

PURPOSE TRUSTS (AMENDMENT) BILL, 2011

Arrangement of Sections

Section

- 1. Short title and commencement.....2
- 2. Insertion of section 7A into the principal Act.....2

OBJECTS AND REASONS 4



PURPOSE TRUSTS (AMENDMENT) (NO. 2) BILL, 2011

**A BILL FOR AN ACT TO AMEND THE PURPOSE TRUSTS ACT TO
PROVIDE FOR THE MAINTENANCE OF ACCOUNTING RECORDS
AND FOR CONNECTED MATTERS**

Enacted by the Parliament of The Bahamas

1. Short title and commencement.

- (1) This Act, which amends the Purpose Trusts Act¹, may be cited as the Purpose Trusts (Amendment) (No. 2) Act, 2011.
- (2) This Act shall come into force on a date to be appointed by the Minister by notice published in the Gazette.

2. Insertion of section 7A into the principal Act.

The principal Act is amended by the insertion immediately after section 7 of the following new section —

“7A. Trustee accounting records.

- (1) For the purposes of paragraph (c) of subsection (2) of section 7, the documents kept by the trustees of an authorised purpose trust shall include reliable accounting records in relation to —
 - (a) all sums of money received and expended by each such trust and the matter in respect of which such receipt and expenditure takes place, inclusive of all sales, purchases and other transactions;
 - (b) the assets and liabilities of each such trust;
- (2) For the purposes of subsection (1), accounting records shall —

¹(Ch. 176A)

- (a) correctly explain all transactions;
 - (b) enable the financial position of the trust to be determined with reasonable accuracy at any time;
 - (c) allow financial statements to be prepared; and
 - (d) include the underlying documentation, including invoices, contracts and receipts, necessary to facilitate (a), (b) and (c).
- (3) Accounting records maintained pursuant to this section shall be kept for a minimum period of five years from the date of the transaction to which such records relate.”

OBJECTS AND REASONS

The purpose of the Bill is to remedy the deficiencies identified in the OECD Phase I Peer Review of The Bahamas by imposing express obligations on the trustees of an authorised purpose trust to maintain reliable accounting records for a minimum period of five years.