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Letter to FT: Cayman Islands set global standard on transparency

Letter to the Financial Times

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Sir, Much as Jeremy Corbyn, the Labour party leader, may secretly admire Lord Palmerston, sending a gunboat to the Cayman Islands is constitutionally impermissible ("Cameron accused of backing down on tax havens", FT.com, April 5). The Cayman Islands are internally self-governing. Nor on any factual analysis is it necessary to do so.

The reason the Cayman Islands do not feature in the Panama Papers is that you would need to be unsound of mind to use the jurisdiction for any form of improper tax structuring. Because the British and Cayman Islands governments have set the global standard on the issue of tax transparency, HM Revenue & Customs, the Internal Revenue Service and the tax and law enforcement authorities of all EU jurisdictions, among others, have complete and unrestricted access to all beneficial ownership information on Cayman structures.

Furthermore, under the Foreign Account Tax Compliance Act and the Common Reporting Standard, there will now be automatic reporting of the financial information of every account maintained in the Cayman Islands. What precisely further legislative enactment is intended to achieve is therefore unclear.

If international advances are to be achieved, when David Cameron next sits with Barack Obama on the subject of global tax avoidance, rather than simply seeking a useful photo opportunity he should seek to raise the transparency standards of US jurisdictions, notably Delaware, Wyoming and Nevada where no records of beneficial ownership are maintained and none is available, to the same levels that exist in the British Overseas Territories. It is not for no reason that the Panama Papers reveal the increasing use of US corporations.

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