonging to them to third parties. Should any persons seek to act as a landlord in relation to more than two properties, or lease them for short periods to tourists, appropriate mechanisms can be readily implemented to facilitate such activity including contracting with agents to operate rentals on their behalf.

Where a property purchaser seeks residence in the Cayman Islands, the type of residence which is best suited to a particular individual's needs will in part be dependent on whether or not they are or will be engaged in gainful occupation (defined as the carrying on of any business or vocation for gain or reward) or, for example, hope to be able to advance towards any level of citizenship. Whichever option is chosen, there is provision for spouses and dependants to also become resident. Arrangements can also be made for existing household staff etc. to reside and work in the Islands.



All foreign nationals residing in the Cayman Islands are generally required to be able to demonstrate an ability to adequately maintain themselves and their dependants and have in place adequate health insurance. Ability to demonstrate good character, suitable residential accommodation and (if in employment and of pensionable age) participation in a Government-approved private pension scheme is also required. Children of school age are generally required to be enrolled in private schools.

In general terms, the two options available for any person who is not already resident in Cayman, but is seeking to become legally resident in the Islands on the basis of a property purchase, are Residency for Persons of Independent Means and Permanent Residence for Persons of Independent Means. These are described more fully below. Various other options, not dependent on investment in real estate, are also available and can be tailored to suit particular circumstances, including, for example, while an investor is building their own home on land they have purchased or are otherwise yet to take title on completion.

RESIDENCY CERTIFICATE FOR PERSONS OF INDEPENDENT MEANS

This form of residency is usually best suited to retirees and has an initial duration of 25 years.

It is available to any person who invests a minimum of CI\$1,000,000 (US\$1,219,512.20) in the Cayman Islands of which at least CI\$500,000 (US\$609,756.09) must be in developed Grand Cayman real estate provided that they seek to establish residence in Grand Cayman. Should residence be sought in the neighbouring islands of Little Cayman and Cayman Brac a minimum of CI\$500,000 must be invested, of which at least CI\$250,000 must be in developed real estate in Cayman Brac or Little Cayman.

The required investment thresholds must be met free from mortgage financing.

In addition to the investment in the developed real estate, in order to qualify for this permission applicants must be able to demonstrate an annual income of no less than CI\$120,000 (US\$146,341.46) without the need to engage in gainful occupation in the Cayman Islands. Alternatively they must have deposited (and maintain) at least CI\$400,000 (US\$487,804.88) in a locally licenced financial institution. They must also generally have a clean criminal record (please note that for the purposes of Cayman Islands Immigration

requirements there is no such thing as a “spent” or “expired” conviction), be in good health and possess adequate health insurance. The authorities will need to be satisfied that these funds and other resources are sufficient to adequately maintain the applicant and any dependants. The authorities must also be satisfied as to the character and health of any dependants.

The holder of a Residency Certificate for Persons of Independent Means is entitled to reside in the Cayman Islands for 25 years. The Certificate does not provide any right to work and must be renewed upon expiry. It is not intended to be possible for the holder of such a certificate to advance towards citizenship while such a certificate is held.

An application fee (for grant or renewal) of CI\$500.00 (US\$609.75) is payable on application.

A grant fee of CI\$20,000.00 (US\$24,390.24) is due on issuance, with a further CI\$1,000.00 (US\$1,219.51) payable in respect of each approved dependant.

The dependent fee of CI\$1,000.00 per dependent is payable annually. Otherwise, no fees are due thereafter for the duration of the permission.

CERTIFICATE OF PERMANENT RESIDENCE FOR PERSONS OF INDEPENDENT MEANS

This is the ultimate permission which can be sought and obtained pursuant to clearly prescribed criteria. It provides an opportunity to acquire Permanent Residence with the Right to Work based on investment, rather than having to wait for eight years before being eligible to apply and even then, being subject to a wide-ranging points system.

Unlike obtaining a Residency Certificate for Persons of Independent Means, this option has no expiry and accordingly qualifies a holder (provided other criteria as to actual physical presence are maintained) to become eligible to apply for naturalisation as a British Overseas Territories Citizen once they have been legally and ordinarily resident in the Cayman Islands for five years. Once a person has been naturalized, they are entitled to a British Overseas Territories (Cayman Islands) passport and can, upon successful application, become registered as a full British Citizen and thereby obtain a British passport with all the rights and privileges that entails. There is no obligation to surrender any existing citizenship. Once a person has been a British Overseas Territories Citizen by virtue of the connection with the Cayman Islands for five years, they are eligible to apply to become Caymanian.

A Person of Independent Means who seeks a Certificate of Permanent Residence in this manner is required to first invest a minimum of CI\$2,000,000.00 (US\$2,439,024.39) in developed real estate in the Cayman Islands. That threshold amount must be met free from mortgage financing. They should also have a clean criminal record, possess adequate health insurance, be in good health and demonstrate financial resources that are sufficient to adequately maintain the applicant and any dependants. Once granted, the Right to Work can be sought and obtained through application to the Caymanian Status and Permanent Residency Board or the Director of Workforce Opportunities & Residence Cayman (WORC) to vary the

Certificate to add a prescribed occupation or occupations. An application fee of C\$500.00 (US\$609.75) is payable on application.

A grant fee of C\$100,000.00 (US\$121,951.21) is due on issuance, with a further C\$1,000.00 (US\$1,219.51) payable in respect of each approved dependant.

In addition, holders of Permanent Residence with the Right to Work are required to pay an annual fee equivalent to that payable by a work permit holder in the same occupation.

Any obligation to pay ongoing annual fees whilst engaged in Gainful Occupation is extinguished once the holder becomes a Caymanian.

ALTERNATIVE OPTIONS FOR RESIDENCY

It is possible to obtain Residency in the Cayman Islands (including with the right to work) by a number of alternative avenues which do not depend on immediate property investment. These options can be particularly attractive to prospective investors who seek an opportunity to become familiar with life in the Cayman Islands without first having to commit to substantial capital investment. Details of these alternatives can be provided upon request but include establishing a business presence or becoming employed under the work permit regime in your own or any existing business.

SERVICES PROVIDED

As a full service law firm, with a wealth of experience in Immigration and Property work we are exceptionally well placed to provide all the legal and administrative assistance needed throughout any residency application process.

A related entity also offers corporate services to purchasers, developers and prospective investors.

We can manage your application from start to finish, and in particular provide the following services:

- Advising as to the best options given a client's particular circumstances;
- Providing and assisting in the completion of all application forms and paperwork;
- Assisting in the collation and submission of evidence;
- Preparing detailed cover letters;
- Liaising with the Immigration authorities as the application progresses;
- Ancillary matters as they may arise, including assistance with real estate acquisition, company incorporation, business licensing, acquiring interests in local businesses; and
- General relocation assistance.

For further information about HSM Chambers' Immigration, Corporate, Conveyancing and Real Estate services, please email or contact:



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