

THE BAHAMAS

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Consulate of Italy in the Bahamas

Italy General Honorary Consulate in Nassau
Hon. Cons. Alberto Gaetano Suighi
201 Lagoon Court at Sandypoint – Nassau, The Bahamas – P.O. Box 13177
Tel. 0024232723357
E-mail: nassau.onorario@esteri.it

Diplomatic representation of The Bahamas in Italy

The only authority in Italy responsible for issuing the entry visa for the Bahamas is:

United Kingdom Embassy in Rome

Via XX Settembre, 80/A – 00187 Roma

Tel. 00390642200001

Fax 00390642202333

Website: www.gov.uk/government/world/organisations/british-embassy-rome

E-mail: info.consulate@fco.gov.uk

The Consular Representation of the Commonwealth of the Bahamas has two offices:

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Tel. 00390248194390

E-mail: consolato@bahamas.it

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Via Giulia, 200 – 00186 Roma

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CORPORATE INCOME TAX	
Resident company	Exempt
IBC (offshore company)	Exempt
OTHER TAXES	
VAT	10% - 12% before 1 Jan. 2022 – 0%
Withholding taxes	None
Tax on capital gains	None
Personal income tax	None
Payroll tax	Employer: 5.9%; employee 3.9%
Stamp duty	Imposed on various instruments
Import duty	Food 10%, vehicles 65%, machinery 45%
Tax on real estate	Up to BSD 250,000: not applied Up to BDS 500,000: 0.625% Over BDS 500,000: 1%
INCORPORATION TIME	1 day
REGISTRATION COSTS	Incorporation fees: BDS 330 Professional fees: BDS 1,000
MINIMUM CAPITAL	Flexible
ADVANCE RULING	Not applied
TAX RETURN	Not mandatory
EXCHANGE CONTROLS	Free. IBC exempt
BANK SECRECY	Applied
LEGAL SYSTEM	British <i>Common Law</i>
BILATERAL TAX AGREEMENTS	None, but 34 TIEAs

1-GENERAL INFORMATION

I- Location

The Bahamas comprises 30 inhabited islands, the largest of which is Andros.

The population is not proportionally distributed among the 30 islands. In fact, about 70% live on the island of New Providence, located in the center of the archipelago and home to the capital, Nassau. It is therefore the financial center and also the most requested tourist destination.

Grand Bahama, where the city of Freeport is located, received grants related to port and industrial development in 1955, so today it continues to grow considerably, already accounting for around 16% of the total population.

II- Political system

The Bahamas was discovered in 1492 by Christopher Columbus and claimed by Britain in the 17th century. With the exception of a brief period in the 18th century, Britain held control of the Bahamas until the early 1960s. As a British colony for more than 325 years, the country therefore lacked the strength to administer its own domestic politics and economy. In 1964 it gained autonomy.

In 1972, a conference was held in London to draft the independence constitution. On July 10, 1973, the Commonwealth of the Bahamas became independent within the Commonwealth of Nations, with the power to administer politics and economics. Like Canada, Australia, New Zealand and other Commonwealth countries, the Bahamas has Queen Elizabeth II as Head of State.

Executive power, therefore, is vested in the Queen of England, who is represented in the Commonwealth by a Governor, appointed by the Queen on the advice of the Prime Minister.

III- Legal system

The legal system is based on the English Common Law, despite the presence of a codified Bahamian law. The final instance is the Court of Appeals, presided over by three judges appointed by the Governor. The lower courts of this legal system are the courts presided over by magistrates located in Nassau and Freeport.

IV- Economic policy

The Bahamas has a free enterprise economy; tourism is an integral part of it, as 60% of the gross national product derives from it and represents 50% of all jobs.

The economy of the Bahamas is affected by fluctuations in international economy, particularly that of the United States. So, considering that 70% of imports come from the United States, inflation, rising oil prices, rising food prices and stock market fluctuations strongly affect the economic system of the Bahamas.

Thanks to a series of agreements and conventions, the Bahamas has become one of the largest markets in the world of manufactured goods, offering unique opportunities to those who intend to establish offshore companies in a country where they do not pay taxes, operate under constraint and benefit from a free port to the main industrial markets.

The main conventions to which the Islands are part are:

1. the Lomé Convention, focused on commercial cooperation, which provides for free access to the EU market for all tropical agricultural products and products exported by the countries of the ACP group (Africa, Caribbean and Pacific);
2. the General System of Preference (GSP), which allows developing countries to increase production thanks to the technology and materials of neighboring countries and provides for a favorable tax treatment for exports to industrialized countries;
3. the USA Congress Trade Act 1974, which contains customs concessions similar to those of the Lomé Convention regarding free access to US markets for manufactured products of

certain countries, including the Bahamas. In order to benefit from this program, exported products must have a minimum of 35% Bahamian raw material and labor. The product is considered Bahamian even if the raw material is imported from another ACP country. In this case, the required "Bahamian content" must be at least 50% of the production cost;

4. the Organisation of American States (OAS), focused on technical assistance for cultural, social and economic development;

5. the Caribbean Basin Initiative (CBI), which aims to promote the growth of the Caribbean region by stimulating investment in innovative industries producing for the US market and by reducing US taxes on most products from the Caribbean. The Caribbean Basin Economic Recovery Expansion Act 1990 (CBI II) also extends the exemption from customs duties to the majority of goods produced in this region and exported to the United States;

6. the Caribbean, a Canadian program for commercial investment and industrial cooperation related to the Caribbean region: Canada grants exemption from customs duties for almost all goods imported from the Caribbean region.

V- Foreign investments

To promote private enterprise development and foreign investment, the Government of the Bahamas has enacted several laws, such as the Hotels Encouragement Act, the Industries Encouragement Act, the Export Manufacturing Industries Encouragement Act and the International Persons Landholding Act 1993.

In order to intensify investment in the Bahamas, the Bahamas Investment Authority, an investment-clearing house, was established to facilitate both local and foreign investment.

This single body:

- provides general guidance on investment policy in the Bahamas;
- coordinates the work of agencies and ministries to ensure the implementation of investment policies;
- promotes investments;
- checks and supports investments after their approval.

The International Persons Landholding Act of 1993 aims to attract direct investment and encourage investors to purchase properties in the Bahamas by simplifying registration and approval processes. The taxes to be paid are shown in the table below.

<i>FEES</i>	<i>BSD</i>
Application for registration	25
Application for permit	25
Upon issue of certificate of registration or issue of permit where:	
• The value of the property is BSD 50,000 or less	50
• The value of the property is between BSD 50,000 and BSD 101,000	75
• The value of the property is BSD 101,000 or greater	100
Home owner resident card	500

VI- Financial institutions

The Bahamas is one of the largest financial centers in the Caribbean, with a total of 226 institutions licensed to conduct banking and fiduciary transactions (as of March 31, 2019), both in and from the Bahamas. Most of the world's major financial institutions have a branch or local agency in the Islands.

A number of important factors contribute to the emergence of the Bahamas as a financial centre, including:

- a tax advantaged domicile with the absence of taxes on income, capital gains, profits, gifts, inheritances and estates, and no withholding taxes on dividends, interest or royalties (the Bahamas is not a party to any double taxation agreement)
- liberal and straightforward exchange control regulations, permitting non-resident corporations managed by an authorised trust company or agency to operate without reference to the exchange control authorities, thereby enabling them to trade in non-resident securities and to maintain non-resident bank accounts
- strict enforcement, by both common law and statute, of the confidentiality of banker-customer relations
- excellent telecommunication systems
- stable economic and political environment
- advantageous geographic location, and
- ready availability of expert professional services, such as accountants, lawyers, bankers, insurance and management services.

VII- Bank secrecy

In 1985, a code of conduct was created in the Bahamas by member financial institutions of the Association of International Banks and Trust Companies (AIBT). The main objectives of the code are to:

- maintain and enhance the reputation of the Bahamas as an international financial centre
- prevent the use of banks and trust companies in the Bahamas for criminal purposes, and
- adhere to the principle of banking confidentiality/secrecy as embodied in Bahamian legislation.

The code includes 6 specific guidelines that call for AIBT members to:

- (1) cooperate with the Central Bank of the Bahamas
- (2) know your customer
- (3) reject customers involved in criminal activity
- (4) avoid acts which assist in violating foreign fiscal or exchange control laws
- (5) maintain confidentiality, and
- (6) observe the Central Bank's requirements with regard to disclosure of the identity of members' beneficial shareholders.

Protection of confidentiality is the cornerstone on which the banking industry has been built. The duty is imposed on a wide body of persons including the banker, their attorneys, their auditors and government officials. Disclosure is permissible with the customer's consent and under compulsion of law.

To prevent its financial system from being used for criminal activities, the government enacted the Money Laundering (Proceeds of Crime) Act 1995 (the Act) which replicates to a large extent the AIBT code of conduct and provides for severe penalties upon conviction. The Act complements other enactments such as the Tracing and Forfeiture of Proceeds of Drug Trafficking Act and the Mutual Legal Assistance Treaties signed with the United States, Canada and the United Kingdom. The Act does not affect the application of the broader principle of confidentiality/secrecy of financial bank accounts to otherwise legitimate activity and has no bearing on tax or fiscal matters.

VIII- Currency and exchange controls

The currency of the Bahamas is the Bahamian Dollar (BSD), which is valued on par with the US dollar. Throughout the islands the US dollar is normally accepted interchangeably with the Bahamian dollar as a form of payment. Exchange control is administered by the Central Bank of the Bahamas which has the authority to determine all questions of residency. Corporations can be resident and non-resident and the shares can only be owned by residents or in combination with non-residents. Resident companies must have bank accounts in Bahamian

currency but, with the authorization of the Central Bank, they can also open accounts in foreign currencies, depending on their business.

Non-resident companies may conduct their business either outside or entirely within the Bahamas, with non-resident companies or individuals in foreign currencies, but they are required to convert into Bahamian dollars sufficient foreign currency to meet their operating expenses within the Bahamas.

Prior permission from the Central Bank is required for non-residents to invest (ie in business, property, etc) in the Bahamas. If the non-resident investment is made with foreign currency which is converted to Bahamian dollars it is accorded "approved status", which facilitates the investor's repatriation of income and capital gains which may accrue from the investment.

Permission for companies resident in the Bahamas to extend their business outside the Bahamas depends largely on the probability of a good return to the Bahamas via increased income of foreign currency and/or increased exports. Direct investment outside the Bahamas must be an extension of an existing business within the Bahamas.

2-BAHAMAS COMPANIES AND TRUSTS

BUSINESS ENTITY	MAIN TRAITS	FORMATION	GOVERNANCE
<i>Companies</i>	<p>Subscribers must own at least one share. Shareholders can also be individuals appointed by the economic owners and their names are therefore confidential. They must meet at least once a year.</p> <p>There are no limits on the amount of shares issued by public or private companies. They can be registered, bearer or redeemable, but their redemption must not result in an effective reduction of the share capital.</p> <p>The company must be managed by at least two directors (three in the case of public companies). The meetings of the directors can be held anywhere, but always on the advice of the same, unless otherwise specified in the articles of association.</p>	<p>For the regular incorporation of the company, the registered office must be established in the Islands. Copies of the articles of association and the articles of association, the register of shareholders and the register of mortgages on the company's assets must be kept in it</p>	<p>The legislation relating to the registration of companies has been extensively amended by the Companies Act 1992.</p> <p>It is necessary to submit a declaration containing: the name of the company, the registration procedures, the legal duration, the limits of liability of the members, the corporate purpose, the authorized capital, the date of commencement of the activity, the headquarters of the main offices, the names, addresses and functions of the directors of the company. These documents are issued by the Conservator's Office and must be attached to the solemn declaration of compliance by one of the directors, to a certified copy of the articles of association and statute and to a legal power of attorney.</p> <p>Banks are obliged to publish annual reports which show their financial position.</p> <p>Companies with capital divided into shares must instead submit an annual declaration containing a list of all shareholders, the amount of the capital and the number of shares in which it is divided, the number of redemptions of each share, the registration number of the companies .</p> <p>All companies must also submit a declaration stating that 60% of the shares are owned by Bahamian residents.</p>

BUSINESS ENTITY	MAIN TRAITS	FORMATION	GOVERNANCE
<i>Foreign companies</i>	It is incorporated according to the laws of the country of origin.		It is necessary to submit a declaration containing data relating to the name of the company, the registration procedures, the legal duration, the limits of liability of the members, the corporate purpose, the authorized capital, the date of commencement of the activity, the headquarters of the main offices, the names, addresses and functions of the directors of the company. These documents are issued by the Registrar's Office and must be attached to the solemn declaration of compliance by one of the administrators, to a certified copy of the articles of association and the statute and to a legal power of attorney.
<i>Non-profit companies</i>	A non-profit company may involve activities that are religious, charitable, educational, scientific, historical, fraternal, literary, sporting, artistic and athletic.	It is necessary to prepare a deed of incorporation in which it is stated that the company has no nominal capital, is not for profit, that the company profits will be used to favor the social activity.	The deed of incorporation, signed by at least two signatories in the presence of a witness, must be submitted to the Register of Companies. The articles of association, signed in the presence of a witness, must be filed, together with the deed of incorporation or within the following six months. A company can merge or consolidate with one or more companies. The statute of incorporation or consolidation must be presented to the Registrar's Office.
<i>Financial institutions</i>	The formation of banks and trust companies in the Bahamas is governed by the Banks and Trust Companies Regulation Act 2020 and rules and regulations formulated by the Central Bank of the Bahamas. There is a minimum capital whose amount depends on the type of financial institution.		In order to register a bank or a trust company, a written request must be sent to the Ministry of Finance indicating the name of the bank or trust company, the address of the head office or registered office, the location of the main office and - if they are located overseas - the address of the main office in the Bahamas.
<i>Trusts</i>	The Trust (Choice of Governing Law) Act 1989 provides protection from forced inheritance claims against Bahamian trusts or settlors domiciled in civil law countries. The Fraudulent Dispositions Act 1991 allows persons to create an asset protection trust while still preserving the ability of creditors to void a settlement where it is intended to defraud.	A trust may be created by verbal agreement between the parties or fiduciary agreement or by declaration made as a fiduciary act.	The current legislation on testamentary succession does not apply. Registration with the Currency Control Administration is required in order to be recognized as a non-resident Bahamian trust.

BUSINESS ENTITY	MAIN TRAITS	FORMATION	GOVERNANCE
<i>International Business Company (IBC)</i>	<p>They do not do business with island residents, have no interests in real estate located in the Bahamas, or leased properties for any other use than office use, do not engage in insurance, reinsurance, fiduciary or banking activities, cannot become registered office of other companies.</p> <p>There is no minimum capital.</p> <p>It is possible to issue registered, bearer, with or without voting rights, without par value, unnumbered, common, preference or redeemable shares or shares that may have more than one voting right or with voting rights only in some cases.</p> <p>They are exempted from stamp duty, currency controls, capital taxes at the time of registration or on subsequent capital increases for a period of 20 years.</p> <p>Meetings can also be held by telephone.</p> <p>There is a director and a secretary, who can also be companies.</p>	<p>It can be created by one director, by two shareholders and must necessarily have a registered office and a legal representative in the territory of the Bahamas.</p> <p>The deed of incorporation contains the name of the company, the address of the representative and the registered office in the Islands, the corporate purpose, the currency in which the shares are issued, a statement of the authorized capital, the number of registered or bearer shares, the methods for communicating notices to holders of bearer shares.</p>	<p>It can be registered within 24 hours by the local representative, as required by the relevant legislation.</p>
<i>Offshore holdings</i>	<p>Profits from non-resident offshore companies or from IBCs can be "parked" in the company itself. Typically, a foreign government will not require Bahamian corporations to pay taxes until they declare dividends. By not declaring dividends and therefore not being taxed, it is therefore possible to accumulate tax-free profits in the Bahamas.</p>		
<i>Offshore finance companies</i>	<p>Non-resident companies can conduct financial activities both overseas and in the Bahamas, with non-resident individuals and / or legal entities. They may, even without the permission or restrictions of the Central Bank of the Bahamas, open and maintain bank accounts in foreign currencies. The income will not be subject to tax.</p>		
<i>Offshore licensing companies</i>	<p>Non-resident companies can engage in 'licensing' activities, even without the permission or restrictions of currency control; in fact, such companies will not incur any Bahamian tax. The Bahamas recognize interests on patents, copyrights, trademarks; royalties and other payments received are not subject to taxation.</p>		
<i>Offshore trading companies</i>	<p>The Bahamas are considered a very convenient place to establish an offshore goods import / export company due to its advantageous geographic location relative to Central, North and South America.</p>		<p>In the absence of laws relating to direct taxes, special provisions have been created regarding the taxation of imported products, with rates ranging from 32.5% to 52.5%. However, many products are exempt.</p>

BUSINESS ENTITY	MAIN TRAITS	FORMATION	GOVERNANCE
<i>Offshore real estate companies</i>	Real estate companies located outside the territory of the Bahamas are subject to the tax laws, and therefore taxes, of the state in which the property is located. Properties located in the Bahamas are subject to stamp duty (at the time of purchase) and real estate taxes. There are no taxes of any kind on the valuation or transfer of private property in the Bahamas or of Bahamian companies in foreign territories.		
<i>Offshore insurance companies</i>	Offshore (international) insurance companies are companies registered in the Bahamas and regulated by the Companies Act 1992. They are authorized by insurance legislation (the Insurance Act 1969 or the External Insurance Act 1983) to conduct business from the Bahamas, but they can insure only the risks existing outside the Bahamas. Both share capital and working capital must be paid in cash.	Names, addresses, references and public liquidation certificates must be provided for shareholders, directors and officers. Those wishing to set up an international insurance company in the Bahamas are required, first, to select a manager, a lawyer, an auditor and a banker and, subsequently, on the basis of a calculation of economic convenience (tax charges, reinsurance costs, claims, etc.), should contact the Register of Insurance Companies, in Nassau, to discuss and collect data relating to the proposed undertaking and prepare an overall business plan. It is then necessary to apply for the approval of the three alternative names chosen for the company.	In order to be registered as an external insurance company under the External Insurance Act, you must prove that the offshore or captive insurer will receive BSD 500,000 or more in insurance premiums from an affiliated company. Otherwise, applicants will be considered non-resident insurers under the Insurance Act. For the registration and authorization procedure, it is advisable to contact local lawyers who will file the relevant request to the Registrar; if this is regular and valid, the registration should be completed within three weeks.
<i>Offshore administration companies</i>	There are no special provisions governing offshore administration companies. However, given its flexibility, an IBC proves convenient when used as an administrative or management company as it is tax free.		
<i>Offshore trusts</i>	Currently Bahamian law does not recognize this concept.		

I- Incorporation and incorporation costs

The Companies Act 1992, which came into effect on 1 August 1992, repeals the Companies Act (Chapter 279) 1866 and the Foreign Companies Act (Chapter 280) 1891 and makes substantial changes in the incorporation and operation of companies. Under the new Act, companies may carry on business with individuals resident in the Bahamas and may also carry on from within the Bahamas banking or trust business and insurance and re-insurance.

In order to incorporate a company in the Bahamas a memorandum of association must be filed with the Registrar General. The memorandum must be signed by at least 2 subscribers in the presence of at least one witness. A non-resident subscriber or nominee is required to obtain Exchange Control permission. Articles of association may be filed with the memorandum of association or within 6 months thereafter and signed and witnessed by one other person.

A company may merge or consolidate with another company or companies. Articles of merger or consolidation must be submitted to the Registrar.

The incorporation costs of a Bahamian company are outlined in the following table:

<i>Items</i>	<i>Government fee BSD</i>
Memorandum of association filing fee	300
Articles of association filing fee	30
Stamp duty on memorandum of association:	
- up to BSD 5,000	100
- additional BSD 1,000	5
- if increased after incorporation, per BSD 1,000 increase	6
Bahamian company annual licence fee	1,000
Bahamian company 60% or more Bahamian ownership	350
Bahamian foreign company less than 60% Bahamian ownership	1,000
Foreign company stamp duty	600
Foreign company registration fee	50
Foreign company annual licence fee	1,000
Non-profit company stamp duty	5
Articles of merger of consolidation registration	500
Articles of memorandum amendment	50
Articles of dissolution registration	100
Resolution rescinding articles of dissolution registration	100
Incorporation, merger, consolidation, arrangement, continuation, dissolution or good standing issuing of certificate	25
Documents copies of extracts	15
Documents inspection	10
Company name restoration	300-600
Each entry inspection	10

II- Shares and shareholders

There are no debt/equity restrictions in the Bahamas with respect to general companies. There are, however, restrictions with respect to financial institutions and some categories of insurance companies.

Approval is required from the Supreme Court of the Bahamas for the reduction of share capital. There are no limitations on the amount of shares a private or public company can offer. However, no subscriber can take less than one share. Shares are normally in registered form and are of a common type, although redeemable preferred shares may be issued. All shares must have a nominal or par value. Redemption of shares must not effectively reduce the share capital. Shareholders may be nominees for the beneficial owners, whose names, therefore, can be kept confidential.

Shareholders must meet at least once each calendar year. Votes in writing or by proxy are permitted at the annual shareholders' meetings. Directors may appoint alternates to act for them at board meetings or may vote in writing or by facsimile.

III- Management

A domestic limited company must be managed by at least 2 directors and in the case of the public company, 3 directors. Directors' meetings may occur at any place and upon such notice

as the directors determine unless otherwise provided for by the articles of association. Meetings may be held by telephone or other communication which allows recognition by the directors of each others' voices.

IV- Local presence

A domestic limited company must have its registered office or legal seat within the Bahamas. The location of the registered office must be advertised in the Official Gazette. There must be a display of the company's name at the office. Copies of the memorandum and articles of association must be kept at the registered office. Also, a register of shareholders and a register of mortgages and charges over the company's assets must be kept in the registered office.

V- Accounting and auditing

All companies must file names of officers, directors and managers and location of registered offices. Banks must publish annual statements showing their true financial position.

Where annual turnover exceeds BSD50,000, businesses must maintain accounts and records in respect of any transaction relating to the business for a period of not less than 5 years from the date of the transaction (Business Licence Act 2010).

As of January 1, 2013, companies with turnover below BSD 50,000 are no longer required to keep reports or records (Companies Act 1992).

Every company having capital divided into shares must file an annual return with the following information:

- (1) a list of members stating the names, addresses and occupations of all members mentioned and the number of shares held by each and those who have ceased to be members
- (2) the amount of the company's capital and the number of shares into which it is divided
- (3) the number of shares taken from the formation of the company up to the date of the summary
- (4) the number of calls made on each share, the total number of calls received, the total number of calls unpaid, the total number of shares forfeited, and
- (5) the registered number of the company.

All companies must file annual returns stating whether or not 60% of its shares are beneficially owned by Bahamians.

VI – Financial institutions

The formation of banks and trust companies in the Bahamas is governed by the Banks and Trust Companies Regulation Act 2020 and rules and regulations formulated by the Central Bank of the Bahamas.

Incorporation

In order to incorporate a bank or trust company in the Bahamas, application must be made in writing to the Governor of the Central Bank of the Bahamas. The application must contain all the information, particulars and references prescribed in the Act and set out the following:

- (1) name of the bank or trust company
- (2) address of head or registered office, or
- (3) if head or registered office is outside the Bahamas:
 - (i) address of principal office in the Bahamas
 - (ii) name of the officer who is to be the bank or trust company's authorised agent in the Bahamas, and
 - (iii) name of the other officer who, in the absence or inability to act of the officer named under (ii) above, is to be the bank or trust company's authorised agent in the Bahamas.

Types of licence

A bank or trust company may be issued any of the following licences:

(1) *Dealer*. An authorised dealer is a bank which has been authorised by the Exchange Control Department of the Central Bank of the Bahamas to deal in gold and all currencies, and can open and maintain accounts in such currencies, within the limits laid down from time to time in the Exchange Control Notices issued by the Central Bank of the Bahamas.

(2) *Agent*. An authorised agent is a bank or trust company authorised by the Exchange Control Department to deal in Bahamian and foreign currency securities and to receive securities into deposits (to act as custodians) in accordance with the terms of the Exchange Control Notices issued by the Central Bank of the Bahamas.

(3) *Public licensee*. A public licensee is permitted to carry on banking and/or trust business with members of the public. The company's exchange control designation determines whether the licensee is resident or non-resident.

(4) *Resident*. A resident bank or trust company can deal only in Bahamian dollars, but can operate in foreign currencies with the authorisation of the Exchange Control Department. Trust companies with resident status are allowed to deal in foreign currency securities on behalf of non-resident customers.

(5) *Non-resident*. A non-resident bank and/or trust company can operate only in foreign currencies but may hold a Bahamian dollar account, with the approval of the Exchange Control Department, to pay local expenses.

(6) *Restricted*. A restricted bank and/or trust company is allowed to carry on business for certain specified persons, usually named in the licence.

(7) *Non-active*. A non-active company is either in voluntary liquidation or wishes to keep the word "bank" or "trust" in the company's name even though it is not a banking or trust company.

(8) *Nominee*. A nominee company holds securities and other assets in its name on behalf of clients of its parent bank or trust company.

Capital

Minimum capital requirements of licensees under the Banks and Trust Companies Regulation Act 2020 are as follows:

<i>Category</i>	<i>Minimum capital</i>
Public: <ul style="list-style-type: none">• bank• bank and trust• trust	5,000,000 BSD 5,000,000 BSD 1,000,000 BSD
Restricted: <ul style="list-style-type: none">• bank• bank and trust• trust• nominee trust	100,000 BSD 100,000 BSD 100,000 BSD 10,000 BSD
Non-active: <ul style="list-style-type: none">• bank• bank and trust• trust	None None None

Licence fees, capital requirements and relevant legislation annual fees payable under the Banks and Trust Companies Regulation Act 2020:

<i>Categories of licence</i>	<i>BSD</i>
Authorised dealer	From 325,000 to 3,200,000
Authorised agent	From 90,000 to 225,000
Public bank and trust	80,000
Public bank	80,000
Public trust	58,000
Restricted bank and trust	35,000
Restricted bank	35,000
Restricted trust	11,000
Restricted nominee trust	11,000
Non-active bank and trust	2,500
Non-active bank	2,500
Non-active trust	2,500
Non-active nominee trust	2,500

VII- Trusts

Legal framework

The Bahamian concept of trusts is based on the laws of England as applicable at the time of colonisation. There have been subsequent statutory amendments, namely the Trustee Act 1893 which is a principal statute governing the use of Bahamian trusts.

The rule against perpetuities applies to Bahamian trusts. However, the rule against accumulations does not apply to Bahamian trusts provided the trust does not breach the rule against perpetuities.

The Trust (Choice of Governing Law) Act 1989 now provides protection from forced inheritance claims against Bahamian trusts or settlors domiciled in civil law countries.

The Fraudulent Dispositions Act 1991 allows persons to create an asset protection trust while still preserving the ability of creditors to void a settlement where it is intended to defraud.

Creation procedures

A trust may be recognised by oral conduct and arrangement of the parties. For tax planning purposes a trust is created by an Indenture of Settlement or by a Declaration of Trust executed as a deed. Stamp duties are payable on creation of and on transfer of assets to the trust.

Bahamian trusts are not required to be registered.

For the purposes of banking and exchange control, registration with the Exchange Control Department of the Central Bank of the Bahamas is required for designation and approval as a Bahamian non-resident trust.

There are no specific capital requirements in the Bahamas.

Private Trust Company (PTC)

A private trust company is established to provide trusteeship to a defined class of trusts. In the Bahamas, this class of trust is defined by reference to the designated person or persons. Designated persons are individuals who are identified at the establishment of the PTC.

The PTC can act as trustee for an unlimited number of trusts. A PTC can be incorporated under either the Companies Act 1992 or the International Business Companies Act 2000. It must have a minimum share capital of BSD 5,000.

A PTC can be incorporated under either the Companies Act 1992 or the International Business Companies Act 2000. It must have a minimum share capital of BSD5,000. Except where an officer of a licensee serves as a registered representative, a PTC must have at least one special director. The special director must possess at least 5 years of experience in a discipline relevant

to trust administration (law, finance, commerce, investment management or accountancy) and be of good repute. A special director need not be resident in the Bahamas.

VIII – Other special entities

Exempted Limited Partnership (LP)

Companies of this kind combine the characteristics of a normal partnership with a structure that allows greater flexibility in business. LPs can do legitimate activities anywhere in the world, except with Bahamian people. Members may be resident anywhere, but at least one, if an individual, must be resident of the Bahamas or, if a legal person, must be incorporated under the International Business Companies Act 2000 or the Companies Act 1992. Each LP must have a registered office in the Isles and must be registered with the Company Registry, upon payment of BSD 850. The LP benefits from a 50-year exemption for the issue of registration certificates, the payment of license taxes, stamp duties, tax on income, capital gains and distributions. Partners, their executors or administrators are also exempt from inheritance, property and gift taxes.

Mutual funds

The term means a corporation, trust or general partnership issuing equity interests and investing its funds for the purpose of spreading the risk and enabling investors to receive profits or gains, under the provisions of the Mutual Funds Act 2003 which provides for four types of funds:

- the Professional Fund — a fund which has a specific type of investor as defined in the Act;
- the SMART Fund — a flexible fund, the structure of which must be approved by the Securities Commission before it can be licensed as a SMART Fund. The Commission is to establish rules regarding the parameters, class or type of investment fund that can qualify as a SMART Fund;
- the Standard Fund — which includes any fund that does not fall under any of the other categories for licensing purposes; and
- the Recognised Foreign Fund — which includes funds that are based in the Bahamas, but have a nexus (which is provided for in the Act) to a prescribed jurisdiction. The Recognised Foreign Fund is required to be registered with the Commission.

3- TAXATION SYSTEM

I- Resident companies

The Bahamas are internationally known for their "tax haven" status. There is no liability for tax on any profit or gain earned by a Bahamian resident company. There are no tax return requirements, but an annual return must be submitted to the Registrar of Companies with the appropriate government fee (incorporation fees of BDS 330 and professional fees of BDS 1,000).

There are no corporate, personal income, capital gains, profit, sales, inheritance or estate taxes. There are no withholding taxes on dividends, interest or royalties. The Bahamas is not a party to any double tax agreement.

Capital gains are not subject to taxation in the Bahamas.

National insurance contributions are deducted from employee's pay. There are no other withholding taxes imposed by Bahamian law.

II- Other Bahamian taxes

Given the absence of legislative provisions relating to direct taxes, the law provides for the taxation of some selective services.

Import duties

Import duties are provided for by the Tariff Act 1975. The Act states that duty shall be charged, levied and collected upon all goods imported. Many food items attract a rate of 10%; machinery, leather goods, woven articles of yarn and silk 45%; motor vehicles, hybrid and electric motors do not attract any import duties.

Stamp tax

The imposition of stamp duties on various instruments is provided for by the Stamp Act, Ch 370. There is a limit on the amount of stamp duty levied on the issue of euro currency bonds. The conversion of Bahamian currency into foreign currency is subject to stamp duty at the rate of 1.5%. Financial institutions are required to submit a report detailing the amount of stamp duty collected each month. The report is due within 30 days after the end of each calendar month. A penalty of BSD1,000 is imposed if a report is filed late and a further penalty of BSD1,000 may be imposed for each day or part-day the failure continues.

Real property taxes

Real estate taxes are levied annually. Bahamians are not required to pay taxes on land, developed or undeveloped, in the Family Islands or on undeveloped land in New Providence. Owner-occupied property is exempt from the tax in respect of the first BSD50,000 of assessed value, and property used for commercial farming is completely exempt.

The rates of tax on owner-occupied property are as follows:

- On the first BSD250,000 of assessed value: exempt
- On market value exceeding BSD 250,000 and up to BSD 500,000: 0.625%
- On market value in excess of BSD 500,000: 1% (up to maximum BSD 50,000 total charge)

The rates of tax that apply to Bahamians on residential property that is not owner-occupied property, but from which no commercial enterprise is conducted, are as follows:

- On assessed value of the first BSD 75,000: BSD 300
- On assessed value exceeding BSD 75,000: 0.625%.

The following rates of tax apply on unimproved or undeveloped property owned by non-Bahamians:

- On market value less than BSD 7,000: BSD 100
- On market value exceeding BSD 7,000: 2%

The tax rates on other property (eg commercial) are as follows:

- On the first BSD 500,000 of assessed value: 0.75%
- On market value in excess of BSD 500,000: 2%.

Departure tax

A departure tax is levied on all persons leaving the Bahamas. The tax amount varies between BSD18 and BSD29, depending on the mode of transport used for departure.

Work permits

Every foreign employee working in the Bahamas is required to obtain a work permit. Work permit fees range from BSD 500 to BSD 12,500 per year, depending on the category.

Business Licence Tax

Entered into force on 1 January 2011, it provides for the payment of an annual tax on the license obtained to carry out an activity and is calculated on the type of activity at rates ranging between 0.5% and 3% of turnover. Companies must provide financial results, the license application and pay the fee each year within the end of March. Companies with turnover in excess of BSD 50,000 must keep books and records for at least five years. International Business Companies operating outside the Islands, activities such as the sale of spirits, trade fairs, sporting and charitable events, non-profit organizations and companies related to games and lotteries are exempt from tax.

Businesses which are foreign-registered, foreign-owned or incorporated outside the Bahamas (foreign persons) need approval from the Minister of Finance before a licence is issued. Before

the commencement of any contract to carry out a business, a foreign person must pay a tax of 1.5% of the value of the contract and be granted a temporary licence.

Payroll tax

National insurance is payable at 5.9% of gross pay by employers and 3.9% by employees.

VAT

A value added tax (VAT) applies from 1 January 2015, under the Value Added Tax Act 2014. Businesses with annual turnover of BSD100,000 or more (BSD50,000 in certain cases) are required to register for VAT and file monthly VAT returns.

VAT applies to all goods and services supplied by a VAT-registered business. The standard VAT rate is 10% (12% before 1 Jan. 2022).

A 0% rate applies to exports, certain basic food items (such as butter, milk, cheese and rice) and the international transport of goods and passengers.

Exemptions from VAT include: the free trade zone, health and education services, transfers and leases of land and residential buildings, financial services, social and community services, charities, and gambling and lotteries.

Other taxes

Licence fees for gaming casinos are provided for by the Lotteries and Gaming Act 1969 and a tax on gaming machines is provided for by the Gaming Machines Act 1974.

By virtue of the Insurance Act 2005, a registered insurer writing local business pays a premium tax of 3% of gross premiums collected each quarter or BSD 25, whichever is higher. This applies to domestic insurers authorised to do business in the Bahamas.

The Hotels Act 1970 provides for a hotel guest tax.

The Light Dues Act 1976 levies light dues on all ships passing through the Bahamian waters, subject to certain exceptions.

An environmental levy is imposed on imports of various goods by the Customs Management Regulations 2013, at amounts ranging from BSD5 for bicycle tyres to BSD 300 for certain machinery.

A Domestic Systematically Important Institution (DSII) levy applies to banks with liabilities exceeding BSD 100 million. The levy amount is calculated according to a formula prescribed by the Banks and Trust Companies Regulation Act 2020.

III-Resident trusts

No direct taxes applied.

IV- Freeport area

Freeport, on the island of Grand Bahama, is the nation's largest industrial free trade zone, established in 1955 by the Hawksbill Creek Agreement Act. The principal Act and its 1993 amendment allow for the exemption of all general taxes applied in the Bahamas for business entities established in the area. The exemptions apply for 99 years (ie until the year 2054), with the exception of the exemptions on real property tax and business licence fees, which expired on 3 August 2015.

V-Foreign income

There are no taxes assessed on foreign earned income nor on income in the Bahamas.

4- OFFSHORE COMPANIES

I- International Business Company (IBC)

The Bahamas' International Business Companies Act 2000 (the IBC Act) replaced the earlier International Business Companies Act 1989, which was effective from 15 January 1990.

A Bahamian IBC may be incorporated within 24 hours and this must be done by the local licensed financial service provider as required by relevant legislation.

In 2004, some amendments were made to allow existing Bahamian companies to become IBCs and IBCs to register their mortgages and investment expenses with the Register of Companies, to obtain a license as an external insurance company and to protect the assets of a company in favor of the company itself, its creditors and shareholders.

Further amendments were made in 2013 to register IBCs as separate account companies and to extend the tax exemption and foreign exchange control period to 40 years.

A Bahamian IBC may:

- carry on business with persons resident in the Bahamas;
- own an interest in real property situated in the Bahamas;
- make or maintain professional contact with counsel and attorneys, accountants, bookkeepers, trust companies, management companies, investment advisers or similar persons carrying on business within the Bahamas;
- prepare or maintain books and records within the Bahamas;
- hold meetings of its directors and members within or outside the Bahamas;
- hold a lease of property for use as an office from which to communicate with members, or prepare or maintain company books and records;
- hold shares, debt obligations and other securities in an IBC or an ordinary company;
- hold shares, debt obligations or other securities in the company owned by any person resident in the Bahamas, IBC or ordinary company.

A Bahamian IBC has the power to do the following:

- (i) issue shares in fractions, in registered form only, voting and non-voting, no par value, unnumbered, common, preferred or redeemable
- (ii) issue shares that may have more or less than one vote per share, be voted only on certain matters or only upon the occurrence of certain events, be voted only when held by persons who meet specified requirements, or entitle participation only in certain assets
- (iii) issue options, warrants or rights, or similar instruments
- (iv) issue convertible securities
- (v) purchase, redeem or otherwise acquire and hold its own shares
- (vi) guarantee a liability or obligation of any person and secure any of its obligations by mortgage, pledge or other charge of any of its assets, and
- (vii) protect the assets of the company for the benefit of the company, its creditors and its members, and any person with a direct or indirect interest in the company.

A Bahamian IBC is entitled to carry on any legitimate business without having to specify in an “objects clause” a specific purpose for the company. The memorandum is required to contain:

- the name of the company
- the address of the IBC’s registered office and agent within the Bahamas
- the objects or purpose for which the company is to be incorporated
- the currency in which the shares of the company will be issued
- a statement of the authorised capital of the company giving the total number of the par value and no par value shares that the company is authorised to issue
- a statement of the number of classes and series of shares, the number of shares of each such class and series and their par values or no par values, and
- a statement of the designations, powers, preferences and rights, and the qualifications, limitations or restrictions of each class and series of shares that the company is authorised to issue.

A Bahamian IBC may merge or consolidate with another IBC, an ordinary company, a subsidiary, or a foreign company.

When Bahamian IBCs merge or consolidate with ordinary companies, the directors of each constituent company promoting the merger or consolidation must approve a written plan containing:

- the name of each participating company and the name of the surviving company or the consolidated company
- the designation and number of outstanding shares of each class and series of shares and the voting entitlement of each such class and series for each participating company
- a specification of each such class and series entitled to vote as a class or series in each participating company
- the terms and conditions of the proposed merger or consolidation
- a statement of any amendment to the memorandum or articles of the surviving company to be brought about by a merger, and
- everything required to be included in the memorandum and articles for a company incorporated as an IBC.

Where the parent company is an IBC and merges with one or more subsidiaries, the parent will approve a written plan or merger containing:

- the name of each participating company and the name of the surviving company
- the designation and number of outstanding shares of each class and series of shares, and the number of shares of each class and series of shares in each subsidiary company owned by the parent company for each participating company
- the terms and conditions of the proposed merger, including the convertibility of shares, debt obligations, other securities or money or other property.

When Bahamian IBCs merge or consolidate with foreign companies, the Bahamian IBCs must comply with the provisions of the IBC Act and foreign companies must comply with the laws of their home country.

Where the surviving company or the consolidated company is a foreign company, it must submit to the Registrar:

- an agreement promising to honour any future claim, debt, liability or obligation of a Bahamian IBC or to protect the rights of IBC shareholders
- irrevocable power to the Registrar to act as agent in the above procedures
- an agreement that it will honour awards due to IBC shareholders, and
- a certificate of merger or consolidation issued by the appropriate authority of the foreign jurisdiction where it is incorporated or such evidence as the Registrar considers acceptable.

An existing company, whether incorporated locally or in another jurisdiction, may continue as an IBC and is required to supply: the articles of continuation approved by a majority of the directors or the other persons who are charged with exercising the powers of the company, or in such other manner as may be established by the company, and the articles of continuation to contain the name of the company and the name under which it is being continued, the jurisdiction under which it is incorporated, the date on which it was incorporated, the information required to be included in the memorandum, the amendments to its memorandum and articles (or their equivalent) that are to be effective upon the registration of the articles of continuation.

Bahamian IBCs are the most flexible structures in offshore countries. Owning an IBC through a trust offers excellent opportunities to minimize tax burdens.

An IBC can have a minimum of one shareholder and a minimum of one director. Only directors are part of the public record. Shares may be issued in foreign currencies. The capital structure of the IBC cannot include bearer shares but can have shares with no par value. There are no minimum capital requirements. IBCs are exempt from all taxes for 40 years. Specifically, they are exempt from Bahamian stamp duty and exchange controls, and from

capital duties on incorporation or on subsequent increases in share capital. Company meetings may be validly held without presence in the Bahamas, eg by a telephone conference hook-up. However, a local agent for the IBC must be appointed. An annual general meeting is required. An IBC may use any corporate designation as part of its name, eg “Corporation”, “Limited”, “Société Anonyme”, “NV”, etc. Migration of foreign companies as IBCs to and from the Bahamas will be facilitated allowing for the immediate transfer in or out of assets. A Bahamian IBC is not required to keep the accounts and records the directors deem necessary or desirable to reflect the company’s financial position at the Bahamian registered office; however, it must keep a declaration at its registered office stating that it is maintaining reliable accounting records. An IBC and its shareholders are exempt from income tax, corporation tax, capital gains tax, or any other tax on income or distributions accruing to or derived from the IBC or in connection with any transaction to which the IBC or shareholders are party to. An IBC and its shareholders are also exempt from estate, inheritance, succession or gift tax and any other tax, duty, levy, or other charges payable in the Bahamas with respect to any shares, debt obligations or other securities of the IBC or shareholder.

An IBC is exempt from the payment of stamp duties in the Bahamas except in respect of real property and from business license fees.

Since January 13, 1992, the taxes and fees for services applied to companies registered abroad, but which decide to operate as an IBC in the Bahamas, are:

<i>Authorised capital BSD</i>	<i>Government fee BSD</i>
Incorporation <ul style="list-style-type: none"> • up to 50,000 • over 50,000 	400 (+ 450 for incorporation within 1 hour) 1,200 (+ 450 for incorporation within 1 hour)
Continuation <ul style="list-style-type: none"> • up to 50,000 (foreign companies) • up to 50,000 (Companies Act) • over 50,000 (foreign companies) • up to 50,000 (Companies Act) 	500 700 700 1,000
Annual licence fee <ul style="list-style-type: none"> • up to 50,000 • over 50,000 • capital with no par value shares 	350 1,000 350
Merger/consolidation <ul style="list-style-type: none"> • up to 50,000 • over 50,000 	600 800
Amendment to memorandum	Varies depending on the reason for amendment
Registration articles of dissolution	200
Copies of extract of incorporation/ merger/ consolidation documents	50
Company name restoration	600 – 1,000

II- Limited duration company (LDC)

LDCs are basically like IBCs, except for the duration of the company which is limited to 30 years maximum. The transfer of shares or interests of a member of an LDC requires the unanimity of all members, if so provided by the articles of the company.

III- Offshore holding companies

Profits from non-resident offshore companies or an IBC can be "parked" in the company. Typically, a foreign government will not require Bahamian companies to pay taxes until they

declare their dividends. By not declaring dividends and therefore not being taxed, it is possible to accumulate tax-free profits in the Bahamas. In addition, there is no tax on capital gains in the Bahamas.

IV- Offshore finance companies

Non-resident companies can conduct business both overseas and in the Bahamas, with non-resident individuals and/or legal entities. They may, even without the permission or restrictions of the Central Bank of the Bahamas, open and maintain bank accounts in foreign currencies. The income will not be subject to tax.

V- Offshore licensing companies

Non-resident companies can conduct 'concessionary' activities even without the permission or restrictions of currency control and do not incur any Bahamian tax. The Bahamas recognizes interests in patents, copyrights, trademarks, etc. Royalties and other payments received are not subject to taxation.

VI- Offshore trading companies

The Bahamas are considered a very convenient place to establish an offshore goods import/export company due to its advantageous geographic location with respect to North, Central and South America.

In the absence of direct tax laws, special provisions have been created regarding the taxation of imported products - with rates ranging from 10% to 200% - many of which are nonetheless exempt.

VII- Offshore shipping companies

The legislation has established a ship registry that allows citizens of any state to register, own and manage foreign ships in the Bahamas, without requiring residency. Furthermore, there are no restrictions on the transfer of ships to or from the Bahamian register. Ships over 150 gross tons are exempt from paying customs duties and stamp duty. Foreign-owned vessels of less than 12 years old can be registered in the Bahamas, must have a tonnage greater than the 1,600 registered tons and must carry out commercial activities abroad.

The annual taxes provided for by the Merchant Shipping Act are as follows:

- BSD 2,552 per ton for ships up to 2,000 net tons;
- BSD 2,155 per ton for ships between 2,001 and 5,000 net tons + 0.20 for each registered ton;
- BSD 2,305 per ton for ships of over 5,000 net tons + 0.17 per ton recorded;
- BSD 725 per ton for large-scale coastal vessels up to 2,000 net tons;
- BSD 600 per ton for large-scale cabotage vessels of over 2,001 net tons + 0.13 for each ton registered;
- BSD 700 for ships not engaged in commercial activities

The Bahamas has a flag registry of convenience. All profits are tax free.

VIII- Offshore real estate companies

Companies holding real estate outside the Bahamas are subject to the tax laws and rates in the territory in which the property is held. Properties held within the Bahamas are subject only to stamp duty (at the time of purchase) and annual real estate taxes. There are no taxes of any kind on the appreciation or disposal of real estate in the Bahamas or by Bahamian companies in foreign territories.

IX- Offshore insurance companies

An offshore (international) insurance company is an insurance company incorporated in the Bahamas under the Companies Act 1992, the Insurance Act 2005 or the External Insurance Act

1983. It manages its business from the Bahamas, but insures only risks located outside the Bahamas.

In order to qualify for registration as an external insurer under the External Insurance Act, it is necessary to demonstrate (inter alia) that the offshore or captive insurer will be accepting BSD 500,000 or more in insurance premiums from an affiliated company (related business). All other applicants will be accommodated under the Insurance Act as non-resident insurers.

Applicants wanting to establish an international insurance company in the Bahamas are advised of the following steps:

- (1) Conduct a feasibility study (reference to tax considerations, reinsurance cost, fronting arrangements required, etc).
- (2) Contact and arrange to visit the Registrar of Insurance Companies in Nassau to discuss and be advised on the proposed venture.
- (3) Prepare a comprehensive business plan.
- (4) Submit resumes and 3 references for each director, officer and shareholder, one of which should be from both an insurer and a broker. In addition, evidence of the lack of a criminal record is required.
- (5) Visit the Bahamas to select an underwriting manager, lawyer, auditor and banker.
- (6) Provide local lawyer with all the requisite application material together with 3 alternative corporate names.
- (7) The lawyer will then commence the procedures necessary to incorporate the company and submit the application to the Registrar.
- (8) If the application is in good order, a decision on registration should be made within 3 weeks.

The following are provisions relative to offshore insurers in the Bahamas.

	<i>Insurance Act</i>	<i>External Insurance Act</i>
Minimum capital	BSD 200,000	BSD 100,000
Net premium preferred (capital and surplus)	5:1 on net premium up to BSD 5m 10:1 on net premium in excess of BSD 5m	5:1 on net premium up to BSD 5 m 10:1 on net premium in excess of BDS 5m
Shareholders, directors and officers	Names, addresses and references	Names, addresses and references
Local representation	Appoint principal representative	No specific reference
Lawyer	Not mandatory	Not mandatory
Accountant	Independent	Independent and local
Actuary	Triennial valuation	No provision

The Registrar's requirements for minimum capital, net premium, shareholders, directors and officers, local representation, lawyers and accountants are as follows: the minimum capital and working (exposed) capital must be cash or very liquid. All insurers, whether under the Insurance Act or the External Insurance Act, must use local underwriting managers or show good reason for not doing so.

A fee of BSD 2,500 is payable on registration, with a further BSD 2,500 payable annually.

A BSD 1,000 fee is imposed per underwriting manager employed. The offshore company obtains a 15-year tax holiday from the date of registration. Resident insurance companies writing local business pay a premium tax of 3% of gross premiums collected each quarter or BSD 25, whichever is higher, plus an initial registration fee of BSD 1,000.

X- Offshore administration companies

There are no special provisions governing offshore administration companies. However, thanks to its flexibility, it is cost effective to use an IBC as an administrative or management company as it is tax free.

XI- Offshore trusts

At present, these concepts are not recognised under Bahamian law.

XII- Financing the offshore company

There are no restrictions on the repatriation of equity loans to the motherland for non-resident offshore companies that have obtained authorization from the Central Bank of the Bahamas. Capital increases, reductions or changes can take place simply at the request of the shareholders, while the reduction requires the approval of the Supreme Court. For IBCs, no par value, bearer, registered, or fractional shares may be issued. As a result, an IBC may be a more flexible legal entity than other Bahamian companies if there is a problem of overcoming the tax regulations of the motherland.

Interest on foreign loans from a non-resident offshore company is not taxed.

The authorization issued by the Exchange Control is only required for the conversion of Bahamian dollars into other currencies (except for IBCs).

There are no restrictions or taxes relating to the payment of dividends to non-resident shareholders.

XIII- Transfer of income and capital

The transfer or repatriation of income from one country to another, to or from the Bahamas has no tax consequences in the Islands.

In fact, in the Bahamas, the return of loan capital from a non-resident offshore company is exempt from withholding taxes and any other taxes.

5- BILATERAL TAX AGREEMENTS

Since the Bahamas does not charge direct taxes, there is no tax agreements between the Islands and other countries.

However, agreements for the exchange of tax information (TIEA) have been signed with: Argentina, Aruba, Australia, Belgium, Canada, China, Czech Republic, Denmark, Faroe Islands, Finland, France, Georgia, Germany, Greenland, Guernsey, Iceland, India, Indonesia, Ireland, Japan, Korea, Malta, Mexico, Monaco, the Netherlands, New Zealand, Norway, Poland, San Marino, South Africa, Spain, Sweden, the United Kingdom and the United States.

In addition, the Bahamas have signed agreements with the United States, Canada and the United Kingdom to exchange non-tax information relating to criminal offenses, since tax evasion is not a crime in the Islands.