



Bahamas Commits to Adopting the Standard for Automatic Exchange of Information (AEOI) – 2018

The Bahamas has recently committed to adopting the Automatic Exchange of Information Standard (“AEOI Standard”) which the Government states it will implement by means of individually negotiated bilateral treaties by end of 2018. Relevant legislation will need to be enacted.

What is the effect of the AEOI Standard

The AEOI Standard provides for the exchange of non-resident financial account information with the tax authorities in the account holders’ country of residence without specific request. That means Bahamian financial institutions would report information on accounts held by non-resident individuals and entities to the relevant Bahamian government agency to be established under the Ministry of Finance. Account information would include account balances, interest, dividends, and sale and redemption proceeds from financial assets.¹

The AEOI Standard sets out requirements pertaining to confidentiality, data safeguards and proper use of information that must be met by a jurisdiction with which The Bahamas may agree to exchange information². Currently 93 jurisdictions have committed to implementing the AEOI Standard by 2017 or 2018³.

The Bahamas not signatory to OECD Convention

The Bahamas is not a signatory to the OECD Convention on Mutual Administrative Assistance in Tax Matters which on a multilateral basis implements the AEOI Standard. Currently the OECD Convention covers 84 countries and territories. Instead The Bahamas has elected to implement the AEOI Standard by bilateral agreements to be entered into with appropriate partner jurisdictions⁴.

The Bahamas is a sovereign independent nation with an important international financial services industry based in its capital city of Nassau. Since 2002 it has been stated governmental policy to adhere to internationally agreed standards.

For more information please contact John K F Delaney QC at jdelaney@delaneypartners.com

Useful links:

www.oecd.org/tax/transparency/automaticexchangeofinformation.htm

<http://www.thenassauguardian.com/bahamas-business/40-bahamas-business/52296-delaney-warns-against-retrospectivity>;



<http://delaneypartners.com>

<http://www.thenassauguardian.com/bahamas-business/40-bahamas-business/51713-data-safety-concerns-for-aeoi;>

<http://www.thenassauguardian.com/bahamas-business/40-bahamas-business/51693-former-agbilateral-tax-information-approach-correct;>

[http://www.tribune242.com/news/2014/sep/01/ex-ag-were-up-to-coping-with-automatic-tax/;](http://www.tribune242.com/news/2014/sep/01/ex-ag-were-up-to-coping-with-automatic-tax/)

¹ See www.oecd.org/tax/transparency/automaticexchangeofinformation.htm

² Ibid.

³ Per Angel Gurría, OECD Secretary-General.

⁴ Bahamas Ministry of Financial Services.