



2 October, 2015

Dr Eugene Newry
Bahamas Ambassador to the United States
2220 Massachusetts Avenue, NW
Washington,
DC 20008
United States of America

Dear Ambassador

I refer to your letter to the Municipal Officials of the District of Columbia (copied in on this letter) as reported on 30th September 2015 in the Bahamian press (also copied), in which you are quoted as protesting against the Bahama's designation as a tax haven in the Fiscal Year 2016 Budget Support Act of 2015.

The Tax Justice Network, and the professionals and experts with whom we regularly consult, are particularly concerned about the Bahamas' role as a tax haven.

The Tax Justice Network is an independent expert network which monitors tax havens and secrecy jurisdictions across the entire world. We have recently completed our research for the 2015 Financial Secrecy Index, our biennial assessment of secrecy jurisdictions, and we have assessed the Bahamas with a secrecy score of 79, which is particularly weak. Nearly all jurisdictions have made improvements in response to pressures from the G20 countries to strengthen international cooperation on information exchange, but Bahamas has been a laggard.

Bahamas is a tax haven with a secrecy score that places it among the most secretive and least co-operative in the world

Specifically, our research indicates the following areas where Bahamian laws, regulations and compliance practices are weak:

1. The Bahamas only partly curtails banking secrecy
2. The Bahamas does not disclose in a public registry information about trusts and foundations
3. The Bahamas does not maintain official records of company beneficial ownership

reply to:

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4. The Bahamas does not require that company beneficial ownership information is placed in a public registry
5. The Bahamas does not require that company accounts be placed on public record
6. The Bahamas does not require public country by country reporting by companies
7. The Bahamas does not require resident paying agents to tell the domestic tax authorities about payments to non-residents
8. The Bahamas does not use appropriate tools for efficiently analysing tax-related information
9. The Bahamas does not avoid promoting tax evasion via its tax credit system
10. The Bahamas allows harmful legal vehicles
11. The Bahamas only partly complies with international anti-money laundering standards
12. The Bahamas only partly complies with automatic information exchange
13. The Bahamas has fewer than 53 bilateral tax information exchange agreements complying with basic OECD requirements
14. The Bahamas has ratified fewer than five of the most relevant international treaties relating to financial transparency
15. The Bahamas only partly cooperates with other nations on money laundering and other cross-border criminal issues

This assessment will be published alongside our assessments of over one hundred other countries and jurisdictions in early November 2015.

Our assessment is totally at variance with your “strong protest” against the Bahamas’ designation as a tax haven, not only because of these objective factors, but also because of its secrecy score relative to other jurisdictions, placing it at the most secretive end of the scale.

Furthermore, Bahamas seems to be going against the prevailing international currents on transparency by resisting attempts to strengthen international cooperation on tax information exchange.

For example, the Bahamas has indicated its willingness to encourage high net worth individuals to acquire Bahamas residency, in a move that Financial Services Minister Ryan Pinder [has said](#) could “revolutionise” the Bahamas’ position as an international business centre. Obtaining “residency for hire” is one of the most popular ways that tax evaders and other miscreants can escape reporting requirements under the OECD’s Common Reporting Standard (CRS). Offshore providers [are touting](#) Bahamas as “an attractive location for high net worth individuals seeking an alternative tax residence or domicile.”

What is more, while most of the world’s tax havens have indicated their commitment to the CRS, Bahamas was not only not one of the [Early Adopters](#), but it has been a recalcitrant jurisdiction relative to others. It has not yet signed the Multilateral Competent Authority Agreement (MCAA) to implement the CRS, and rather than take a

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multilateral approach to implementing it, it will only comply on a [bilateral, case-by-case basis](#).

Worse still, the Bahamas appears to want to omit from the CRS process any jurisdiction it does not feel like exchanging information with, which include some of the world's most vulnerable countries. It is doing this by insisting on 'safeguards' for the information being provided. As we [have noted](#) of Bahamas' stance in the past:

"This is as clear an example of a tax haven thumbing its nose at the international community (and at its close neighbours) as you could wish to find."

Just as worryingly, Bahamas has [refused to sign](#) the OECD's Multilateral Convention on Mutual Administrative Assistance in Tax Matters, a crucial tool for fighting tax evasion.

If you can provide evidence to refute our assessment of the Bahamas, please do so.

Our full Financial Secrecy Index will be published in the first week of November, and we will provide full details of our methodology then. ⁱ

Meantime, however, the Tax Justice Network will continue to identify the Bahamas as among the most secretive and least cooperative tax haven jurisdictions in the world.

Yours faithfully



c.c. District of Columbia

ⁱ In the meantime, our methodology for 2013 can be found here.
www.financialsecrecyindex.com/methodology

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