

**WHAT'S INSIDE:****DOMESTIC UPDATES:** Industry developments in the domestic financial services market.**INTERNATIONAL & REGIONAL NEWS:** Regional & international initiatives and news of interest to industry stakeholders.**DOMESTIC UPDATES ▼****MINISTRY OF FINANCE REVIEWING SEVEN BIDS TO ESTABLISH INVEST BAHAMAS**

The government hopes to soon select a private group to establish a new statutory body, Invest Bahamas – a recommendation of the Economic Recovery Committee (ERC) – which is expected to replace the Bahamas Investment Authority. Acting Financial Secretary Marlon Johnson, who is also the chair of the ERC, said the Ministry of Finance is reviewing at least seven bids following the recent closure of the request for proposals (RFP) period. The initial RFP has concluded, and there has been six or seven substantive response. Once the team has decided, there will be a brand-new approach to investment facilitation, both for significant domestic and significant international investment coming into the country. Click [here](#) to read more on this.

OECD: THE BAHAMAS HAS HIGHEST VAT REVENUE RATIO IN LATIN AMERICA AND CARIBBEAN

The Bahamas had the highest value-added tax (VAT) revenue ratio (VRR) in the Latin America and Caribbean (LAC) region just before the COVID-19 pandemic, according to a recently released revenue statistics report by the Organisation for Economic Co-operation and Development (OECD). The VAT revenue ratio is the ratio of the actual VAT revenues to the product of final consumption (net of VAT revenues) and the standard VAT rate. The OECD stated that the ratio provides a sense of VAT revenue loss related to exemptions and reduced rates, fraud, evasion and tax planning as well as weaknesses in tax administrations. The Bahamas' VRR was 82, compared to Barbados' 68, St. Lucia's 64 and Trinidad and Tobago's 35. Click [here](#) to read more on this.



By this summer, the four new Acts recently passed by Parliament will come into effect. The new legislation will modernize and transform public finance, procurement, and statistical operations within The Bahamas. The Public Finance Management Act, Public Debt Management Act, and the Statistics Act will come into effect on July 1, 2021; and the Public Procurement Act on September 1, 2021. Read more [here](#).

**MONTHLY ECONOMIC AND FINANCIAL DEVELOPMENTS (MEFD) MARCH 2021**

During the first quarter of 2021, the Bahamian economy remained under the constraints of the COVID-19 Pandemic, with significant weakness in tourism, decreased spending among Bahamian households, and the corresponding strain on public finances. As to the near-term outlook, the economy is expected to experience only incremental growth in 2021, with much healthier gains in 2022. However, uncertainty is also higher in the near-term. In particular, both access to vaccines and the pace of vaccination still leaves global tourism exposed to the risk of further setbacks. The upside potential for The Bahamas is the next-door progress in the US – but the downside risk is less immediate progress inside The Bahamas with inoculation and containment. Read more [here](#).

BILL PASSED TO GIVE SECURITIES INDUSTRY REGULATOR MORE TEETH

Parliamentarians passed amendments yesterday that would give the Securities Commission of The Bahamas (SCB) more teeth in its regulation of the entities under its purview and safeguard against deficiencies highlighted by international regulatory bodies in the insurance sector. The proposed amendments in the Securities Industry (Amendment) Bill, 2021 will allow the SCB to act swiftly and provide real consequences in the face of delinquency. The bill seeks to provide for the automatic revocation of a registration where a registrant fails to renew its license, submit its annual filings and/or pay its annual fees. In addition to the Securities Industry Act amendments, the Insurance (Amendment) Bill, 2021 was presented to the House. Among other things, the bill seeks to address deficiencies highlighted by the Caribbean Financial Action Task Force (CFATF), that there is no specific requirement for insurance companies to obtain prior approval whenever there is a change in senior management. Click [here](#) to read more.

INTERNATIONAL & REGIONAL NEWS ▼


INTERNATIONAL TAXATION: OECD MINIMUM BUSINESS TAX RATE 'WILL BE CLOSE TO 15 PER CENT'

OECD Tax Director Pascal Saint-Amans indicated at a recent conference organized by the Irish Government that the coming global agreement on international business taxation, expected to be wrapped up in October, will set a corporate minimum tax rate below the US's proposal of 21 per cent.

The rate is expected to be settled at around 15 per cent, in order to accommodate Ireland's 12.5 per cent rate. He also stated that the G20 meeting of the finance ministers in July is still the tentative deadline for an agreement to be reached, however some details may need to be agreed until October, the date of the subsequent G20 meeting. Read more [here](#).

US: FINANCIAL INSTITUTIONS TO BE REQUIRED TO REPORT ON ALL TAXPAYER ACCOUNTS

The US Treasury Department has announced plans to require US financial institutions to report the aggregated inflow and outflow of funds from every customer's accounts each year.

It plans to spend USD80 billion on the US Internal Revenue Service's investigations budget over the next ten years to stop 'sophisticated tax evasion', with auditors focusing on complex investigations of large corporations, partnerships and global high-net-worth individuals. Read more [here](#).


EU DATA PROTECTION REGULATOR ASKS MEMBER STATES TO RE-ASSESS INFORMATION EXCHANGE PRIVACY

The European Data Protection Board (EDPB) has told EU Member States to re-assess whether their tax information exchange agreements with third countries comply with the General Data Protection Regulation (GDPR) and Taxpayers' privacy rights.

The EDPB statement is a result of several cases brought by taxpayers and law firms across the EU, arguing that certain transparency requirements, including the OECD Common Reporting Standard (CRS) and the US Foreign Account Compliance Act (FATCA), are incompatible with GDPR. It remains to be seen how this will impact the automatic exchange of information, including under FATCA. Read more [here](#).

SANCTIONS: UK INTRODUCES TOUGHER REGIME AGAINST FOREIGN CORRUPTION

The UK has implemented a new sanctions regime against misappropriation of state funds from any foreign country. The Global Anti-Corruption Sanctions Regulations 2021 imply that facilitating transactions involving designated individuals or entities, or assets owned or controlled, directly or indirectly, by such parties, will constitute laundering the proceeds of crime. Read more [here](#).

BERMUDA OFFERS ECONOMIC INVESTMENT AND RESIDENTIAL CERTIFICATES UNDER NEW POLICY

Bermuda has introduced a residency-by-investment policy under which foreign individuals who invest at least USD2.5 million in the island can claim the right to live there. Unlike previous policies, successful applicants also receive automatic approval to work. They can also apply for a full residential certificate after five years, with the right to reside in Bermuda indefinitely with their dependents. The certificates are likely to appeal to high-net-worth individuals interested in relocating to Bermuda, as they will be able to immediately to work in the business in which they invest. Read more [here](#).

