

# Funding the Future

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[Raise taxes or no bailout, UK tells Cayman Islands](#) | [Business](#) | [guardian.co.uk](#)

*The Foreign Office has forced the [Cayman Islands](#)' government to investigate the possibility of introducing direct taxes on businesses and residents based there.*

An independent assessment of diversifying the Caribbean tax haven's revenue base is the main condition stipulated by the Foreign Office for allowing the Caymans to borrow from banks CI\$50m (£38m) immediately together with a further CI\$229m loan. The Cayman government has also agreed to make significant cuts to its public expenditure programme.

The deal, which is close to resolution, should avert the embarrassment of the island authorities being unable to pay their staff. It also means the Cayman government will be able to unveil a budget as soon as tomorrow after it was forced to postpone it last week.

This is welcome: the UK is using its influence appropriately to require reform that is good for Cayman and coincidentally the world at large.