

Client Memorandum

ITALIAN MINISTERIAL DECREE REMOVES THE CAYMAN ISLANDS, THE BRITISH VIRGIN ISLANDS AND 19 OTHER JURISDICTIONS FROM ITALY'S 'BLACKLIST'.

May 2015

On 1 April 2015 the Italian Minister of Economy and Finance issued a ministerial decree removing the Cayman Islands, the British Virgin Islands and 19 other jurisdictions from Italy's 'blacklist' on the non-deductibility of costs and expenses, established in January 2002.

As a result, expenses and costs incurred by Italian businesses in transactions with Cayman, the BVI and other jurisdictions not on the blacklist will be deductible under the Italian Tax Code, promoting ease and certainty for Italian individuals and companies engaging in business with counterparts based in Cayman and the BVI.

The decree implements Art. 1(678) of Italy's 2015 Stability Law, which removed the blacklist criterion relating to taxation levels, leaving adequacy of tax information exchange as the sole criterion, with the aim of promoting cross-border economic activity of Italian businesses. The 21 jurisdictions which have been removed are considered by the Italian authorities to have an adequate level of tax information exchange with Italy. 46 other jurisdictions remain on the blacklist.

The Cayman Islands and Italy signed a bilateral tax information exchange agreement in December 2012 and since 2005 Cayman has provided Italy with savings income information under a bilateral agreement implementing the EU Savings Directive. Cayman and the BVI are (via the United Kingdom) also signatories to the OECD multilateral Convention on Mutual Administrative Assistance in Tax Matters, which Italy has also adopted.

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