

AIBT

AGENDA

JUNE 2023 — ISSUE 22

AIBT-BAHAMAS.COM



THE NASSAU CONFERENCE & FINANCIAL SERVICES BOOTCAMP SET FOR SEPTEMBER 2023

AIBT announced that the 16th edition of **The Nassau Conference**—the leading professional development event for the international financial services sector—will be held on **September 21st, 2023**. Expert speakers from The Bahamas and around the world will once again convene at Baha Mar to network and share their insights about a range of important issues related to the sector.

The pre-conference **Financial Services Bootcamp** will be held on **September 20th, 2023** and will provide attendees with a deeper understanding of industry products and the latest developments affecting the sector, as well as provide advice on personal and professional career development. **SAVE THE DATES.** ●

SAVE THE DATE

AIBT Annual General Meeting

6th July, 2023

NB: This is a voting meeting to accept new directors and re-appoint directors for new terms.

INDUSTRY NEWS IN BRIEF ▼

IMPORTANT INDUSTRY BRIEFING: BUSINESS LICENCE BILL 2023 AND COMMERCIAL ENTITIES (SUBSTANCE REQUIREMENTS) BILL, 2023 AMENDMENTS

AIBT and BFSB, in collaboration with The Ministry of Economic Affairs and Office of the Attorney-General, will be hosting an important Industry briefing on The Business Licence, 2023 and Commercial Entities (Substance Requirements) Bill, 2023.

Date: **Thu. June 22nd, 2023**
Time: **8:30am - 12:00pm**
Venue: **Grand Hyatt Baha Mar, Salon 1**

Sen. Hon. Michael Halkitis, Minister of Economic Affairs and Sen. Hon. L. Ryan Pinder, Attorney-General and Minister of Legal Affairs will bring remarks.

There will be a presentation of the provisions of the draft legislation and an opportunity for Q&A. [Click here to register](#) to attend.

PUBLIC PRIVATE SECTOR INTERNATIONAL INITIATIVE WORKING GROUP REINSTATED -

The Government of The Bahamas has reinstated the working group with members that include the Attorney General, the Minister of Economic Affairs, local regulators, and representatives from the private sector. AIBT is expected to participate so as to ensure the priorities of Members are represented.

For more information and/or assistance, contact AIBT at (242) 393-5500 or via email info@aibt-bahamas.com

INDUSTRY NEWS IN BRIEF ▼

PUBLIC CONSULTATION ON GREEN PAPER ON A CORPORATE INCOME TAX

The Ministry of Finance released for public consultation, a *Green Paper on Corporate Income Tax Strategies for The Bahamas*. The Green Paper aims to solicit feedback from stakeholders by June 30th, 2023.

SECURITIES COMMISSION OF THE BAHAMAS OPENS CONSULTATION PERIOD FOR DARE BILL 2023

The Securities Commission of The Bahamas has published the Digital Assets and Registered Exchanges (DARE) Bill 2023 for consultation. The DARE Bill 2023 expands the definition and list of digital asset business activities and includes robust consumer and investor protection, risk management, and market innovation and development provisions. The Bill strengthens financial and reporting requirements for digital asset businesses and requirements related to: 1) custody and custodial wallet services; 2) operating a digital asset exchange; 3) providing advice on and management of digital assets; 4) provision of staking services; and 5) a comprehensive approach to the regulation of stablecoins. The Bill aims to become effective by the end of Q2 2023. Read more [here](#).

CROWN DEPENDENCIES AGREE COMMON POLICY ON GLOBAL MINIMUM CORPORATE TAX RATE

Guernsey, Jersey and the Isle of Man have agreed a joint policy on implementing the OECD-wide 15 per cent minimum effective tax rate on large multinational enterprises, known as the 'Policy Two' policy. The three Crown Dependencies have been playing an active part in the OECD's Base Erosion and Profit Shifting (BEPS) workstream to address the taxation challenges of the digitalized global economy. They were among the 130 jurisdictions to join the agreed statements in July 2021 and October 2021. They have now decided to implement an Income Inclusion Rule or 'top-up tax' combined with a domestic minimum tax, starting from 2025. However, all three have reserved the right to adjust their policies in the light of other countries' actions. Read more [here](#).



BAHAMIAN BANKS & TRUST COMPANIES RECORD HIGHLY FAVOURABLE COMPLIANCE RESULT IN CENTRAL BANK ASSURANCE STUDY

On May 17th, 2023 The Central Bank released an anti-money (AML) compliance report prepared by Evaluasi, a specialist firm comprising some of the world's leading AML researchers. The Central Bank commissioned Evaluasi to conduct an assurance study or "shadow shopping" exercise on a large majority (more than 75%) of Bahamian internationally active public banks and trust companies.

According to Governor John Rolle: "This shadow shopping exercise demonstrates that the Central Bank will take a more proactive and more holistic approach to assessing the state of AML compliance within this jurisdiction supplemental to its traditional supervisory tools. We want our industry to demonstrate exemplary AML compliance, which in this instance they have done. This is not to say that our supervised institutions are perfect in an AML compliance sense, but this and many other findings suggest that Bahamian banks and trust companies are among the stronger groups globally when it comes to avoiding new clients who cannot demonstrate clean sources of funds."

The results of the exercise included:

1. Consistent with their business models, only 16 of the 50 financial institutions responded to the approximately 250 email solicitations. This demonstrates that The Bahamas is not a particularly welcoming jurisdiction for unsolicited potential client approaches.
2. Most happily, 100 per cent of the engagements between the 16 responding firms and the shadow shopping team evidenced that the responding institutions provided upfront disclosure of the relevant AML requirements, notably the know your customer (KYC) rules coupled with FATCA and CRS reporting requirements.
3. This result is similar to a 2020 multi-country exercise conducted by the Evaluasi researchers, in which a smaller set of Bahamian institutions also recorded a perfect compliance result. The Bahamas was one of only four jurisdictions to do so.
4. The 2023 shadow shopping result, in addition to the 2020 result, gives good assurance that Bahamian banks and trust companies demonstrate a strong compliance culture. Furthermore, banks and trust companies are only willing to on-board clients that can satisfy the relevant KYC as well as FATCA and CRS reporting requirements consistent with international standards codified in the legal and policy frameworks of this jurisdiction.
5. These results are also consistent with the Central Bank's examination and supervision results. Broadly, The Bahamian international banking and trust sectors do not welcome dubious new clients.

To [click here to view](#) the report. ●

UPDATE ON THE BAHAMAS DIGITAL CURRENCY SANDDOLLAR



Factors critical to a more accelerated adoption include the SandDollar integration with the commercial banks' automated clearing House (ACH). The core integration to the ACH was concluded in 2022. In particular, all commercial banks completed upgrades of their online banking platforms to enable top-up transfers from deposit accounts to native SandDollar wallets. The Central Bank has been working with SandDollar authorized financial institutions (AFIs) to extend the ACH features to all proprietary platforms since the beginning of the first quarter of 2023.

This effort is expected to conclude in the second quarter, allowing all SandDollar-enabled wallet users to receive direct transfers from bank accounts through unique account numbers. Individuals and businesses with existing banking relations will be able to expand their cashless experience and initiate digital currency transfers to their mobile wallets regardless of the platforms through which they are provided services. These users will also have direct access to deposit any desired holdings of SandDollar into their bank accounts.

Several other critical technical upgrades that commenced in 2022 are expected to roll out throughout 2023. Key, among these, is further hardening of the SandDollar security infrastructure and operational resiliency, work on offline payments functions, activation of the electronic know-your-customer (eKYC) system, and support features for merchant fees and e-Commerce. Upgrade to the native public-facing SandDollar wallet, as well as the back-end infrastructure available to participating AFIs, will be released as Wallet 2.0 during the second quarter of 2023. Wallet 2.0 will offer critical feature upgrades ahead of broadened financial institutions' participation and more targeted growth in merchant accounts.

As to the existing merchant ecosystem, as at January 2023, the Central Bank estimates that at least 80 percent of all domestic mobile payments transactions were denominated in SandDollars. This was due to increasing merchant and mobile wallet activations, as marketing efforts increased among the licensed payment services providers. Read more [here](#). ●



THE 2023 AIBT COMPENSATION SURVEY TO BE RELEASED IN JUNE

The 10th AIBT Compensation Survey is nearing completion and is scheduled to be released this month. This is the tenth survey to provide Members with reliable and up-to-date information about the banking and trust industry's current average salaries, bonuses and benefits data, specific to our employment market. Since its inception in 2004, over eighty member firms have participated in the survey which typically represents data from seventy percent (70%) of the total international banking work force in The Bahamas.

The survey compiles industry averages of salaries and bonuses paid to almost 60 key executive and non-executive positions in your industry. It also contains significant comparative information on a wide range of benefits programs provided by our members to their employees. Ross Dickson Consulting (RDC) of Toronto, Canada has undertaken the survey on our behalf and all compensation data provided directly to RDC has been kept confidential. The provided data will be destroyed at the completion of the process. No data about any specific employer or employee will be identified in the survey report or revealed to anyone outside RDC. AIBT has a contract with RDC stipulating the absolute confidentiality of data submitted by survey participants.

A comprehensive final workshop will be provided at the conclusion of the survey to present the survey results, year-over-year trends, how to use the survey in your organisation, and a number of other topics. Only the 21 survey participants will get access to the final confidential report. ●

INDUSTRY NEWS IN BRIEF

JERSEY: FIFTY PER CENT INCREASE IN MINIMUM INCOME TAX FOR HNW RESIDENTS - Jersey is to increase the minimum annual tax payable by new high-net-worth (HNW) residents, under section 2(1)(e) of the High Value Residency Scheme, from GBP170,000 to GBP250,000. They currently pay GB170,000 tax on the first GBP850,000 of their annual income and 1 per cent on all worldwide income above that level. Existing residents under s.2(1)(e) will not be affected. There will also be a new requirement that applicants should have a net worth of at least GBP10 million, excluding their place of residence. Read [more](#).

UAE: FINANCE MINISTRY ISSUES FULL GUIDANCE ON NEW CORPORATE TAXATION - The UAE's new 9 per cent federal corporate income tax comes into effect on 1 June for company financial years starting on or after that date, and its finance ministry has now published a detailed explanatory guide to all articles of the law. It notes that companies, despite being separate legal persons, will be treated as the natural person or persons owning them. This means, for tax purposes, the owners retain unlimited liability for the business' debts and other obligations. It also acknowledges that taxpayers are permitted to optimize their tax position in a manner consistent with the law. Read [more](#). ●