

## FOR IMMEDIATE RELEASE

### Review of Bahamas Commitment to OECD Tax Standard

**Nassau, Bahamas – April 5, 2009:** Two weeks following commitments by OECD Members and non-OECD member jurisdictions who are principal competitors in the provision of cross border financial services and prior to the G20 meeting, The Bahamas re-affirmed its commitment by issuing the following communication to the OECD:

*“The Commonwealth of The Bahamas notes significant recent progress towards the adoption of standards on tax transparency and information exchange set by the Organisation for Economic Co-operation and Development (OECD).*

*The Bahamas reaffirms its commitment recorded in a March 2002 agreement between The Bahamas and the OECD.*

*The Bahamas recognises significant advances in commitments to broader application of OECD standards of transparency. The Bahamas is ready to negotiate and conclude appropriate arrangements to accommodate these OECD standards.”*

While developments that led to this statement evolved very quickly, we anticipate arrangements negotiated by The Bahamas to follow the terms of The Bahamas agreement with the United States of America.

The arrangements negotiated with the United States of America in 2002 limits the exchange of information to specific requests that meet predefined criteria. The legal controls surrounding the cooperation in tax matters with the United States are enshrined in legislation approved by the Bahamas parliament in 2002. This legislation preserves client confidentiality by denying any request (1) that is outside of agreed arrangements and procedures, (2) where insufficient evidence is provided to support the request for information, so called “fishing expeditions”, or (3) where conditions are not agreed for stipulated safeguards of the information.

As the agreement with the United States of America demonstrates, these arrangements allow The Bahamas’ international financial sector to continue to move forward in an environment that adheres to internationally agreed standards. More importantly, the confidentiality of clients is preserved. From the perspective of industry, BFSB believes the decision to endorse the OECD Standard reinforces The Bahamas’ unwavering commitment to be a trusted jurisdiction for clients and to be a responsible member of the international community.

The Bahamas remains strongly committed to the principle that persons have a right to privacy with respect to the conduct of their affairs. This right, set out in the United Nations Charter Article 17, provides for the right of every person to be protected against arbitrary or unlawful interference with his/her privacy, family, home or correspondence, as well as against unlawful attacks on his/her honour and reputation.

The charter provides everyone with the right to the protection of the law against such interference or attacks. The Bahamas supports this legitimate right to confidentiality through its common law, Data Protection (Privacy of Personal Information) Act, 2003 and various legislative provisions.

Respect for the rule of law has always been fundamental to the success and strength of the financial services industry in The Bahamas. As such, clients can be assured that The Bahamas will only exchange information on agreed and transparent protocols. These protocols, as established under the tax information exchange agreement with the United States and recognized by the OECD, preserve the traditional confidentiality extended to those engaged in legitimate business. Legislative and administrative regimes in The Bahamas have, and will continue to have, respect for the privacy of our clients and will preserve banking confidentiality.

The Bahamas has demonstrated that as a sovereign nation it is an active contributor to the discussion on a range of global matters and that it is determined to act in a responsible manner. The Bahamas' commitment to the transparency and information exchange standards of the OECD in 2002 was conditioned upon and subject to there being a level playing field.

The insistence of the government on clarity and unequivocal language with respect to a level playing field, particularly as it relates to timelines and standards, was strongly supported by industry in 2002. Likewise the industry now supports the decision of the government, in conjunction with the governments of other major financial centres, to agree to endorse the OECD standards on transparency and effective exchange of information through defined and agreed protocols.

Overall, the decision by The Bahamas government will serve to reinforce the respect for personal privacy and the use of appropriate means for cooperation among countries. We believe this is in the best interest of clients and the international financial services industry of The Bahamas.

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