

# Cayman Islands AOC: Principal Place of Business Requirements through CEC

This article summarises the requirements for the issuance of an air operator's certificate permitting an aircraft registered with the Civil Aviation Authority of the Cayman Islands to fly for the purpose of commercial air transport, in particular in relation to the requirement to maintain a "principal place of business" in the Cayman Islands through Cayman Enterprise City's Cayman Maritime & Aviation City.

## Four Key Tests

There are four key tests that a potential air operator's certificate ("AOC") holder needs to demonstrate before the Civil Aviation Authority of the Cayman Islands can grant them an AOC:

- (1) They must have their "principal place of business" in the Cayman Islands;
  - (2) They must be "competent" to secure the safe and secure operation of the aircraft specified in the AOC;
  - (3) They must establish and maintain an appropriate safety management system; and
  - (4) They must establish, implement and maintain an appropriate security programme.
- (a) A majority of Cayman Islands resident directors;
  - (b) Board meetings held in the Cayman Islands, with key operational and financial matters considered by the board in the Cayman Islands;
  - (c) Management meetings / activities conducted in the Cayman Islands;
  - (d) Corporate books and records of the company held in the Cayman Islands;
  - (e) Operational and safety records maintained in the Cayman Islands;
  - (f) Cayman Islands resident accountable managers;
  - (g) Maintaining an office in the Cayman Islands at which the day to day operational activities of the AOC holder are conducted; and
  - (h) Depending on the degree of control that the shareholder is able to exercise over the day to day activities of the company, a Cayman Islands resident shareholder.

## Principal Place of Business – Practical Considerations

The following factors would assist in determining that the principal place of business of an AOC holder was in the Cayman Islands:

## Cayman Maritime & Aviation City

Cayman Enterprise City's ("CEC") special economic zone is designed to facilitate the economic and efficient establishment of a physical presence for businesses in specific industries in the Cayman Islands.

CEC has now introduced a Cayman Maritime & Aviation City that is designed to assist aviation

services businesses, such as those involved in commercial air transport operations; aerospace-related activities; manufacturing, logistics planning and aircraft management; management The Cayman Maritime & Aviation City provides companies seeking to obtain a Cayman Islands AOC with an efficient solution for setting up a principal place of business in the Cayman Islands.

In order to set up in the special economic zone, an applicant will need to establish a Cayman Islands special economic zone company.

Once the company has been formed, an application is made to the Special Economic Zones Authority, which is a 'one stop shop' licensing authority that will grant approvals for the trade certificate (equivalent of business licence), the employment certificates for non-Caymanian employees (equivalent of work permit) and other approvals required to operate locally.

The company will need at least one employee based in the Cayman Islands (who can also be a Caymanian employee) in order to operate within the Cayman Maritime & Aviation City. Once the company holds a trade certificate, it will then be eligible to apply for a Cayman Islands AOC.

Some of the advantages of setting up within the Cayman Maritime & Aviation City include:

- (a) No corporate, income, sales or capital gains tax payable by the company or employees in the Cayman Islands;
- (b) 100% foreign ownership permitted;
- (c) A three to four week fast-track business licensing regime;
- (d) Single fee for operation of business within the special economic zone annually, which includes rent, licensing fees and work permit fees;
- (e) No Government reporting or filing requirements;
- (f) 'One stop shop' administration services;

consulting and other specialised services to the aviation and aerospace development sector.

- (g) Easy access and direct flights to the US, Canada and London;
- (h) There is no minimum amount of time to be spent in the Cayman Islands for employees of special economic zone companies;
- (i) CEC can obtain renewable five year work / residency visas for Cayman-based staff within five working days, irrespective of their country of origin or position they will hold within the company;
- (j) There is no maximum limit on the number of visas a company is allowed; and
- (k) A company that is set up within the Cayman Maritime & Aviation City can hire local employees for the Cayman office.

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