

Statement by the Minister of Finance and Economic Development on Cabinet's Approval of Import and Stamp Duty Concessions

Thank you Mister Speaker.

Mister Speaker, I rise to make this statement in respect of the Cabinet's recent approval and renewal of import and stamp duty concessions that are set to expire on December 31, 2020.

Since July 1996, there have been several import and stamp duty concessions that have been in place in order to stimulate and encourage economic activity in the Cayman Islands, particularly the Sister Islands of Cayman Brac and Little Cayman. These concessions were extended in April 2014, December 2015 and again in December 2019. The concessions are:

- A 100% import duty waiver on building materials imported to the Sister Islands;
- A flat 15% import duty rate on building materials imported to Grand Cayman;
- A 12.5 cents per gallon, or 75% reduction on import duty on gasoline imported to Cayman Brac; and
- A 100% waiver of stamp duty in respect of land purchases on Cayman Brac.

Mister Speaker, notwithstanding the many years that these concessions have been in place, the impact on the economic growth of the Sister Islands remains inconclusive, mainly due to other factors that continue to challenge the economic development, such as lackluster population growth. In 2019, it is estimated that the population of the Sister Islands increased by 1.9%, or 42 persons, compared to 2015 when the last evaluation was conducted. In 2018, Cayman Brac's per capita GDP was estimated at 32.6% of that for Grand Cayman. Given this very substantial

income differential, a uniform rate of duties for the sister Islands and Grand Cayman will be regressive or inequitable for those in Cayman Brac.

In considering the renewal of these concessions and the continuing economic plight of the Cayman Brac economy, Cabinet approved additional concessions to provide more stimulus to the Cayman Brac economy.

The revised package of concessions are as follows:

- A 100% import duty waiver on building materials imported to the Sister Islands;
- A flat 15% import duty rate on building materials imported to Grand Cayman;
- A 100% import duty waiver on gasoline imported to Cayman Brac;
- A 100% import duty waiver on the following household appliances imported to Cayman Brac: refrigerators, dishwashers, water heaters, pumps, washers, dryers, ranges, cook tops and ovens;
- A 3% stamp duty on the purchase of property already built on Cayman Brac;
- A 100% stamp duty waiver in respect of land purchases on Cayman Brac, subject to certain conditions precedent.

The package of concessions will become effective on January 1, 2021 and will expire on December 31, 2025.

Mister Speaker, this package of concessions demonstrates this government's commitment to the Sister Islands and supporting sustainable development that will fuel growth and provide job opportunities for residents.

Thank you, Mister speaker.