



## **The Bahamas is on track to implement the OECD's Common Reporting Standard for the Automatic Exchange of Information by 2018**

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*Minister of Financial Services, Hon. C.V. Hope Strachan, M.P.*

The Bahamas prides itself on being a compliant jurisdiction that follows best practices and adheres to international standards for tax cooperation and tax transparency. A prime example of this is the Government of The Bahamas' commitment to the OECD to implement the Common Reporting Standard (CRS) for the Automatic Exchange of Information (AEOI) in 2018.

To meet this obligation, the Ministry of Financial Services, in conjunction with the Ministry of Finance, the Office of the Attorney General, the Bahamas Financial Services Board and other private sector stakeholders, has developed an implementation framework and action plan.

As Minister of Financial Services, I am pleased with the progress being made and the level of effort that is being dedicated to this initiative. Further, I am confident that we will meet the 2018 implementation deadline.

It is important to note that the CRS may be implemented by a multilateral or bilateral approach, both of which adhere to the international standards for tax cooperation and tax transparency. The criteria for the selection of the bilateral approach as opposed to the multilateral approach is that the OECD Multilateral Convention is more applicable to jurisdictions with a direct taxation regime, which The Bahamas does not have.

Thus far, the implementation framework and action plan for compliance with CRS have been developed, which is comprised of measurable goals and timelines. To move this action plan forward, legislation and guidance notes have already been benchmarked both regionally and internationally.

In order to comply with the OECD Common Reporting Standard, the Government of The Bahamas, in consultation with private sector legal experts, is now in the process of finalizing the drafting of enabling legislation and the appropriate guidelines. We are on track to meet our commitment to the 2018 implementation deadline and are in no way delaying the process.

In addition, the commitment to tax co-operation and transparency is evidenced by the implementation of the United States Foreign Account Tax Compliance Act (FATCA) and Tax Information Exchange Agreements (TIEAs), of which 33 have been signed to date. Our country also maintains a strong anti-money laundering and counter-financing of terrorism regime and has achieved the G20 standard on Transparency and Cooperation in Tax Matters.

The Government of The Bahamas has always been committed to complying with international best practices as evidenced by our phase two 'Peer Reviews' by the OECD Global Forum where The Bahamas has been deemed "largely compliant" with the OECD's existing standard of exchange of information on



request. The Government acknowledges there is still work to be done, which is why we are working diligently with stakeholders to meet our 2018 obligations.

The financial services sector is a major driver of our economy, providing employment directly and indirectly to over 20,000 Bahamians and contributing more than 15% to our GDP. As such, we are devoted to meeting the highest international standards of tax cooperation and tax transparency, in addition to other international best practices, to preserve The Bahamas' reputation as a clean and compliant financial services jurisdiction.

The Bahamas has demonstrated a commitment to create a financial services sector that is well equipped to compete and succeed in the increasingly regulated environment in which the industry now operates. The most significant aspects of The Bahamas' regulatory measures may be summarized as follows:

**a) A Strong Anti-Money Laundering (AML) and Counter-financing of terrorism (CFT) Regime:**

The Bahamas has always been committed to complying with international best practice and has fared well in its phase two 'Peer Reviews' by the OECD's Global Forum. In fact, The Bahamas has been deemed "largely compliant" with the OECD's existing standard of exchange of information on request. Some of the key elements from the rounds of the Bahamas' regulatory reform are as follows:

- In 2000, The Bahamas eliminated bearer shares;
- Since 2001: There is the filing of a register of directors and officers for companies;
- The law mandates that financial institutions have Know Your Client/Client Due Diligence as well as Counter Financing of terrorism processes. Further, regulators have issued guidelines to industry outlining best practices for verifying customer identity and for developing anti-money laundering procedures and measures to prevent terrorist financing;
- There is a regulatory framework for the reporting and investigation of suspicious transactions;
- Independent inspections and regulatory examinations of financial service providers including corporate service providers for compliance with AML/CFT laws;
- The 2000 legislative restructuring included the Evidence (Proceedings in Other Jurisdictions) Act and the Criminal Justice (International Cooperation) Act. The former regulates cooperation by Bahamian courts in civil matters while the latter regulates such cooperation in criminal matters. The 2000 legislative restructuring included the Evidence (Proceedings in Other Jurisdictions) Act and the Criminal Justice (International Cooperation) Act. The former regulates cooperation by Bahamian courts in civil matters while the latter regulates such cooperation in criminal matters.

**b) Tax Transparency and Cooperation:**

In 1998, the OECD sought to have 40 plus countries, including The Bahamas, adopt the G20 standard on Transparency and Cooperation in Tax Matters. The Bahamas, in a 1999 presentation to the OECD, insisted on a level playing field. This principle was formally accepted by the OECD in 2002.



The Government of The Bahamas held firm to this principle and kept faith with the industry. In 2009, The Bahamas, moved to implement the standard immediately following global consensus and the achievement of its key pre-condition of a level playing field. On March 20, 2010, The Bahamas achieved the G20 standard on Transparency and Cooperation in Tax Matters. Today, The Bahamas facilitates international co-operation in tax matters through 33 TIEAs.

**c) FATCA Compliance**

On November 3, 2014, The Bahamas and the US signed an Agreement to Improve International Tax Compliance (the Agreement) and to implement the Foreign Account Tax Compliant Act (FATCA) based on an intergovernmental agreement known as the Model I IGA.