



## GOVERNMENT OF THE BAHAMAS

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### PRESS RELEASE

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### **Phase 1 Peer Review of The Bahamas by the OECD Global Forum on Transparency and Exchange of Information for Tax Purposes**

The Government of The Bahamas welcomes the release of the Report of the Phase 1 review of The Bahamas' legal and regulatory framework for transparency and effective exchange of tax information. The Bahamas' legal and regulatory system for effective tax cooperation was found to be fully compliant with all elements of the Global Forum's standards with the exception of one. The Phase 2 review of The Bahamas, which will assess the practical implementation of the standards, is scheduled for July 2012.

The Phase 1 Peer Review Report of The Bahamas has determined that The Bahamas has the necessary legal and regulatory framework in place to ensure the availability of ownership, identity and banking information; along with the requisite access to that information by The Bahamas' Competent Authority.

The Report also determined that The Bahamas has adequate mechanisms in place to allow for exchange of information with relevant partners. The Bahamas has entered into twenty-three new tax information exchange agreements (TIEAs), since September 2009, and has implemented enabling legislation in the form of the International Tax Cooperation Act, which was passed on 1<sup>st</sup> July 2010. As such, The Bahamas has taken all steps which are necessary on its part to bring all of its TIEAs into force. The twenty-three new TIEAs are in addition to The Bahamas' TIEA with the United States of America, which came into force in 2004.

The Government of The Bahamas has taken note of the one major area requiring improvement in the Report, which calls for greater clarity in the law with respect to the obligation on certain legal entities and arrangements to maintain accounting records. The related recommendation calls for the implementation of express obligations in the law requiring all relevant entities and arrangements (companies, trusts, partnerships, foundations, etc.) to maintain reliable accounting records, including underlying documentation, for a minimum five-year period.

The Government of The Bahamas has noted the findings of the Report. The necessary remedial actions including amendments to the relevant legislation to address the matters raised in the Report are being dealt.

The review was undertaken over the period July 2010 to March 2011 by the Peer Review Group of the Global Forum on Transparency and Exchange of Information for Tax Purposes, of the Organisation for Economic Cooperation and Development (OECD), with the active cooperation and participation of the Ministries of Finance and Foreign Affairs, the Office of the Attorney-General, the Financial Services Regulators and the Registrar of Companies.

### **Bahamas' Active Participation in the PRG**

As a responsible international financial centre, The Bahamas is committed to ensuring compliance with applicable international standards for regulation and cross-border cooperation. In demonstration of this commitment, The Bahamas has, for many years now, been actively involved in the continuing effort to revise the global standards for financial services regulation and creating a level playing field for all financial centres. The Bahamas re-committed its membership in the re-structured Global Forum in 2009, as the efforts to ensure a level playing field in global financial services received the support of the wider group of countries that make up the G20.

### **Background**

The Global Forum's Peer Review Group (PRG) was established in September 2009, and consists of representatives of 30 countries including The Bahamas, operating under a mandate to develop and implement a system for the assessment, monitoring and review of actions taken by member countries toward the implementation of the established standards for transparency and information exchange with regard to tax matters. In 2010, the PRG launched reviews of the first 39 jurisdictions to be assessed, including The Bahamas. Another 40 reviews are expected to be launched in 2011. Within a five-year period, all members of the Global Forum, as well as jurisdictions identified by the Global Forum as being relevant to its work, will be reviewed by the PRG.

Reviews assess Phase 1 elements, for the adequacy of jurisdictions' legal and regulatory frameworks for availability of, access to and exchange of information; and Phase 2 elements, for the effectiveness of the practical implementation of jurisdictions' provisions for availability of, access to and exchange of information. Phase 1 and Phase 2 elements are assessed for each jurisdiction, in either sequential or combined reviews.

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