

Country Guide

Bahamas

Prepared by

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GUIDE TO DOING BUSINESS IN THE BAHAMAS

McKinney, Bancroft & Hughes
Nassau, Bahamas
as at January 1, 2017

This guide is intended to provide general information and observations on the laws and policies which are involved when engaging in business in the Commonwealth of The Bahamas. The information contained in this publication is not intended to be a comprehensive statement of matters discussed, nor is it intended to provide legal advice or to be relied upon as applicable to any particular set of circumstances. No responsibility is accepted by the authors or publishers for any omissions which might prove to be misleading. Readers of this guide are advised to seek their own professional advice before investing or engaging in business in the Commonwealth of The Bahamas.

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I. THE COUNTRY AT A GLANCE

1.1 Geography

1.1.1 Location

The Commonwealth of The Bahamas (The Bahamas) is an archipelago spanning 100,000 square miles and extending 760 miles southeast from southern coast of Florida in the United States of America to northern Hispaniola. The Bahamas has an estimated land area of 5,358 square miles (approximately 13,878 square kilometers) comprising some 700 islands and 2,400 cays. Of the 700 islands, 30 are inhabited. Approximately 90 per cent of the population inhabit New Providence where Nassau, the capital of The Bahamas is located and the islands of Grand Bahama and Abaco. The waters of The Bahamas which comprise more than 95% of its geographical area, have remained largely free of pollutants and are recognised as among the most pristine in the world, being highly desirable for swimming and diving due to their clarity, colour and marine life.

1.1.2 Climate

The climate of The Bahamas is generally mild which has given rise to The Bahamas being sometimes referred to as the Isles of June. Winter temperatures are rarely below 60°F. In summertime, night temperatures may fall to 78°F while daytime temperatures seldom climb beyond 90°F. Humidity during the summer months may be considered to be fairly high with the rainy months being between May and October when records show an average of 6 inches of rainfall per month.

1.2 Culture

1.2.1 Languages

English is the official language of The Bahamas. Business and trade is conducted in this medium. A small percentage of persons particularly employed in the Banking and Financial Services sector are bi-lingual with working knowledge of French and Spanish. French creole is also widely used among Haitian migrants and Bahamians of Haitian descent.

1.2.2 Currency

The legal tender of The Bahamas is the Bahamian dollar. The US dollar is treated on par with the Bahamian dollar for cash transactions and is sold at US\$1.00 = B\$1.0025 in commercial banks. Currently, the Bahamian dollar is also pegged to the Euro at the exchange rate of 1€ = B\$1. The US dollar is accepted by merchants interchangeably with the Bahamian dollar.

1.2.3 Cultural or Religious Influences on Business

In The Bahamas the influences of both European and African cultures are interwoven with North American influences to produce a unique northern Caribbean culture. This cultural blend is reflected in the music, art, cuisine and celebrations of the Bahamian people. Vestiges of British colonial past in The Bahamas' can be discerned in the architecture and physical layout of its older buildings and communities. More importantly British traditions inform the conduct of business in the public sector and civil service. Both in the public and private sector modern developments reflect the more significant influence which North American business ethos have had on the culture and manner of doing business in The Bahamas. With more than 95% of Bahamians being Christian of various denominations, religion is a central feature of Bahamian public and private life. Christian observances play a significant part in the daily lives of the Bahamian people including their national events, public and private celebrations and the affairs of government. New Providence boasts the greatest number of Christian churches per capita. Notwithstanding, business is typically operated without any unique prohibitions arising out of the cultural or religious influences of the society.

1.3 Physical Development – Infrastructure

The Bahamas has a relatively extensive network of modern roads allowing ease of travel through the major population centers and linking residential and business centres on the less developed islands. Between 2011 to 2013 a vast road improvement project aimed at reducing traffic congestion, increasing road safety and decreasing pollution significantly redesigned the roadway infrastructure in New Providence. Private and public businesses, as well as residential building projects, have mushroomed during the past decades, and are constructed in accordance with very stringent, building standards that in many instances surpass North American building code requirements. The island of New Providence has a privately operated bus system to meet the transportation needs of tourists and residents alike. Ports of entry to The Bahamas are by sea and air. More than 50 airports of varying dimensions are located throughout the archipelago, the largest being the Lynden Pindling International Airport in the Island of New Providence. The Lynden Pindling International Airport underwent substantial renovation and expansion in 2011 – 2013 and now boasts to be among the top 5 airports with capacity for international traffic in the Caribbean and Latin American region. The newly designed airport is an important gateway to the Caribbean and in 2014 was named “Most Improved Airport” by ACI Worldwide’s Air Service Quality’s and “Best Marketing in under 4 million capacity” by Routes Americias. The Grand Bahama International Airport on the Island of Grand Bahama also provides a transit point closest to the Eastern Seaboard of the USA. There are more than 20 other airports which serve as ports of entry by air into the islands of The Bahamas. Sea Ports such as Marinas and Cruise facilities are also well positioned throughout The Bahamas, there being more than 30 marinas containing 25 or more slips. Most marinas monitor VHF channel 16 and a doctor/nurse or medical clinic is typically within close proximity.

1.4 Public Services, Utilities and Communication systems.

The Bahamas Power and Light Ltd, a privately managed but government owned company, generates electricity in New Providence and the Family of Islands. Potable water is supplied by the Water and Sewerage Corporation, also a government owned entity. Private corporations supply electricity and water to the residents of Freeport/Lucaya on the Island of Grand Bahama. The provision of electronic communications services including mobile telecommunications was fully liberalized in 2014 and private companies may now apply for a licence and compete in the provision of fixed line and mobile telecommunications, cable television and internet services. The Bahamas Telecommunications Company (BTC) which is owned 49% by the Government of The Bahamas, 2% by The National Trust and 49% by a private company. BTC is the largest provider of fixed line telecommunications in The Bahamas with services also being provided by Cable Bahamas Ltd. (CBL), a private entity. BTC is also one of two mobile telecommunications operators. Cable television services and broadband internet service are currently provided by CBL and BTC.

Postal services in The Bahamas operate under the auspices of the Ministry of Transport.

II. GENERAL CONSIDERATIONS

2.1 Investment Policies

2.1.1 General

The Government of The Bahamas has indicated its commitment to building an economic environment in which free enterprise can flourish with government functioning as regulator and facilitator of economic development. Its stated economic policy expresses the Government's commitment to ideals of transparency, fair play and equality of treatment and a stable society in which all are afforded the opportunity to realize their maximum potential. It further seeks to guarantee an acceptable level of economic security and generally foster the economic growth and the development of The Bahamas by seeking to encourage foreign direct investment an investment-friendly climate and a complementary mix of Bahamian and overseas investments. The Bahamas is a small developing country with tourism and financial services as the two pillars of its economy, having made leisure a business while making business leisurely. The Bahamas has created an ideal investment climate having regard to its professional workforce, stable government and economy, sound legal framework, modern infrastructure, proximity to key markets and favourable investment incentive policies.

2.1.2 Regulatory Regime

The National Economic Council (NEC) (a sub-committee of Cabinet, headed by the Prime Minister), is responsible for the executive management of the Government's investment policy. The NEC approves or refuses proposed foreign direct investment in The Bahamas. The operational aspects of the investment policy are the responsibility of the Bahamas Investment Authority (BIA) to which applications for foreign direct

investment are submitted for government approval. The BIA is intended to be the investor's "one stop shop" for establishing investments in The Bahamas. Immigration issues and matters of exchange control will however be handled directly with the Immigration Department and the Central Bank of The Bahamas respectively, and the legal advisors of the proposed investor must coordinate to secure the relevant permits, licences and approvals in addition to the general government approval for the investment.

The approval of the BIA is required to conduct any general business by a non-Bahamian in The Bahamas. This includes engaging in business in The Bahamas pursuant to a contract with local entity. Additionally, a Business License, or a temporary business license as the case may be, must be obtained prior to engaging in any general business within The Bahamas.

2.1.3 Government Policy

The Government of The Bahamas has formulated a National Investment Policy which outlines the Governments policy on investment in The Bahamas by non-Bahamians.

The following is a list of areas of investment specifically identified by the Government of The Bahamas for non-Bahamian investors.

- Touristic resorts
- Condominium, time share and second home development
- International business centres
- Banking and other financial services
- Captive insurance
- E-Commerce
- Information and data processing services
- Assembly industries
- Light manufacturing for export
- Agro-Industries
- Food Processing
- Mari-culture
- Ship repair and other services
- Marinas
- Aircraft services
- Pharmaceutical manufacturing
- Off-shore medical centres

The above list is not exhaustive and investors with other interests are encouraged to bring their interest to the attention of:

The Bahamas Investment Authority
Office of the Prime Minister

Sir Cecil Wallace Whitfield Centre
West Bay Street
Nassau, Bahamas
P.O. Box CB 10980
Tel. (242) 327 5826-9
Fax. (242) 327-5806

While it is not necessary for a non-Bahamian investor to partner with or enter into a joint venture arrangement with a Bahamian, it is encouraged.

2.1.4 Restrictions on Investment

In order to preserve a balance and complementary nature between Bahamian and non-Bahamian investments certain areas of business have been reserved for Bahamians. Currently, these include:

- Wholesale and Retail Operations
- Commission agencies engaged in the import/ export/ trade
- Real estate and domestic property management agencies
- Domestic newspaper and magazine publications
- Domestic advertising and public relations firms
- Security services
- Domestic distribution of building supplies
- Construction companies except for special structures for which international expertise is required
- Personal cosmetic/beauty establishments
- Commercial fishing
- Auto and appliance service and operations
- Public transportation
- Landscaping
- Shallow water scale-fish, crustacean, mollusks and sponge-fishing operations

Non-Bahamian investors may, however, distribute wholesale any product they produce in The Bahamas.

2.2 Incentives

2.2.1 Tax and Other Concessions

Investment in The Bahamas is an environment free from taxation for: capital gains, inheritance, withholding, profit remittance, corporate royalties, personal income, dividends, payroll and interest. Stamp duty chargeable at an *ad valorem* rate and value added taxes (VAT) are charged on most property transactions. Real property tax is charged on real estate holdings. Land holdings in Freeport, Grand Bahama, however are not currently subject to real property taxes. Additionally, investment incentives under the

following Acts of Parliament include, *inter alia*, exemptions from the payment of custom duties on building materials, equipment and approved raw materials and real property taxes for periods of up to twenty years.

- *Export Manufacturing Industries Encouragement Act, 1990*: Makes provision for exemption from the payment of customs duties on building materials, equipment and approved raw materials and real property taxes for periods up to 20 years
- *Hotels Encouragement Act, 1954*: Provides duty free entry of certain approved construction materials, furnishings and fixtures for hotel development and provides for an exemption from real property taxes for the initial 20 years of operation of a hotel/resort
- *Industries Encouragement Act, 1970*: Makes provision for duty-free concessions for the importing machinery, raw materials and building supplies for manufacturing entities in addition to exemption from Real Property Tax for a 15 year period
- *Spirits and Beer Manufacture Act, 1963*: Investment incentives under this legislation include exemption from the payment of customs duties on building materials, equipment, approved raw materials and real property taxes for periods up to 20 years
- *Tariff Act*: Allows for customs duty exemption on specified raw materials, supplies and equipment for, *inter alia*, Agriculture, Fisheries, Forestry, Cottage and Light Industries, and Commercial Printing
- *The Bahamas Free Trade Zone Act, 1984*: Designates areas within The Bahamas as free industrial and commercial zones
- *The Agricultural Manufactories Act, 1913*: Exemptions under this act include exemption from the payment of customs duties on building materials, equipment and approved raw materials and real property taxes for periods up to 20 years
- *The City of Nassau Revitalization Act, 2008*: Provides for incentives and duty concessions in connection with the restoration, repair and upgrade of buildings, commercial and residential, in the City of Nassau
- *The Family Islands Development Encouragement Act, 2008*: Makes provides for concessions on the duty for importation of building materials, equipment and supplies for commercial or residential developments on specified Family Islands
- *The Bahamas Vacation Plan and Time-Sharing Act, 1999*: Provides concessions on duty for building supplies for the construction of timeshare facilities

An investor may apply for the relevant incentives by initially including such a request in its application to the BIA and further by making the required application to the relevant government department.

2.2.2 Freeport, Grand Bahama Island

The island of Grand Bahama, one of the islands of The Bahamas, comprises a land area of 530 square miles. Freeport is the capital city of the island of Grand Bahama and it is approximately 150 miles off the coast of Florida.

Under the Hawksbill Creek, Grand Bahama (Deep Water Harbour and Industrial Area) Act of 1955 and the amendments thereto (the Hawksbill Creek Agreement) the Grand Bahama Port Authority Limited (the Port Authority), a private company, acquired from the government of The Bahamas and private owners some 149,000 acres in Freeport (the Port Area) and in order to encourage the development of this land, the government granted to the Port Authority and its licencees certain concessions which included exemption from customs duties on manufacturing supplies and other consumable stores as defined in the Hawksbill Creek Agreement, personal income taxes, corporate profit taxes, capital gains taxes or levies on capital appreciation, real property and inventory taxes. The customs duty exemption expires in 2054 and in 2016 the other exemptions were extended to 2036. Goods for personal use or consumption are dutiable.

Investors wishing to conduct business in the Port Area are required to become licencees of the Port Authority. The licencing procedure is straightforward and transparent. An annual licence fee is payable to the Port Authority by all licencees. The Port Authority may be contacted at:

The Grand Bahama Port Authority, Limited
Licencing Department
Port Authority Headquarters Pioneers Way & East Mall P.O. Box F-42666
Freeport, Bahamas
Telephone: (242) 352-6711
Telefax: (242) 352-8811
E-mail: info@gbpa.com

2.2.3 Inflation

Domestic inflation, as measured by the All Bahamas Retail Price Index, fell marginally by 0.07% in the 12 months ending September 2016.

2.2.4 Industry

Approximately 40% of The Bahamas' Gross Domestic Product is represented in its tourism industry. More than six million visitors are attracted annually to The Bahamas. Tourism directly or indirectly employs approximately 50,000 people. Second to tourism is the banking and finance industry, representing approximately 15% of the

Gross Domestic Product. Ship registration, regulated by The Bahamas Maritime Authority, has distinguished itself as a significant dimension to Bahamian industry. The Bahamas' Ship Registry presently has one of the largest fleets in the world, boasting over 52 million in gross tonnage. Other industries of note include film and television production, manufacturing of fragrances and chemicals, ship repair, agriculture and limestone processing. Exports from The Bahamas include fruit, vegetables, crude, salt, rum, crawfish and other seafood.

2.3 Diplomatic Relations

The Bahamas has established diplomatic relations with the United States of America, (the US) Canada, Great Britain, Cuba, China, Haiti, Switzerland and member countries of the United Nations. Similarities in ethnicity, culture and proximity to the US have fostered strong economic and commercial relations between the US and The Bahamas. Over the years, The Bahamas and the US have become strategic partners in working to curtail the flow of illegal narcotics and the movement of illegal immigrants from neighbouring countries, through the archipelago. The US and The Bahamas also cooperate closely on civil aviation, marine research, meteorology and agricultural issues. The Bahamas also has strong bilateral relations with the United Kingdom and is a member of the Commonwealth of Nations, a unique family of 54 developed and developing nations. This voluntary association of independent sovereign states is spread over every continent and ocean from Africa to Asia, and from the Pacific to the Caribbean, its 1.7 billion people make up 30% of the world's population and are of many faiths, races, languages and cultures.

The Bahamas is also a member of the Caribbean Community and the Organization of American States.

There are several embassies and consular offices located in The Bahamas. Contact information for the various embassies are as follows:

- **Brazil:** Tel: (242) 356-7613-5
Fax: (242) 356-7617
Email: embaixada.nassau@itamaraty.gov.br
Address: 83 Sandringham House, Shirley Street,
P.O.Box SS 6252 Nassau, Bahamas
- **China:** Tel: (242)393-1415
Fax: (242)393-0733
Email: chinaemb_bs@mfa.gov.cn;
Address: East Shirley Street
P.O. Box SS 6389 Nassau Bahamas
- **Cuba:** Tel (242)356-3473
Fax (242)356-3472
Email: cubanembassy@coralwave.com

Address: Miller House 61 Collins Ave.
P.O. Box EE15679

- Haiti: Tel: (242) 326-0325
Fax: (242) 323-3832
Email: embhaitibahamas@gmail.com
Address: Sears House Shirley Street & Sears Road
P.O. Box N 3046
- Malta: Tel: (242) 362-5783
Fax: (242) 362-5737
Email: bahamasembassy@orderofmalta.int
Address: Templeton Building, Western Road
P.O. Box N 7776
- United States of America: Tel: (242) 322-1181
Fax: (242) 328-7838
Emergency: (242) 328-2206
Add: #42 Queen Street
P.O. Box N8197,

A list of Honorary Consular Corps can be found at:
<http://www.hcc.bs/consularcorp.html>

2.4 Government and Political Conditions

The Bahamas is one of the oldest parliamentary democracies in the Western hemisphere, enjoying peaceful and stable governance for close to 300 years. Accordingly it is one of the safest and most stable international locations for offshore investment. In 1729 under British colonial rule, the first government assembly was established in The Bahamas. In 1964 Great Britain granted the then Colony self-governance. During the year 1972, the Bahamian people intimated their desire to become independent from Britain and on 10th July, 1973 under the leadership of Lynden Oscar Pindling and the Progressive Liberal Party (PLP) full independence as the Commonwealth of The Bahamas was achieved. The PLP remained in government for the next 19 years until its defeat in the 1992 General Election by the Free National Movement party (FNM) led by Hubert Alexander Ingraham. The PLP returned to government in 2002 under the leadership of Percival Gladstone Christie and served for another 5-year term before the FNM, again led by Hubert Ingraham, was elected to another term in office in the 2007 General Elections. The PLP currently forms the Government of The Bahamas having been elected to office again in 2012. The next General Election will be held within 2017.

2.4.1 **Electoral System**

Elections are conducted by the Parliamentary Commission appointed by the Governor General. Elections are held every 5 years and candidates are elected by virtue of adult suffrage in accordance with a first past the post system.

There are three branches of Government:

2.4.2 **Executive Branch**

This branch of Government consists of a Cabinet of at least nine members, including the Prime Minister and the Attorney General. The Cabinet is headed by the Prime Minister. The Prime Minister appoints Cabinet Ministers mainly from among the members of his party who have been elected to sit in the House of Assembly. The Prime Minister may choose up to a maximum of three persons from among those appointed to sit in the Senate to be members of the Cabinet. The Prime Minister and Minister of Finance must however be elected members of the House of Assembly.

2.4.3 **Legislative Branch**

The legislature of The Bahamas is called Parliament. Parliament is a bi-cameral legislature comprising the House of Assembly and the Senate, which together constitute the law making body of the country. The House of Assembly is occupied by Members of Parliament and is currently comprised of 38 members. The House of Assembly is considered to be the more powerful chamber of the legislature. The Senate is comprised of 16 appointed members. Appointments to the Senate are made by the Governor General 9 on the advice of the Prime Minister and 6 on advice of the Leader of the Opposition.

The process for the creation of laws (statutes) in The Bahamas begins with the initial introduction of a Bill in the House of Assembly. The Bill is read three times, debated among the members of the House of Assembly and, if it is passed, it is then forwarded to the Senate where a similar procedure is followed. The Bill is then sent to the Governor General for the Assent. The Bill, now an Act of Parliament is gazetted and a commencement date is determined at which time it becomes the law of The Bahamas.

2.4.4 **Judicial Branch**

The Constitution of The Bahamas provides for an independent Judiciary. Generally the legal system in The Bahamas follows the English common law save where the common law has been modified by local statutes. There are four levels of courts in the Bahamian legal system: the Magistrates' Court which determines small claims and tries summary offences; the Supreme Court which is a court of first instance exercising unlimited jurisdiction in civil and criminal matters; the Court of Appeal which hears appeals from the Supreme Court; and Her Majesty's Privy Council in London which is the final appellate court for The Bahamas in both civil and criminal matters. In The Bahamas, judges of the Supreme Court and the Court of Appeal are appointed by the

Governor General. Arbitration is an alternative method of dispute resolution and there is an Industrial Tribunal which is established to hear exclusively employment and industrial relations matters.

In doing business parties are free to elect the method and forum of dispute resolution. Absent a choice of jurisdiction Bahamian courts, will look to determine whether the dispute has a real and substantial connection to The Bahamas, applying general common law principles when considering the issue of jurisdiction. The Bahamas is often elected as a choice jurisdiction for dispute resolution between contacting parties having regard to the stability and certainty of its legal system.

Certain foreign judgments are enforceable in The Bahamas under the Reciprocal Enforcement of Judgments Act, provided they meet the requirements stipulated thereunder and the common law.

2.5 Environmental Issues

Investors intending to operate a business in The Bahamas should be aware that several Acts of Parliament directly or indirectly protect native species and ecosystems. Notably, these include The Plant Protection Act, 1916, the Conservation and Protection of the Physical Landscape of The Bahamas Act, 1997 and the Forestry Act, 2010. Land excavations and the removal of protected trees must be approved by the Minister responsible for Forestry or the Director of the Forestry Unit. The Bahamas National Trust also plays an integral role in protecting Bahamian plants and may be consulted on matters relative to conservation. The Bahamas National Trust may be contacted at:

The Retreat,
Village Rd.
P.O. Box. N-4105
Nassau, Bahamas
Tel (242) 393 1317
Fax (242) 393 4978
Website: <http://bnt.bs/>
E-mail: bnt@Bahamas.net.bs

It should also be noted that the BIA will require an Environmental Impact Assessment in relation to all development projects undertaken in The Bahamas. Such assessment will be reviewed and vetted by the Bahamas Environment, Science and Technology Commission (BEST) which manages the implementation of multilateral environmental agreements and reviews environmental impact assessments and environmental management plans for development projects throughout The Bahamas. BEST may be contacted at:

Charlotte House, 1st Floor
Charlotte & Shirley Streets

P.O. Box N-7132
Nassau, Bahamas
Phone: (242) 322.4546
Fax: (242) 326.3509
Email: inquiries@best.gov.bs

2.6 Intellectual Property

2.6.1 General

The laws relating to Intellectual Property (with particular emphasis on trademarks and copyright) were comprehensively amended and replaced in 2015 with the aim of ensuring that The Bahamas meets and complies with international standards and addresses matters connected to the use of the internet and the regularizing of encrypted signals. The law revision included the passing of six new statutes: the Trademarks Act No. 2015; the Patents Act 2015; the Copyright (Amendment) Act 2015; The Geographical Indications Act 2015; The Integrated Circuits Act 2015 and The False Trade Descriptions Act 2015. A recent review by the US Trade Representative's Office in 2015 rated the compendium of legislation as being well beyond the requirements of the Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement. The Bahamas has acceded to a number of international treaties concerning protection of intellectual property including the: 1883 International Convention for the Protection of Industrial Property (Paris Convention), revised in 1967, the 1886 Berne Convention for the Protection of Literary and Artistic Works (Berne Convention), revised in 1971, the 1970 Washington Patent Co-operation Treaty and the 1977 Budapest Convention on the International Recognition of Deposits of Micro-organisms for the purposes of Patent Procedure. The suite of legislation has given effect to these international treaty obligations by enacting into law a majority of these provisions. This revision of intellectual property laws was heralded as a major facilitation to The Bahamas's accession as a full member of the World Trade Organization.

2.6.2 Trade Marks

Registered trademarks are protected by the Trade Marks Act No. 39 of 2015 and are required to be registered with the Registrar of Trademarks. Unregistered trademarks are not protected. Trade Marks are capable of being registered only in relation to goods and services and only if the mark is distinctive having been adapted to be distinguished from marks of other persons.

Under the new legislation the duration of registration of trademark protection has been extended from 5 to 10 years and is capable of renewal for further periods of 10 years. Registration is conclusive after a period of 5 years.

2.6.3 Patents

Patents are currently protected and enforced through the Bahamian courts under the Patents Act No. 40 of 2015. The new legislation creates an Intellectual Property office under the Registrar General who has responsibility for registration of patents and designs.

An application for a Patent can be made by any person claiming to be the true and first inventor (or their assignee) of any invention which is new, capable of industrial application and involves an inventive step. Protection of Patents is afforded by year to year renewal upon payment of an annual maintenance fee.

2.6.4 Copyright Law

Copyright law in The Bahamas is governed by the Copyright Act 1998 as amended by the Copyright Amendment Act No. 41 of 2015. The works protected by copyright include literature, drama, music, art, architectural works, sound recordings, pictorial graphics, sculptures, and other qualifying intellectual work.

Protection of copyright lasts for the life of the author plus 70 years. Where the country of origin of the work is not in The Bahamas and the author of the work is not a citizen of The Bahamas, copyright is protected for the period that it is protected for in the country of origin, provided that it does not exceed the life of the author plus 70 years.

2.6.5 Regulation and Enforcement

The acquisition of copyright, trade mark and patent rights do not require prior approval of the Bahamas Investment Authority or the National Economic Council if the proprietary right therein is being acquired by a non-Bahamian entity or person. There are no requirements for notarization of certificates issued upon acquisition and registration of copyrights trademarks or patents. While there are regulatory guidelines governing the computation of royalties to be paid by licensees of Cable Systems under the Copyright Act, there are no extensive guidelines governing the financial benefit for use of trademarks or patents. Indeed since the competition laws of The Bahamas are sector specific and currently relate only to the telecommunications and electricity sectors, there are no anti-trust laws which regulate licensees or licences issued under the Copyright Act. Accordingly, there are no statutory provisions for determining the maximum royalties which could be levied by owners of copyrights or patents nor are there any provisions which currently regulate the circumstances in which the royalties charged would be unfair or excessive. In respect of copyrights, trade marks and patents the governing legislation makes extensive provision for the adjudication of infringement and passing off disputes in the courts of The Bahamas.

III. INVESTMENT INCENTIVES

Save for the incentives provided to manufacturers of goods in The Bahamas, there are no specific tax incentives for export activities. Further, there is no government financing nor governmental insurance available for export activities.

IV. FINANCIAL FACILITIES

4.1. Banking Facilities and Banking

There are a wide range of financial institutions in The Bahamas, ranging from credit unions, international and local commercial banks, offshore banks and trust companies, insurance companies and financial and corporate service providers.

The banking sector is the pinnacle of The Bahamas' financial services industry. Currently, there are hundreds of banks and trust companies licensed under the Banks and Trust Companies Regulation Act, 2000 to conduct business in The Bahamas. The Central Bank of The Bahamas is responsible for supervising and regulating all banks and trust companies, and is charged with responsibility for licensing and compliance matters. Bahamian law has built in safeguards which are aimed at protecting the confidentiality of bank clients, insofar as is possible. There are two banking systems which operate in The Bahamas: commercial banking and international private banking. The commercial banks provide domestic services and are typically local branches, subsidiaries or affiliates of large international banks in North and South America and Western Europe. They include RBC Royal Bank (Bahamas) Limited, a wholly owned subsidiary of Royal Bank of Canada, Scotia Bank, British American Bank and CIBC FirstCaribbean International Bank, a Caribbean managed business within the CIBC group of companies. The Bahamas also has two commercial banks which are locally owned: Commonwealth Bank and The Bank of The Bahamas. The majority of the banks offer private banking services and investment management services, including investment counselling, financial analysis, stock trading in currencies and precious metal, management of trusts, mutual funds and pension fund assets. These banks offer both US and Bahamian chequing and savings accounts. The second system offers offshore private banking services, operating in all markets except The Bahamas.

It is not necessary for an investor to maintain a bank account in The Bahamas, however, it is often practical to do so. Requirements for opening a bank account or other financial facility vary, however, all will require providing information on the beneficial owners of the entity and other due diligence/ "Know Your Customer" information.

4.2. Bahamas International Securities Exchange (BISX)

On 30th January, 2001 BISX was registered as a securities exchange. BISX provides an added valuable dimension to the existing range of products presently being offered by the Bahamian financial sector. BISX is divided into a domestic and an international market. In the domestic market, BISX acts as an exchange for shares in local companies trading in Bahamian dollars. BISX can be contacted at:

50 Exchange Place,
Bay Street,
P.O. Box EE-15672,
Nassau, Bahamas.

Tel. (242) 323-2330
Fax. (242) 323-2320
Email: info@bisxbahamas.com

4.3 Securities Commission of The Bahamas

The securities industry in The Bahamas is regulated by the Securities Commission of The Bahamas. Its functions include formulating principles to regulate and govern mutual funds, securities, and capital markets, maintaining surveillance over mutual funds, securities and capital markets, ensuring orderly, fair and equitable dealings as well as creating and promoting conditions to ensure the growth and development of the capital markets in The Bahamas. The Commission also has the mandate to advise the Minister of Finance generally regarding mutual funds, securities and capital markets. The current contact information for the Securities Commission are:

3rd Floor, Charlotte House,
Shirley & Charlotte Streets,
P.O. Box N 8347,
Nassau Bahamas
Tel. (242) 397-4100
Fax. (242) 356 7530
E-mail: info@scb.gov.bs

V. EXCHANGE CONTROLS

5.1 Exchange Control

Exchange control is administered by the Central Bank of The Bahamas pursuant to the Exchange Control Act, 1952 and the Exchange Control Regulations, 1956. The rules, regulations and procedures govern all foreign currency transactions between residents of The Bahamas and residents of foreign countries (referred to as non-residents) and the inflows and outflows of foreign currency to and from The Bahamas.

For purposes of exchange control, the Central Bank has the authority to categorize persons as either resident (i.e. residents of The Bahamas) or non-resident (i.e., residents of a country other than The Bahamas). Residents of The Bahamas (and those categorized as resident based on their operations in The Bahamas) are not permitted to purchase foreign currency or maintain foreign currency accounts abroad without first obtaining permission from the Central Bank.

Non-residents doing offshore business in The Bahamas enjoy considerable freedom from exchange controls. Where the non-resident engages in Bahamian dollar investment transactions with the prior approval of the Central Bank, the repatriation of foreign investment funds, foreign assets and dividends, and profits arising from foreign investment is allowed and facilitated. Further, the status of non-residents can be divided

into persons who are permitted to be gainfully employed and persons not permitted to be gainfully employed.

Foreign currency deposits held by non-residents are exempt from exchange control regulations. Foreign individuals who are gainfully employed in The Bahamas for one year or more are regarded as “temporary residents”. They may be considered eligible for certain exemptions which permit them to retain all existing non-Bahamian assets, to operate foreign currency accounts and to repatriate Bahamian assets on departure from The Bahamas.

The Central Bank has designated certain institutions to act as authorised agents for the purpose of dealing in Bahamian and foreign currency securities and receiving securities into deposits. Within set parameters, banks with “authorised agent” status are empowered to conduct foreign currency securities transactions with residents of The Bahamas. Bank and trust companies as “authorised dealers” are allowed to act as depositories of foreign currency for residents and to conduct certain transactions in foreign currency in respect of non-resident companies under their management. Foreign exchange transactions such as loans, dividends, profits, capital repatriation, foreign currency accounts, issue and transfer of shares, gift remittances, imports, emigration facilities, and investment currency are not within the purview of authorised dealers and must be referred to the Central Bank.

Where an investor makes a direct investment of non-Bahamian currency in The Bahamas the investor should secure approved investment status from the Central Bank. Approved investment status permits the investor to repatriate income and capital gains accumulated from the investment.

Persons who are designated by the Central Bank as resident for exchange control purposes may only invest in foreign currency investments by purchasing foreign currency on the foreign currency market administered by the Central Bank. Designated rates of currency conversion apply on buying and selling foreign currency.

A Resident Business which is owned by a Non-Resident person or entity is only eligible to receive loans from financial institutions with the approval of the Central Bank of The Bahamas. The reporting requirements rest with the financial institution which must obtain approval prior to funding the investment. The requirements include disclosure of the identity and exchange control status of the lender and borrower, the purpose of the loan, the currency of the loan, the terms of the loan, any existing credit facilities of the borrower and any additional information required by Central Bank.

5.2 Money Transfers

The transfer of money in and out of The Bahamas is primarily regulated by the Exchange Control Department of the Central Bank of The Bahamas.

Foreign currency brought into The Bahamas must be converted to Bahamian dollars if deposited at a financial institution, unless the holder obtains the permission of Central Bank to maintain a US dollar or other foreign currency account. There are regulatory limits set by Central Bank on the transfer of Bahamian dollars out of The Bahamas by resident individuals and business and these may be altered at the discretion of the Central Bank.

VI. IMPORT/EXPORT REGULATIONS

6.1 Customs Regulations and Exports

Enterprise development has traditionally been a focus for the Bahamian economy with the aim of ultimately increasing foreign reserve earnings through increased export activity. There are no income, or capital gains taxes in The Bahamas, therefore government revenue is mainly generated from customs duties and value added taxes. The Bahamas has a liberal trade policy with there being no specific laws governing foreign trade. The Bahamas is not a member of the General Agreement on Tariffs and Trade, however it is an observer member of the WTO. The Bahamas has also participated in a number of preferential trade arrangements such as Caribbean Basin Initiative CARIBCAN and the LOME Convention which provide concessionary access of goods produced in The Bahamas to major world markets.

The Customs Department (Customs) is responsible for valuing goods and determining tariffs for imported goods. This tariff is commonly referred to as customs duty. Customs duties are an *ad valorem* tax. In general, the current custom's duty on imported items is in the range of 10% to 45%. Many popular tourist items such as fine jewelry, perfume, cologne and watches are customs duty free.

The importation of all commercial goods must be processed through Customs for clearance through established procedures.

The Customs Department also regulates export from The Bahamas. There is a 1% processing fee on exports. Further, there is a royalty fee added for the export of crawfish, conch and sponge where such items are being transported to countries which are not party to the Economic Partnership Agreement.

6.2 Manufacturing and Product Labeling

Products manufactured in the country are relatively requirement-free. Products produced do not have to contain ingredients or components found or produced in The Bahamas and there are no applicable labeling/packaging requirements. However, the Consumer Protection Act, 2007 requires a provider at any time prior to payment being made for any good to provide both orally and in writing to the consumer all information concerning the goods being sold including, where applicable, the origin, price in Bahamian dollars (inclusive of VAT if the transaction attracts VAT), care terms,

components, hazards, proper use, assembling, installation, weight and size of the goods and, where chargeable, any professional fees.

VII. STRUCTURES FOR DOING BUSINESS

A wide range of options are available when selecting a structure for doing business in The Bahamas. Certain types of investment may require the use of a particular vehicle as in the case of bank formation or insurance business, which require a corporate structure. In the case of corporate structures, company names must be approved by the Registrar of Companies. Business names must be approved by the Secretary of Revenue, pursuant to the Business Licence Act, 2010. the incorporation of same must be through a local licensed Financial and Corporate Service Provider.

Save for Public Private Partnerships, which are becoming increasingly popular in areas where national security is a concern, the Government does not seek to participate in the ownership or operation of an entity.

Structures for doing business include the following:

7.1 Sole Proprietorships

Investors may be sole proprietors. Sole proprietors are not registered in The Bahamas. The investor will, however, require a business licence. There is no fee payable simply for commencing business as a sole proprietor save for the fees associated with a business license. The investor as sole proprietor will be personally liable for expenses associated with the operation of the business. Generally speaking, there will be no restrictions on the capitalization required to launch the business. The investor will, however, be required to demonstrate the ability to adequately fund the investment. The only fee payable will be the payment of the required fee for renewal of the Business licence. There will be no tax payable which is specific to operating a business as a sole proprietor.

7.2 Limited Liability Companies

Limited liability companies are permitted under Bahamian law and may be incorporated under the Companies Act, 1992 (Companies Act) or the International Business Companies Act, 2000 (IBC Act).

7.3 Companies under the Companies Act, 1992

Companies are incorporated under the Companies Act by two or more persons signing a memorandum which satisfies the requirements of the relevant Act and by submitting it to the Registrar accompanied by required affidavits and declarations. Provided that all is found to be in order, the Registrar will issue a certificate of incorporation evidencing the incorporation of the company. Certificates of incorporation can typically be issued within a few days. Government fees for the incorporation and

filing of the requisite documents with the Registrar are approximately \$540. Further, on the 1st January of each year where the company has not less than 60% of its shares beneficially owned by Bahamians it must pay \$350. Where less than 60 % of its shares are beneficially owned by Bahamians it must pay \$1,000. There is no requirement that a national of The Bahamas or a related state be a participant, manager or director of the company. Further there are no restrictions on capitalization and there are no tax consequences in The Bahamas which are specific to utilising a company incorporated under the Companies Act.

7.4 Companies under the International Business Companies Act, 2000

With special permission from the Central Bank of The Bahamas a company incorporated under the IBC Act may engage in business in The Bahamas. A company is incorporated under the IBC Act by two or more persons subscribing to a memorandum which satisfies the requirements of the Act. The memorandum and articles must be registered with the Registrar of Companies who will issue a certificate of incorporation certifying that the company is incorporated. Certificates of incorporation can typically be issued within a few days. The certificate will however bear the date on which the memorandum and articles were submitted to the Registrar. Government fees for incorporation and filing of the requisite documents with the Registrar are approximately \$480. Further, on the 1st January of each year the company must pay an annual fee of \$350 if the capital is under \$50,000; if over \$50,000 the fee payable is \$1,000. There is no requirement that a national of The Bahamas or a related state be a participant, manager or director of the Company.

Further, there are no restrictions on capitalization and there are no tax consequences which are specific to utilising a company incorporated under the IBC Act in this jurisdiction. An International Business Company may be established for a limited duration.

7.5 Unlimited Liability Companies

Unlimited liability companies may be incorporated under the Companies Act or under the IBC Act. The procedure and cost for incorporation of these companies is the same as mentioned for the incorporation of limited liability companies. The nature of shareholder's liability is detailed in the memorandum of association of the company. There is no requirement that a national of The Bahamas or a related state be a participant, manager or director of the company. Further, there are no restrictions on capitalization and there are no tax consequences in this jurisdiction which are specific to utilising a company incorporated under the IBC Act.

7.6 Segregated Account Companies (SACs)

The Segregated Account Companies Act, 2004 provides for the registration of SACs in The Bahamas. Commonly used by captive insurance and investment funds, a SAC is a type of company with a series of accounts with assets linked to one or more of

the segregated accounts. Assets linked to a segregated account are protected from claims of creditors of other segregated accounts, to which the assets are not linked. A governing instrument evidences the rights, interests and obligations of account owners. A SAC must inform parties with whom it does business that it is a SAC.

A SAC must be incorporated under the Companies Act or the International Business Companies Act and then registered as a SAC by filing a request with the Registrar of Companies. Written consent of the company's primary regulator and, if the company has conducted business prior to registration, the consent of all known creditors must be received. The SAC is required to appoint a Representative to be resident and licensed in The Bahamas. Once the Registrar has approved the application and registration fees have been paid, the company is registered as a SAC and a notice of the registration is published in the Gazette.

7.7 Joint Ventures

Joint ventures are also permitted under the laws of The Bahamas. There are no registration or incorporation requirements for joint ventures. Fees for establishing a joint venture will vary depending upon the complexity of the arrangement and will usually be restricted to fees for professional services rendered in connection with advising generally on the joint venture and for preparation of documents. There is no general requirement that a Bahamian or a foreign national be a participant, manager or director in a joint venture and there are no restrictions on capitalization. Further, there are no special rules which determine an investor's potential liability, save those which apply to the vehicle which is used to structure the joint venture and under Bahamian law there are no tax consequences which are specific to participating in a joint venture.

7.8 Partnership, General and Limited

Bahamian law recognizes and permits both general and limited liability partnerships.

7.8.1 General Partnership

There is no requirement that a national of The Bahamas or a related state be a partner in a general partnership arrangement. Fees for establishing a general partnership relationship will vary depending upon the complexity of the arrangement and will usually be restricted to fees for professional services rendered in connection with advising generally on the partnership and for preparation of documents. A partner in a general partnership will potentially be personally liable for the debts contracted on behalf of the firm although as between partners his liability may be limited to the proportionate value of his share in the partnership. There are no Bahamian tax consequences to the investor which are specific to participation in a general partnership arrangement.

7.8.2 Limited Liability Partnership

Limited Liability Partnerships are governed by the Partnership Limited Liability Act (PLLA). A partnership, with limited liability, may be formed by two or more persons for the transaction of any mercantile, mechanical or manufacturing business within The Bahamas, except banking or insurance. In any such partnership one or more of the members shall be called the general partners, and shall be jointly and severally responsible, as partners now are by law; and the other members shall be called the special partners, who shall each contribute a specific amount of capital, in cash, or other property, as cash value, to the common stock; and such special partners shall not be liable for the debts of the partnership beyond the amount of the funds so contributed by them respectively to the capital; except as provided in the PLLA. The persons desirous of forming such partnerships shall make, and severally sign a memorandum of co-partnership, which shall be substantially in the form in the schedule to the PLLA. After the memorandum of co-partnership shall have been made, acknowledged and certified the general partners named therein shall also make and sign a solemn declaration before a notary public to the effect that such portions of the capital stock as have been contributed in cash by the special partners have been deposited in a bank at Nassau in the name of the firm and produce to the notary, to be annexed to the declaration, a certificate to that effect from the manager of the bank and shall also declare that the amount in money, or other property, at cash value, specified in the memorandum has been actually and in good faith contributed for the purpose of being applied as specified in the memorandum. The memorandum and the declaration with the certificate of the manager of the bank must be recorded in the Registry of Records. Once recorded, the partners must publish the terms of the partnership in all newspapers printed in The Bahamas for at least six weeks immediately after the recording and until the publication is made for that period, the partnership shall not be deemed a partnership with limited liability under the Act. Fees for establishing a limited liability partnership will vary depending upon the complexity of the arrangement and will usually be restricted to fees for professional services rendered in connection with general advice. There is no requirement that a national of The Bahamas or a related state be a general or special partner. Further, there are no restrictions on contributions to the capital and there are no Bahamian tax consequences which are specific to the investor for participating in a limited liability partnership.

7.9 Undisclosed Partnerships

Undisclosed partnerships are permitted in The Bahamas. There are no specific regulations governing undisclosed partnerships. Undisclosed partnerships are formed by private contract and fees for professional services rendered will vary depending on the complexity of the relationship. There is no requirement that a national of The Bahamas or a related state be a participant, manager or director in an undisclosed partnership. A partner in an undisclosed partnership will potentially be personally liable for the debts contracted on behalf of the firm although as between partners his liability may be limited to the proportionate value of his share in the partnership. There are no Bahamian tax consequences to the investor which are specific to participation in an undisclosed partnership arrangement.

7.10 Subsidiaries/ Branches /Representative Offices

Companies incorporated outside The Bahamas may conduct business in The Bahamas by registering as a foreign company under the Companies Act. Registration may be effected by deposit of documents with the Registrar of Companies containing particulars of the foreign company. Government fees payable in connection with registering as a foreign company are approximately \$800. Foreign companies registered in The Bahamas pay an annual fee of \$1,000. Investor liability will be determined by the structure of the foreign company as represented in the documents filed with the Registrar. There is no requirement that a Bahamian become a participant, manager or director. There are no capitalization requirements and no tax consequences specific to the establishment of a subsidiary, branch or representative office for an investor.

7.11 Trusts

7.11.1 General

Trusts are recognized in The Bahamas and are governed by the Trustee Act 1998. A trust under Bahamian law is a relationship between parties and is not an entity with a separate juristic existence. Assets transferred to a trustee under trust cease to be legally owned by the transferor and become subject to the terms of the trust. Bahamian law allows an investor to be the settlor and/or beneficiary of a trust. An individual investor may also act as trustee of a trust governed by Bahamian law. There is no legal requirement for trusts to be registered or for public disclosures to be made. Exchange control regulations do not apply to non-resident settlors, donors, beneficiaries and trustees participating in an offshore trust. An exemption exists in respect of trusts with non-resident beneficiaries, in connection with the payment of taxes including stamp duty on transfers of property into trusts. All trusts established after the commencement of the Trustee Act must be stamped with a \$50 revenue stamp. Other features of the Trustee Act are:

- Settlers can retain a wide range of powers without the trusts being attacked as shams;
- Subject to the trust document, trustees are given wide statutory investment and management powers;
- Indemnities;
- A wide range of trust purposes including accumulation trusts; and
- The role of protector is recognized.

The Trust (Choice of Governing Law) Act, 1998 provides an additional dimension to the law of trusts with the protection it affords against the law of forced heirship.

The Bahamas has a sizeable and sophisticated cadre of professionals capable of advising on various aspects of trust formation and administration. Corporate trustees must be licensed and are regulated by the Central Bank of The Bahamas pursuant to and under the Banks and Trust Companies Regulation Act, 2000.

7.11.2 Asset Protection Trusts (APT)

The operation of asset protection trusts in The Bahamas is supported by the Fraudulent Dispositions Act. This Act provides for the protection of financial assets of a settlor by placing them out of the reach of litigation commenced more than two years after the assets were placed under the trust. Under the Fraudulent Dispositions Act foreign judgments are not recognized.

7.11.3 Purpose Trusts

Persons investing in The Bahamas may use a purpose trust as a component of their investment scheme. A purpose trust can be created for purposes which are not charitable and will not require an individual or corporate beneficiary.

The intent behind a purpose trust must (i) be possible and sufficiently certain to allow the trust to be carried out; and (ii) not be contrary to public policy or unlawful.

Purpose trusts can be fixed or discretionary and unless otherwise expressed in the trust instrument, the trustee may distribute capital and income between different authorized purposes, individuals, corporations and charitable purposes.

There is a wide range of assets which can be the subject of purpose trusts, but land, and any interest in land are excluded. Although the following is not an exhaustive list, generally, purpose trusts can be used (i) to hold shares of a private company, (ii) for philanthropic and charitable purposes, (iii) for asset purchase or financing transactions; and (iv) for the structuring of voting rights in a company.

Each purpose trust must have an “authorized applicant” appointed under the trust instrument. The authorized applicant is a person who can enforce the purpose trust and who has standing to make court applications pertaining to matters involving the purpose trust. Purpose trusts being administered for profit or reward, must appoint a trustee who is either a licensed bank or trust company, counsel or attorney, a registered accountant or any other person designated by the Minister with responsibility for the Purpose Trust Act 2004.

7.12 Foundations

As an alternative to trusts and corporations, wealth management planners may employ the use of a Bahamian foundation. The foundation is best understood as a hybrid between a trust and a company. The foundation will have beneficiaries and may have a protector. It can be established by a will and no forced heirship rules apply. It may be revoked by the founder if provided for in the charter by which it is established. Upon registration the foundation will be a legal entity, resident and domiciled in The Bahamas with the capacity to sue and be sued in its own name. It may enjoy unlimited duration, subject to the revocation of the charter, winding up, liquidation or being otherwise terminated. The assets transferred to the foundation will become exclusively its assets

and shall cease to be the assets of the person who or which made the endowment. The foundation documents will identify its beneficiaries which may be individuals, a charity or the public at large. The foundation assets will not become the assets of a beneficiary unless and until distributed in accordance with the provisions of the foundation charter, the articles (if any) and the Foundations Act. The foundation must have assets valued at not less than B\$10,000 or US\$10,000 or the equivalent thereof in another currency.

The foundation will have a stated purpose or object which may be any lawful purpose and may, but need not, be charitable. The Foundations Act describes the main purposes or objects of a foundation as including the management of its assets. This may involve the buying and selling of such assets.

7.13 Private Trust Companies

A Private Trust Company (PTC) is essentially defined as a company incorporated under the Companies Act or the IBC Act which acts as trustee only for a trust or trusts created or to be created by or at the direction of a designated person or persons or an individual or individuals who are related to the designated person described within the designating instrument.

The establishment of the PTC allows for the trusteeship of a defined class of trusts by reference to the designated person. All other settlors of trusts for whom the PTC acts as trustee must be related to the designated person or persons.

PTCs require a registered representative who must meet certain criteria including being: (i) a separate legal entity, (ii) either a licensee of the Central Bank of The Bahamas or a Financial and Corporate Services Provider approved by the Central Bank and (iii) resident in The Bahamas. PTCs also require a special director unless an officer of a licensee of the Central Bank serves as registered representative. Special directors need not be resident in The Bahamas but they must possess a good reputation, experience in a discipline relevant to the administration of trusts (law, finance, commerce, investment management or accountancy).

PTCs serve as a convenient vehicle for the transfer of control over family business interests and assets. By their nature they allow for flexibility and fast and easy decision making.

Directors of a PTC are required to submit annual certification to the registered representative confirming that the company continues to qualify as a PTC.

7.14 Bahamas Executive Entity

The Bahamas Executive Entity is a unique concept vehicle created under the Executives Entity Act, 2011 designed to perform executive functions such as fiduciary duties, administrative duties, protectors, directorships or officers. The Bahamas Executive Entities or BEEs were specifically designed to cater to the family office

concept and is an ideal entity with limited liability which can serve as a trustee, protector, director or as a shareholder of a private trust company in the family office context. The management and administration of a BEE is conducted through its appointed officers or council members. One of its most distinguishing factors is that a BEE has no beneficial ownership, members or shareholders however it is permitted to hold and own assets.

A BEE is established by a Charter which contains such information as the name and details of the founder, its purpose, registered agent, its officers and/or the appointment of council members and disposition of surplus assets on dissolution. Uniquely the Charter is not required to be filed or registered on the public record but merely a statement signed by the BEE agent with an extract of information from the Charter including name of the BEE, purpose and details of the agent.

VIII. REQUIRMENTS FOR THE ESTABLISHMENT OF A BUSINESS

8.1 Government Approvals

Foreign investors seeking to establish a business in The Bahamas must submit a project proposal to the Bahamas Investment Authority (BIA) along with supporting documents. The proposal will ultimately be considered by the National Economic Council (NEC). The published guideline for the project proposal requires the following information:

- Name of investor
- Address (including telephone & fax)
- Description of proposal (a comprehensive executive summary of project)
 - Type of Business (i.e. share company, partnership, individual or joint venture)
- Principals
- Proposed location
- Land or factory space requirements (if a request is being made for publicly owned land, state the acreage and location)
- Proposed start up date and anticipated completion date of the project
- Management/personnel requirements (years of experience, success of similar previous or current activity; work permit, if any required for key personnel and or non- key personnel)
- Employment projections (number of Bahamian and non-Bahamian employees)
- Capital investment in the project
- Financial arrangement (letter of credit from a financial institution or a net worth statement for each principal)
- Environmental impact (toxic waste, disposal procedures: toxic input)
- Concessions sought (e.g. Customs Duty Exemptions)

Investors should allow a minimum of 3 months for determination of applications for investment approval. No fee is required in connection with the application for approval.

8.2 Licences/Permits

After a proposed investment project has been approved by the NEC and the desired structure of the intended business has been established, the investor must apply for a business licence via the Government of The Bahamas Online Tax Administration System (OTAS). A business licence must be secured by any person or entity engaged in activity from within The Bahamas which is for the purpose of creating a turnover. The initial fee for a business licence is \$100 and it must be renewed annually. Licences expire on December 31st of each year and business licence tax in respect of the previous year must be paid by March 31st. An application for renewal must be made before 31st January. Generally, business licence tax is based on a percentage of the business's annual turnover at the following rates:

- \$50,000 or less	\$100
- Greater than \$50,000 but less than \$500,000	0.5%
- Greater than \$500,000 but less than \$5,000,000	0.75%
- Greater than \$5,000,000 but not exceeding \$50,000,000	1.25%
- Greater than \$50,000,000	1.5%

In order to obtain the business licence, in addition to completing the business licence application form, various supporting documents are required which may include but are not limited to:

- Approval letter issued by the NEC
- Certificate of incorporation/registration
- National Insurance Board registration number and letter of good standing
- Copy of lease/conveyance in relation to the property on which the business is operating
- Approvals from government departments (varies depending on the specific business)

Where the estimated annual turnover of the intended business is over \$100,000 an application to register for Value Added Tax (VAT) must be made. If the intended business does not reasonably expect to have an annual turnover over \$100,000 it can still voluntarily register for VAT. VAT registration is also done through OTAS and the application is made in conjunction with the business licence application. Information required for VAT registration may include but is not limited to:

- Mailing address details
- Estimated value of taxable supplies
- Bank account details

- Director details
- Shareholder details

Businesses which are registered for VAT are generally required to charge VAT at the standard rate of 7.5% on the sale of good and services. However, there are certain exceptions where transactions may either be exempt (VAT is not charged at all) or zero rated (VAT is charged but at a rate of 0%). VAT registrants are entitled to a credit in relation to VAT paid by the business for goods and services which are directly related to the provision of the goods or services sold by that business which attract VAT (e.g. utilities, paper, etc.). The business's turnover will dictate the relevant tax period and a return must be filed and VAT paid to the government within 21 days of the end of the relevant tax period. The amount paid to the government will be the total VAT collected during the relevant tax period less the credits accumulated during that tax period.

Where the approved business intends to operate as either a bank or trust company, a licence must be obtained from the Minister of Finance. An application for the licence will be submitted to the Central Bank of The Bahamas in accordance with the provisions of the Banks and Trusts Companies Regulation Act, 2000. While a business licence must be obtained by banks and trust companies, these businesses are exempt from business licence tax. However, such companies must comply with the separate fee requirement imposed by the Banks and Trust Companies Regulation Act. The address for the Central Bank of The Bahamas is:

Central Bank of The Bahamas
Frederick Street
P.O. Box N 4868
Nassau, Bahamas
Tel. (242) 322 2139
Fax. (242) 322 4321
Website: <http://centralbankbahamas.com/>

Investors seeking to establish an insurance company must register their company with the Insurance Commission of The Bahamas before conducting insurance business. The address for the Insurance Commission of The Bahamas is:

Insurance Commission of The Bahamas
Third Floor
Charlotte House
Charlotte & Shirley Streets
P.O. Box N 4844
Nassau, Bahamas
Tel. (242) 328 1068
Fax. (242) 328 1070
Website: www.icb.gov.bs

In all cases where the intention of the investor is to have non-Bahamians involved in gainful employment in The Bahamas, application must be made to the Department of Immigration for a work permit for such workers. (See Immigration Section 9.16)

8.3 Insurance Obligations

Employers and persons employed in The Bahamas are required to register and pay contributions under the National Insurance Act, 1972. National Insurance is a system of national social insurance administered by the National Insurance Board of The Bahamas and provides a wide range of benefits including free medical care and expenses for injury or disease arising out of employment. The rate of contributions for employed persons is shared 5.9% (employer) and 3.9% (employee). Contributions are capped at a salary of \$650 per week. There are no other insurance requirements imposed by law on employers although the growing trend for most businesses with 5 or more employees is to secure an arrangement for group medical insurance, which also involves contributions by the employer and employee. Additionally, based on the activity undertaken by the business, public liability or similar insurance may be necessary. Details on these requirements will be advised when applications to conduct the business are submitted.

8.4 Environmental Issues

Investors intending to operate a business in The Bahamas should be aware that several Acts of Parliament directly or indirectly protect native species and ecosystems. Notably, these include The Plant Protection Act, 1916, the Conservation and Protection of the Physical Landscape of The Bahamas Act, 1997 and the Forestry Act, 2010. Land excavations and the removal of protected trees must be approved by the Minister responsible for Forestry or the Director of the Forestry Unit. The Bahamas National Trust also plays an integral role in protecting Bahamian plants and may be consulted on matters relative to conservation. The Bahamas National Trust may be contacted at:

The Retreat,
Village Rd.
P.O. Box. N-4105
Nassau, Bahamas
Tel (242) 393 1317
Fax (242) 393 4978
Website: <http://bnt.bs/>
E-mail: bnt@Bahamas.net.bs

8.5 Anti-Trust Laws

The Bahamas has yet to introduce a comprehensive system of anti-trust or competition law. The Communications Act, 2009 and the Utilities Regulation and Competition Authority Act, 2009 create what is best described as a sector-specific competition law regime, presently applicable only to the electronic communications industry. These Acts prohibit anti-competitive agreements, abuse of dominance and

regulate potentially anti-competitive mergers. These laws are not of general application and do not apply outside of the electronic communications sector. The Bahamas Government has indicated its intention to extend similar provisions to other utility sectors in the foreseeable future.

IX. OPERATION OF BUSINESS

9.2 Attorneys

Most investors find it prudent to engage local counsel to assist in the process of establishing the structure of an intended business and making the applications to the relevant government departments for necessary permits and approvals. Fees for services rendered may vary depending on the complexity of the proposal. Certain applications may require the services of a single attorney. Other applications may require a team of attorneys, each with a particular professional emphasis. The Bahamas Bar Association has an online directory of attorneys which can be found at <http://www.bahamasbarassociation.com/MembersDirectory.asp>.

9.2 Advertising

No person shall in the course of trade advertise goods or services at a specific price which he does not intend to offer for supply or have reasonable grounds for believing such can be supplied at that price, in the quantities and for a period that is reasonable having regard to the nature of the market of that business. Any person who contravenes this provision commits an offence and is liable on summary conviction to a fine not exceeding \$5,000.

9.4 Reporting Requirements

Save for the reporting requirements for the purpose of paying any relevant taxes, depending on the nature of the business, there will be minimum reporting requirements to public regulatory bodies by operators of businesses. Companies incorporated under the Companies Act must file an annual return with the Registrar of Companies which will include current information on the directors, officers and registered shareholders and an annual declaration certifying whether or not sixty percent (60%) of the shares of the company are beneficially owned by Bahamian citizens. The reporting requirements of International Business Companies is generally limited to advising of any changes to the officers and directors.

Banks and trust companies are subject to an increased level of reporting requirements pursuant to the Banks and Trusts Companies Regulation Act, 2000 and other relevant legislation. In certain cases the reporting of information to the Central Bank is now an administrative function enforceable by law.

All financial institutions are required to report transactions, which are suspicious in nature as defined in the Proceeds of Crime Act, 2002. Such transactions will typically

bear features that indicate the possibility of money laundering. Further, pursuant to the Financial Transactions Reporting Act, 2000, all financial institutions as defined by that Act are required to verify the identity of its account holders through prescribed procedures. They must also verify the identity of a customer who does not have an account with the institution but engages in a transaction with the institution valued over \$15,000.

9.4 Accounts

It is anticipated that each business operating in The Bahamas will keep a proper set of accounts locally, even if only for the purpose of substantiating financial information represented on its application for renewal of its annual business licence and its value added tax filings. Generally, there is no prescribed form for keeping of accounts although the Central Bank of The Bahamas and the Insurance Commission of the Bahamas will require its licensees to have annual audits by recognised auditors who will ensure that General Accounting Principles are observed.

9.5 Business Ethics/Code

Generally, there are no prescribed business ethics or codes imposed upon investors who operate businesses in The Bahamas, however, it is the cast that various professions and industries recognize a standardized guideline concerning ethics and principles to be applied.

9.6 Consumer Protection Laws

The Consumer Protection Act established the Consumer Protection Commission whose functions and powers include the formulation and implementation of consumer protection standards, carrying out, at the request of a consumer who has been adversely affected, such investigations in relation to the sale of goods or the provision of services as will enable it to determine whether the goods were sold or the services were provided in contravention of that Act and carrying out, on its own initiative, such other investigations in relation to the availability of goods of any class or description as it thinks fit and make such report and recommendations as it thinks fit to the Minister responsible for Consumer Affairs.

A person who commits an offence under the Consumer Protection Act is liable on summary conviction to a fine. In the case of non-compliance with a notice for the compulsory recall of goods, a person is liable on summary conviction to a fine not exceeding \$5,000.

Information on consumer protection generally may be obtained from:

Consumer Affairs Office
National Insurance Building
Wulff Road

P.O. Box N 3008
Nassau, Bahamas
Tel. (242) 356-9391/5
Fax. (242) 356-9395

9.7 Construction

Where an investor determines that the construction of business premises is required he should anticipate construction costs in the range of \$100 to \$150 per sq ft. All construction projects must be approved by the Ministry of Works. Local architects and engineers will assist in preparation of required plans and will also assist in securing the necessary approvals and permits for construction. Authorization to commence construction may take 2 to 4 months depending on the complexity of the project. Fees for building permits depend on the square footage of the project. For commercial and residential properties of 1,501 - 5,000 sq ft the rate is \$15/100 sq ft. For properties 5,001 - 10,000 sq ft the rate is \$20/100 sq ft.

A Building Permit is required for construction. The basic steps in applying for a Building Permit are as follows:

- Complete and submit the application form along with the required documents listed below, to the Ministry of Public Works and Transport or local administrator. Freeport applications are submitted to the Grand Bahama Port Authority Limited.
- Pay a 10% deposit (of the estimated building permit fee) payable on submission of application.
- Application and supporting documents are sent to the following departments for processing:
 - Civil Design Section, for approval of drainage and road access,
 - Department of Physical Planning for zoning approval,
 - Department of Environmental Health/BEST Commission, to assess the environmental impact and ensure compliance with Environmental Health codes,
 - Control Division of the Ministry of Public Works and Transport for approval of mechanical, electrical, structural and other checks as necessary.
- The Building Permit is prepared for issue.
- Drawings are stamped as approved and the final fee is assessed and calculated.
- Applicants are notified via telephone that the Building Permit has been approved and can be collected upon payment of the building permit fee.
- The applicant must then make final payment and collect the Building Permit at the Buildings Control Division of the Ministry of Public Works and Transport. Family Island applicants collect approved permit and make final payment at the local government office.

For more information you may contact:

The Buildings Control Division
Ground Floor
John F Kennedy Drive
Nassau, Bahamas
Tel. (242) 302-9511
Fax. (242) 302-9765
Office Hours: 9:30 am to 4:30 pm.

Ministry of Public Works and Transport
Applications Counter, Planning Filing Room
Ground Floor, East Wing
John F Kennedy Drive
P.O. Box N-8156
Nassau, Bahamas
Tel. (242) 302-9511 Ext4300
Fax. (242) 302-9765
Office Hours: 9:30 am to 4:30 pm.

9.8 Contracts

Investors may freely enter into local contracts once all necessary approvals and permits have been obtained. Contracts may be governed by the laws of a country other than The Bahamas.

9.9 Product Registration

There is no requirement that products manufactured by investors be registered in The Bahamas. However, all providers offering goods and services to consumers for purchase must be appropriately registered as companies, partnerships, co-operatives, sole proprietorships or informal commercial operators. The registration and licence must be conspicuously displayed by the provider for viewing by the consumer.

9.10 Reduction or Return on Capital

Prior to converting non-Bahamian currency to Bahamian dollars for the purpose of investing in The Bahamas an investor should make application to the Central Bank of The Bahamas for approved investment status. Once the investor has secured approved investment status from the Central Bank he is generally entitled to repatriate capital at any time. Where a company has passed a resolution reducing its capital it may apply to the court for an order confirming the reduction.

9.11 Restriction on Manner, Time or Place of Sale of Goods

Investors may engage in the wholesale distribution of any product they produce in The Bahamas. The Public Holidays Act, 1938 makes allowance for certain shops to be open on Sunday generally and opened in the city of Nassau when cruise ships are scheduled to be in the port of Nassau. Wholesale or membership clubs and shops that sell building supplies, construction materials, electrical fixtures or plumbing fixtures are prohibited from opening after 10am on Sunday, Good Friday, Easter Sunday, Labour Day, Independence Day or Christmas.

9.12 Trade Associations

There are a number of trade associations in The Bahamas, however, there are none which investors are, as a matter of law, required to join.

X. CESSATION OR TERMINATION OF BUSINESS

There are no Bahamian tax consequences for termination of a business in The Bahamas. The cost for liquidation may vary depending on the structure of the business and the complexity of the termination process. The voluntary winding up of a company incorporated under the Companies Act (CAC) may take between 4 and 6 months where the process remains administrative without the need for contentious court proceedings. Costs associated with such proceedings may be in the range of \$4,000 to \$5,000 if there are no creditors involved. Alternatively, if the CAC has no assets or liabilities and is not conducting any business application can be made to the Registrar General to remove the company's name from the Register or companies. The winding up of a company incorporated under the IBC Act may be effected in 3 to 6 weeks and attract a fee of \$3,500. Businesses may generally be terminated without government approval or intervention, however, it is prudent to advise the Government of an intention to terminate or cease to conduct a business in instance where BIA approval was required and concessions granted. There are no Bahamian tax consequences on termination of a business. The liquidator of a company will be constrained to follow statutory requirements for satisfying creditor claims, making preferential payments and distributions to shareholders.

It should also be noted that any employees of a business which is closing are entitled to redundancy payments in accordance with the provisions of the Employment Act, 2001.

10.1 Insolvency/ Bankruptcy

Investor liability in the event of insolvency or bankruptcy will depend upon the structure of the business and the degree to which the investor exposed himself to potential liability on establishing the structure. The preferred mode of investment is through the use of a corporate entity and therefore questions of investor liability typically arise in the corporate insolvency context. Between 2011 and 2012 a suite of legislation was introduced to reform the insolvency procedures under the Companies Act and the IBC Act. The Companies (Winding up Amendment) Act, 2011 amended the provisions of the

Companies Act and the IBC Act in relation to the three available forms of insolvency procedures: compulsory winding up, voluntary winding up or continuation of a voluntary winding up under supervision of the court. Additionally, the Companies Liquidation Rules, 2012 and Insolvency Practitioners Rules, 2012 were enacted.

The statutory options available to an investor with regard to the restructuring of a business are limited to a court sanctioned “arrangement” involving the “reorganization” or “restructuring” of a company and or the separation of two or more businesses carried on by a company. More expansive restructuring objectives may be achieved through the liquidation process utilizing the appointment of a provisional liquidator and the subsequent entry into a court sanctioned compromise or arrangement with the creditors and/or contributories.

XI. LABOUR LEGISLATION, RELATION AND SUPPLY

11.1 Employer/Employee Relations

11.1.1 General

The Employment Act, 2001 (EA) governs employer-employee relations in The Bahamas and makes provision for the minimum rights afforded to employees.

The EA expressly prohibits discrimination against employees on the grounds of race, creed, sex, marital status, political opinion, age or HIV/AIDS. The anti-discrimination provisions extend to the employer’s consideration of job applicants. The EA also establishes minimum standards in respect of hours of work, vacation pay, maternity leave, family leave, and redundancy payments. Further, the EA addresses other issues including, termination of contracts of employment, summary dismissal, unfair dismissal and the employment of children.

11.1.2 Standard Hours of Work and Overtime

Under the EA, standard hours of work are 8 hours in any day or 40 hours in any week. The EA provides that employees are to be given 48 hours of rest in any 7 day period, not less than 24 hours of which are to be consecutive. With respect to overtime, in general, if an employee works on their day off or a public holiday, they are entitled to double pay. In any other case, overtime is one and a half of the regular wage payable.

The minimum wage is currently set at \$210 per week, \$42 per day and \$5.25 per hour.

11.1.3 Vacation, Sick and other Leave

Employees in The Bahamas are entitled to at least 2 weeks of vacation in a year after 12 months of service.

After 6 months of service, an employee is entitled to 1 week of paid sick leave, provided that a medical certificate is needed for any period exceeding 1 day.

Upon completion of 12 months of service, female employees are entitled to 12 months paid maternity leave. Family leave is also available to employees after 6 months of service in the event of the birth of a child or the illness or death of a spouse, parent or child. Family leave is without pay.

11.1.4 Dismissal of Employees

The EA provides that contracts of employment may generally be terminated on reasonable notice having been given by either party to the other, unless the contract provides otherwise. The employee has the right to a minimum period of notice in respect of his termination. The notice period is based on the length of continuous employment with the relevant employer. The following is a list of the statutory notice periods for lawful termination of employment:

To an employee terminated after 6 months or more of continuous employment but less than 12 months the employer must pay:

- 1 week's notice or 1 week's basic pay in lieu of notice and 1 week's basic pay (or a part thereof on a pro rata basis) for the period between 6 months and 12 months;

To an employee terminated after twelve months or more of continuous employment, the employer must pay:

- 2 weeks notice or 2 weeks basic pay in lieu of notice and 2 weeks basic pay (or a part thereof on a pro rata basis) for each year up to 24 weeks.

Additionally, where the employee holds a supervisory or managerial position, the statutory requirement is 1 month's notice or 1 months basic pay in lieu of notice and 1 month's basic pay (or a part thereof on a pro rata basis) for each year up to 48 weeks.

An employee continuously employed for one year or more but less than two years, is also required to give his employer at least two weeks notice. If his period of employment is two years or more, he will be required to give four weeks notice.

Generally, persons under the age of 14 are not permitted to work but the EA allows for exceptions in the case of grocery packers, gift wrappers, peanut vendors and newspaper vendors. Children are not allowed to work during school hours. Outside of school hours, their permitted hours of work are as follows:

- during school days, not more than 3 hours
- during a school week not more than 24 hours
- during a non-school day not more than 8 hours
- during a non-school week not more than 40 hours

11.1.5 Employee Safety

There is a general duty on employers to provide a safe working environment for its employees.

11.2 Labour Relations

Labour relations are regulated by the Industrial Relations Act, 1970 which provides for the recognition of trade unions by employers, the registration of certain industrial agreements and the regulation of trade disputes.

There are provisions for the recognition of unions and collective bargaining agreements. While there is no obligation for an employer to organize a union, an employer must recognize a duly constituted and registered union.

X11. GENERAL TAX CONSIDERATIONS

While there is no generally accepted way of structuring a company or entity in order to ensure a desired tax consequence, it is possible to consider same when incorporating or structuring a corporate or other entity. There is no general “anti-tax” avoidance system in The Bahamas.

12.1. Stamp Duty and VAT

Stamp duty is payable on transfers of real and personal property at a rate of 2.5% of the value of the property. Value added taxes are payable at a rate of 7.5% on the transfer of a taxable supply, which in most cases includes a transfer of real and personal property. It is not possible to provide a comprehensive outline of the tax regime in The Bahamas in this format and therefore if there are any specific queries in relation thereto, it is suggested that an attorney in The Bahamas be contacted.

Prior to entering into a transaction, it is possible to obtain an Advance Ruling from the Department of Inland Revenue with respect to any value added taxes payable thereon. It is also possible to seek guidance from the Public Treasury on how it will assess a transaction in many instances.

12.2. Real Property Taxes

In instances where there are no concessions in relation to real property taxes afforded to an investor, real property taxes are payable on property owned by non-Bahamians in The Bahamas. The tax is calculated based on the value of the property with a maximum of \$50,000 per annum.

The current real property tax rates as published by the Department of Inland Revenue are as follows:

Owner-occupied property (owner resides and uses exclusively as a dwelling):

- The 1st \$250,000 of property value: Exempt
- The next \$250,000 of property value: 0.625% thereof
- Over \$500,000 of property value: 1% of remaining part thereof, subject to a maximum of \$50,000 per annum

Residential properties (has 4 units or less, and is used solely as a dwelling place):

- The 1st \$75,000 of property value: \$300 flat fee
- Over \$75,000 of property value: 0.625% thereof

Commercial properties (above 4 units even if used as a dwelling place):

- The 1st \$500,000 of property value: 0.75% thereof
- Over \$500,000: 2% of remaining part thereof

Vacant land for non-Bahamians:

- The 1st \$7,000 of property value: \$100
- Over \$7,000 of property value: 1.5% thereof

12.3 Tax Information Exchange Agreements

The Bahamas has entered into Tax Information Exchange Agreements (TIEAs) with several countries. These agreements make arrangements to co-operate for exchange of information on tax matters. Signed agreements come into force only when necessary internal procedures in the signatory countries are completed.

As of November, 2016 the Government has published that TIEAs are in force with the following countries:

- Argentine Republic
- Australia
- Canada
- French Republic
- Greenland
- Iceland
- Japan
- Kingdom of Belgium
- Kingdom of Denmark
- Kingdom of Norway
- Kingdom of Spain
- Kingdom of Sweden
- Kingdom of the Netherlands
- New Zealand
- People's Republic of China

- Principality of Monaco
- Republic of Finland
- Republic of San Marino
- States of Guernsey
- The Faroes
- The Federal Republic of Germany
- The Republic of India
- United Kingdom of Great Britain and Northern Ireland
- United Mexican States
- United States of America
- South Africa
- Malta

XIII. IMMIGRATION REQUIREMENTS

13.1 Immigration

Due to the proximity of The Bahamas to the United States and the pervading political and economic environment in neighbouring countries, The Bahamas has been perennially a destination of refuge or transit for immigrants migrating north. Accordingly, the Government of The Bahamas has given particular attention to the development and implementation of its immigration policy. It is also of note that the Government is also preoccupied in attempts to accommodate millions of visitors annually by providing for a relatively easy process for legal entry into the country. Upon entering The Bahamas each visitor must complete an Immigration Arrival/Departure card, the designated portion to be retained by the visitor until departure. Visitors should expect to be required to produce the following:

- a) a return ticket,
- b) a passport or some other formal document permitting entry into the country,
- c) a visa, and
- d) in some instances visitors may be requested to furnish proof of sufficient funds to sustain them while in The Bahamas.

Requirements for entry into The Bahamas vary depending on the nationality or residency of the individual. These requirements should be confirmed before travel is initiated.

There are no immigration quotas and medical information is required only if making an application to work or reside in The Bahamas.

13.2 Work Permits

The Government of The Bahamas is amenable to accepting applications for annual work permits provided the position applied for requires special skill and expertise

for which there are no available Bahamians. Prior to an employer seeking to hire an expatriate, he must advertise the position so that interested and qualified Bahamian citizens may apply. If there is no interested and qualified Bahamian citizen to fill the position, the employer may apply to the Labour Department to obtain a labour certificate in relation to the expatriate. The issue of a Labour Certificate confirms that there are no Bahamians registered with the Department of Labour with the qualifications and experience outlined in the advertisement. Upon the issue of a Labour Certificate, the The employer may then proceed to apply to the Department of Immigration for permission to employ the expatriate.

An application for an annual work permit must include the following:

- a letter from the prospective employer providing reasons for the application, the position being offered and the time needed
- two passport size photographs
- passport photo identification
- a police certificate issued not more than 6 months prior to the application covering 5 years of residence immediately preceding the application
- a medical certificate issued not more than 1 month prior to the application
- a bank reference issued not more than 6 months prior to the application
- character references issued not more than 6 months prior to the application
- a processing fee of \$100

Depending on the category of employment, work permit fees may range from \$500 to \$12,500 per year. Standard work permits are issued for a period of one year, but the employer may request a longer period for key personnel.

Renewals for work permits are not automatic and with each renewal, the above criteria must be satisfied for each applicant. In the event the expatriate ceases to be employed, he must then return the permit to the Department of Immigration within seven days of termination of employment.

In instances where work permits are provided, where appropriate, it is usually the case that the employer will be required to indicate that a Bahamian will train under the non-Bahamian.

In cases where a company relocates its offices or part of its operations to The Bahamas and the business it conducts is strictly offshore, the Department of Immigration may waive the request for a labour certificate.

Persons may also seek work on a short-term basis in The Bahamas. A short-term work permit is provided by the Immigration Department for persons working in The Bahamas generally for a period of up to 30 days.

An application for a short-term work permit must include the following:

- passport photo identification
- two passport size photographs
- the exact dates for working in the Bahamas
- processing fee of \$100

13.3 Annual Residence Permit

A non-Bahamian interested in residing principally in The Bahamas may apply for an annual residence permit. Applicants are required to submit a financial reference from a reputable bank confirming their financial status and two character references. The annual residence permit would enable the applicant to reside in The Bahamas for a period of one year. The permit is renewable annually. The cost for the permit is \$1,000. The permit can also be extended to cover spouses and minor children for an additional \$25 per person. Annual residents are not allowed to engage in gainful occupation in The Bahamas.

13.4 Home Owners Residence Card

A non-Bahamian who owns developed property in The Bahamas may apply to the Immigration Department for a Home Owners Residence Card. The card affords the holder, his spouse and any minor child endorsed on the card permission to enter and reside in The Bahamas for the duration of the validity of the card. Home Owners Residence Card holders are not permitted to engage in gainful employment in The Bahamas. There is an annual fee of \$500 for the card.

13.5 Certificate of Permanent Residence

Persons desiring to live indefinitely in The Bahamas should apply for a Certificate of Permanent Residence. The Certificate may be granted with or without the right to work, and it is possible for a Certificate to be granted to an individual with the right to work only in their own business.

Applicants for permanent residence status must demonstrate that they are of good character, provide evidence of financial support and indicate the applicant's intention to reside permanently in The Bahamas. Spouses and dependent children may also be endorsed on the certificate at the time the original application is presented or at a subsequent date. The fee for a Certificate of Permanent Residence varies according to the status of the applicant. For a person who has resided in The Bahamas for at least 10 years but less than 20 years and who holds a work permit the fee may be between \$1,000 and \$5,000. A person who has resided in The Bahamas for at least 20 years and also holds a work permit may pay between \$500 and \$2,500. The spouse of a Bahamian citizen will pay \$250. Persons in other categories may pay up to \$10,000. The Government gives accelerated consideration to applicants who are major international investors or who are deemed fit and proper owners of a residence valued at no less than \$1,500,000; such applicants are deemed Economic Permanent Residents.

13.6 Spousal Permits

The Bahamas Government will issue permits to non-Bahamian spouses, which will allow these spouses to work and reside in The Bahamas for a period of five (5) years. These permits are renewable.

XIV. EXPATRIATE EMPLOYEES

14.1 Cost of Living and Immigration

Due to freight and customs duties being levied on goods imported into The Bahamas and value added taxes, food, clothing and auto equipment may be considered relatively expensive. The usual utility services include electricity, water and sewerage, cable and telephone. Electricity and telephone charges are billed monthly and water and sewerage quarterly.

With respect to each utility service, an initial deposit will be required. The amount of such service depends on factors as prescribed by the various utility companies and can include considerations such as the size of the home and prior usage by a resident of the property, where appropriate.

14.2 Drivers Licences

Drivers licences in The Bahamas are issued by the Road Traffic Department. Such licences will only be issued to Bahamian citizens or persons who have established Bahamian immigration status such as residency or permission to work in The Bahamas. The Bahamian driver's licence is recognised internationally. Persons holding driver's licences which have been issued outside The Bahamas may apply to the Road Traffic Department for a Bahamian licence. The application should be accompanied by the existing licence and the licence fee. Visitors who are not working in The Bahamas are permitted to drive with their foreign licences for a period not exceeding three months. Expatriate employees who intend to drive in The Bahamas must have a valid Bahamian driver's licence once they begin work. The licence is a requirement only when employment commences.

14.3 Education

Schools in The Bahamas are either Government or privately owned and operated. Schools are available for children between the ages of 3 and 18 years. Nursery and preschool facilities are also available.

Education in Government controlled schools is free.

Fees for private institutions vary greatly and can range from approximately \$3,000 per year to \$20,000 per year. Information on various tuition fees is typically found on the website of the particular school.

The University of The Bahamas offers lower and upper courses for approximately \$300 per credit (which is not inclusive of other fees which may arise) and The Bahamas Technical and Vocational Institution offers courses for \$350 and upward per semester for International Students.

14.4 Housing

Prices for living accommodation depend primarily on the location and size of the accommodation. Some apartments and homes which are available for rent or sale may come with basic furnishings. The factors determining cost include the materials used, building standards and the location. Information on the costs of accommodation can be found by reference to the website of specific real estate companies, many of which participate in the Multiple Listing System (MLS) which is a database of multiple brokers.

14.5 Importing Personal Possessions

Duty is payable on household effects, such as furniture, china and appliances. Used clothing and other used items are not dutiable if imported as accompanied passenger baggage. Duty is also payable on the importation of vehicles for personal use.

14.6 Medical Care

The Bahamas offers some of the most modern healthcare facilities in the Caribbean. There are two Government run hospitals, one private hospital, numerous government owned clinics and private clinics. Comparatively, medical and dental costs can be less expensive than those in the United States. At the Government owned outpatient clinics residents pay approximately \$10 per visit and non-residents pay a fee of approximately \$30 per visit. The costs to visit a private physician vary, however, it can be expected that same will be in the region of \$150. For a specialist in a particular area, the fees are typically higher.

The Bahamas does not yet have a national health plan, although it is expected that National Health Insurance will be implemented in phases in the near future. There is a National Prescription Drug Plan in place with the key objective being to improve access to prescription drugs and medical supplies for certain chronic disease patients. Patients in specific categories receive prescription drugs free of charge while others will be expected to make a minimal payment towards the cost of their prescriptions.

14.7 Tax Liability

As of December 2016, there are no income tax liabilities applicable to the expatriate employees. The only tax payable related to income is the National Insurance monthly fee which is deducted by the employer.