



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 ▼

VALUE-ADDED TAX (AMENDMENT) (NO.2) BILL, 2021 SCHEDULED TO COME INTO FORCE ON JAN. 1, 2022

Amendments to the Value-Added Tax (VAT) Act was tabled in the House of Assembly on November 10th, 2022, that allow for the reduction of VAT from 12 percent to 10 percent and minimize the number of exemptions and zero-rated items under the principal act. Financial services is added to the list of zero-rated professional services when the benefit or advantage of those services are outside The Bahamas. Read more [here](#).

AUTHORISED AGENTS' OPERATION OF FOREIGN CURRENCY DENOMINATED TRADING ACCOUNTS FOR RESIDENTS

Effective October 1, 2021, the Central Bank announced the resumption of the Investment Currency Market (ICM) and Bahamian Depository Receipt programmes. In light of this, the Central Bank reminds Authorised Agents of the liberalized environment for foreign currency denominated trading accounts and confirms the following administrative details:

With effect from February 1, 2018, the Central Bank approved a new framework to allow Bahamian residents more flexibility to operate and maintain foreign currency denominated trading accounts with resident trust companies (Authorised Agents). Residents will be permitted to trade within blanket approvals that apply to the approved account or portfolios rather than to each trade within the portfolio. These facilities must be funded in foreign currency obtained through the ICM.

Please click [here](#) to view details on the application process.

UPDATED CRS-AEOI PARTNER LIST AS AT NOVEMBER 11 2021

The Competent Authority issued an updated CRS-AEOI Partner List As At November 11 2021. If there are any queries, kindly submit an email to: helpdesk@taxreporting.finance.gov.bs or information@taxreporting.finance.gov.bs. Click [here](#) for the list.

CENTRAL BANK TO MAKE HUGE PUSH ON SAND DOLLAR UPTAKE IN 2022

The Central Bank of The Bahamas (CBOB) is preparing to introduce Sand Dollars into Family Island communities and also implement a Sand Dollar Academy to enhance buy-in from businesses and financial institutions. CBOB Governor John Rolle said training companies in the use of Sand Dollars could begin as soon as the first quarter 2022. There are now \$302,785.04 worth of Sand Dollars in circulation, 28,003 digital wallets using them and about 845 merchants accepting them. CBOB continues to improve the interoperability and functionality of the world's first Central Bank Digital Currency. Read more [here](#).

MONTHLY ECONOMIC AND FINANCIAL DEVELOPMENTS

Indications are that during the month of September, domestic economic activity continued to recover, albeit at a protracted pace, amid the ongoing strains of the COVID-19 pandemic. Tourism output further strengthened containing a more pronounced rebuilding of seasonal business as the year progressed, attributed to improved vaccination efforts, both locally and internationally. However, the year-to-date gains remained more tempered, as the result for the first quarter of 2020 largely escaped the pandemic, whereas the 2021 rebuilding only commenced late in the first quarter and then, only for stopover visitors. In price developments, domestic inflation firmed during the twelve months ending June, reflective of the uptick in global oil prices. Monetary developments for the month of September revealed a reduction in bank liquidity, as the expansion in domestic credit outstripped the growth in the deposit base. Also, external reserves contracted, as the public sector expressed a net demand for foreign currency. Click [here](#) to read more.

CENTRAL BANK TO ESTABLISH MOVEABLE COLLATERAL REGISTRY

The Central Bank of The Bahamas is in the final stages of establishing an online registry for moveable collateral, which would allow borrowers to use more of their assets other than real estate or fixed assets to secure credit. The movable collateral registry would compliment and expand the range of options that individuals and businesses have in terms of raising capital. The announcement came as the CBOB reported a 25 percent increase in loan applications to domestic banks in the first half of the year. Read more [here](#).

UPCOMING EVENTS ▼

FORUM FOR IMPACT - “BUILDING BRIDGES FOR IMPACT ACROSS THE AMERICAS”

DATE: MAY 18- 20, 2022

Co-sponsored by BFSB with The Ministry of Financial Services, Trade and Industry and Immigration and The Ministry of Tourism, Forum for Impact under the theme “Building Bridges for Impact Across the Americas” will take place in Nassau November 17-19, 2021. It will bring together HNWI, Family Office principals and investors to “engage the unengaged” in discussions on impact and investment to help build sustainable legacies. Between 60 to 80 HNWI/UHNW individuals are expected to attend the event. It will be an opportunity to showcase our private wealth management pedigree and why The Bahamas is an ideal hub for Family Offices.

LATAM FAMILY OFFICES EVENT

DATE: APRIL 28-29, 2022

Hugo Della Motta (Head of LATAM, Portfolio Summits)

The First Annual Latin America Advisory & Banking Summit promises to be a one day completely live meeting for financial advisors and bankers serving markets across Latin America, the Caribbean and South Florida. Conversations at the event are based on 20+ years in the industry and will focus across Asset Allocation, Wealth Structuring, Planning, Country and Regionally Specific Issues, Marketing an Advisory Firm and M&A in the industry.

RECENT BFSB PUBLICATIONS ▼

[IFC Review : Bahamas 360](#)

September 29th, 2021

[Wealth Briefing – Bahamas Report](#)

October 2021

[GATEWAY Magazine](#)

October 2021

INTERNATIONAL & REGIONAL NEWS ▼



DIGITAL TRANSFORMATION OF AML/CFT FOR OPERATIONAL AGENCIES: In October 2021, the FATF and the Egmont Group of Financial Intelligence Units completed a project to explore how financial intelligence units can leverage technology to strengthen their operations. The report focuses on how to find the right tools and when to use them, how to optimize these tools for AML/CFT purposes, and how to overcome practical and operational challenges. The FATF is continuing its work on digital transformation, focusing on how the use of technology and advanced analytics could support ML/TF investigation and information exchange. The findings of this project will be finalised in June 2022. Click [here](#) to view the full report.



UPDATED GUIDANCE FOR A RISK-BASED APPROACH TO VIRTUAL ASSETS AND VIRTUAL ASSET SERVICE PROVIDERS: In October 2021, the FATF updated its 2019 Guidance for a Risk-Based Approach to Virtual Asset Service Providers (VASPs). The FATF standards require countries to assess and mitigate their risks associated with virtual asset financial activities and providers; license or register providers and subject them to supervision or monitoring by competent national authorities. VASPs are subject to the same relevant FATF measures that apply to financial institutions. This will help countries and VASPs understand their anti-money laundering and counter-terrorist financing obligations, and effectively implement the FATF’s requirements as they apply to this sector. The guidance provides relevant examples and potential solutions to implementation obstacles. Click [here](#) to view the updated Guidance.



US: BIDEN PROPOSES INCOME TAXES SURCHARGES FOR HIGH EARNERS: US president Joe Biden has proposed a new tax plan incorporating a surtax on the ‘wealthiest 0.02 per cent of Americans’, with an extra 5 per cent rate on income above USD 10 million and an additional 3 per cent surtax on income above USD25 million. The Build Back Better framework will also close ‘loopholes’ that allow taxpayers to avoid paying the 3.8 per cent net investment income tax on earnings above USD400,000. It will impose a minimum 15 per cent corporate tax on foreign profits of large corporations; a penalty rate for foreign corporations based in countries that do not comply with the OECD 15 per cent global minimum tax rate; and a 1 per cent surcharge on corporate stock buybacks. The plan will also grant extra resources for Internal Revenue Service auditing. Read more [here](#).



EU COMMISSION SEEKS TO EASE WITHHOLDING TAX MECHANISM ON CROSS-BORDER INVESTMENTS: The first stage of public consultation has just closed on the European Commission’s (EC’s) proposals for reform of its withholding tax system, which aims to reduce the administrative burden of withholding tax relief claims on cross-border investment. According to CFE Tax Advisers, the current system is considered so complex and inefficient that non-resident taxpayers sometimes forego their right to apply for their tax treaty benefits and so pay double taxation on the income, estimated by the EC at EUR8.4 billion a year. The EC hopes to adopt an ad hoc directive by the fourth quarter of 2022, following a second stage of the consultation. Read more [here](#).



THE OECD’S FORUM ON TAX ADMINISTRATION VOWS TO INVESTIGATE PANDORA PAPER DATA: The OECD’s Forum on Tax Administration and its investigational arm, the Joint International Task Force on Shared Intelligence and Collaboration (JITSIC), issued a statement concerning the so-called “Pandora Papers”. The Forum on Tax Administration and JITSIC have confirmed that they will use the tools at their disposition, including JITSIC’s network of cooperation, the OECD standard on the exchange of information on request, and the OECD Common Reporting Standard, to “pool resources, share information and rapidly develop a more accurate picture of potential wrongdoing in order to facilitate further investigations” and investigate and identify tax evasion or avoidance in relation to the Pandora Papers, as data becomes available. The process will follow the model used for the Panama and Paradise Papers. Read more [here](#).



FINCEN RELEASES UPDATED ADVISORY ON RANSOMWARE AND THE USE OF THE FINANCIAL SYSTEM TO FACILITATE RANSOM PAYMENTS: On November 8th, in connection with a set of actions announced by the Department of the Treasury and focused on disrupting criminal ransomware actors, FinCEN has released an update to its 2020 advisory on ransomware and the use of the financial system to facilitate ransom payments. Read [more](#).