

DOING BUSINESS

IN THE BAHAMAS



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1 – INTRODUCTION

UHY is an international organization providing accountancy, business management, and consultancy services through financial business centers in over 98 countries throughout the world, and 325 offices.

Business partners work together through the network to conduct transnational operations for clients as well as offering specialist knowledge and experience within their national borders. Global specialists in various industry and market sectors are also available for consultation.

This detailed report providing key issues and information for investors considering business operations in The Bahamas has been provided by the office of UHY representatives:

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A detailed firm profile for UHY's representation in The Bahamas can be found in section 8.

Information in the following pages has been updated so that they are effective at the date shown, but inevitably they are both general and subject to change and should be used for guidance only. For specific matters, investors are strongly advised to obtain further information and take professional advice before making any decisions. This publication was current in March 2019.

We look forward to helping you do business in The Bahamas.

2 – BUSINESS ENVIRONMENT

COUNTRY BACKGROUND

The Commonwealth of The Bahamas (The Bahamas) is an archipelago spanning 100,000 square miles and extending 760 miles south-east from the southern coast of Florida in the United States of America to northern Hispaniola.

The Bahamas has an estimated land area of 13,878 square kilometers (5,358 square miles) and comprises some 700 islands and 2,400 cays. Of the 700 islands, 30 are inhabited, with approximately 90% of the population on the islands of New Providence (where the capital, Nassau, is located), Grand Bahama, and Abaco.

The Bahamas is a constitutional monarchy and a parliamentary democracy based on the Westminster model, with a functional two-party system. Under this system of government, the Prime Minister and his cabinet are responsible to the legislature. The Bahamas gained independence in 1973 from the United Kingdom and has the constitutional safeguards of freedom of speech, press, worship, movement, and association.

POPULATION

The Bahamas has a population of 403,095. The ethnic make-up of the population is 85% Black, 12% White, and 3% Asian and Latin Americans.

CURRENCY

The legal currency of The Bahamas is the Bahamian dollar (BSD). However, the US dollar (USD) is pegged on a par to the Bahamian dollar by legislation. Within the banking system, conversion of foreign currency, including US dollars to Bahamian dollars and vice versa (1 USD: 1 BSD), is subject to an official rate of exchange.

LANGUAGE

English is the official language of the Bahamas. A second language is French Creole.

DOMESTIC MARKET

The Bahamas operates as a mixed, free-market economy with state enterprises as well as private sector businesses. The Bahamian government completed the sale of 49% of The Bahamas Telecommunications Company in 2011 after 14 years of trying to privatize the state-owned enterprises. In 2015 a new telecommunication company by the name of “Aliv” was established as a mobile provider, and Cable Bahamas was granted a license to provide landlines. Together, the two mobile operators have partnerships with 600 + network operators in almost 200 countries. Therefore mobile telephones from almost any country in the world roam efficiently in The Bahamas. The concluding statement of the 2019 Article IV Mission highlights that due to sound macroeconomic policies and changes in fiscal reforms, The Bahamas’ economic performance in 2018 was strong. In light of this performance, the government must maintain its forward path by the implementation of broad-based reforms that strengthen institutions while improving competitiveness, external accounts, and reducing public debt. The Bahamas’ Financial Sector continues to be resilient.

Key industries in The Bahamas are tourism, banking, fishing and seafood, cement, oil transportation, salt, rum, aragonite, pharmaceuticals, and spiral-welded steel pipe. The Bahamas is one of the wealthier Caribbean countries with an economy heavily dependent on tourism and offshore banking. According to the World Factbook (2019), The Bahamas has the second-highest per capita GDP within the region. In 2018, the estimated increase in GDP was calculated at 2.3 percent and was projected to level to 2.1 percent by 2019. This growth is attributed to an increase in tourism and construction. The overall medium-term outlook is positive, notwithstanding prevailing risk factors (hurricane and climate change). According to the World Bank since 2017, the Bahamas GDP has grown to approximately **\$11.26 billion** and with a GDP per capita of **\$ 32,400**.

Tourism, together with tourism-driven construction and manufacturing, accounts for approximately 60% of gross domestic product (GDP) and directly or indirectly employs half of the archipelago's labor force. Before 2006, steady growth in tourism receipts and a boom in construction of new hotels, resorts, and homes led to solid GDP growth, though since then tourism receipts have begun to dip. The global recession took a sizable toll on The Bahamas, resulting in a contraction of GDP and a widening budget deficit.

The decline was reversed in 2010–2011 as tourism from the US and sector investment returned. GDP growth in 2011 was 1.6%, rising to an estimated 2.5% in 2012. Services comprise 91% of GDP. In 2018, The Bahamas saw a significant increase in tourism partially due to the opening of Bah Mar Hotel and Casino, which is listed as the largest casino floor in the Caribbean.

Financial services comprise the second most important sector of the Bahamian economy after tourism and account for about 15% of GDP. However, the financial sector is currently smaller than it has been in the past because of the enactment of new and stricter financial regulations in 2000 that caused many international businesses to relocate elsewhere. As at the beginning of 2017, there were 248 banks and trust companies, which employed more than 4,000 persons, with the largest single concentration in local domestic banks (3,163 persons). Additional entities within the sector include three money transmission businesses (MTBs), ten local credit unions (CUs), 50 insurance companies (Ins. Comp.), 19 financial & corporate service providers and 63 investment fund administrators. Notable Government-sponsored entities include the Bahamas Development Bank (BDB), the National Insurance Board (NIB) and the Bahamas Mortgage Corporation (BMC). Within these operations, eight of the banks and trust corporations operate either fully or in part within the domestic space, as well as 29 of the insurance companies.

Manufacturing and agriculture combined contribute less than 7% of GDP and have shown little growth, despite government incentives aimed at those sectors.

According to the World Bank Group's Flagship Report, 'Doing Business 2019', The Bahamas was ranked 118th in the world in terms of Ease of Doing Business with a score of 58.90.

Overall, growth prospects in the short-term rest heavily on the fortunes of the tourism sector and foreign investment in tourism-related infrastructure projects.

KEY INTEREST RATES

As of January 2017, the Central Bank of the Bahamas lowered the prime interest rate from 4.75% to 4.25% and the bank discount interest rate from 4.50% to 4.00%. The interest rate on residential mortgages averages 5.54%.

FOREIGN TRADE

There are no significant barriers to foreign trade and trade in The Bahamas is relatively easy. There are, however, tariffs imposed at the border in the form of customs duties. Key facts on foreign trade is taken from the department of statistics are as follows:

- In terms of exports the United States (\$380 million), Caribbean (\$20.9 million), and European (\$49.4 million) were among the top partner countries, representing 74%, 4.09%, and 9.7% of total exports, respectively.
- Imports of goods and services amount to BSD 3.5 billion. The United States (\$2.9 billion) maintained its position as The Bahamas' main trading partner representing 83% of total imports, United Kingdom (\$50.6 million), and European (\$73.4 million), representing, 1.44%, and 2.09%, respectively.

FINANCIAL INSTITUTIONS

Commercial banks, private banks, and credit unions are involved in the great majority of financial transactions in all sectors of the Bahamian economy. Private Banks handle business transactions and are very similar in their operations to commercial banks, but tend to specialize in private savings, personal loans, wealth management, and the financing of house purchases for wealthy individuals. The Central Bank of The Bahamas is a financial institution that manages the Bahamian currency, money supply, and interest rates. The Central Bank also regulates commercial banks in The Bahamas.

STOCK MARKET

The Bahamas International Securities Exchange Limited (BISX) was incorporated in September 1999. In May 2000, BISX successfully launched its domestic market for the listing and trading of local public companies. Currently, there are 20 domestic public companies listed on BISX. In April 2001, BISX launched a mutual fund listing facility. This listing facility is targeted at the needs of international investors who may require the extra visibility afforded by a listing on an established securities exchange as a basis for their choice of investment vehicle.

BISX is formally registered with the Securities Commission of The Bahamas as a *Securities Exchange* pursuant to the Securities Industry Act, 1999. As a Securities Exchange, BISX is vested with the authority and responsibility to regulate its members and listed companies in accordance with BISX rules. The BISX rules operate to ensure fairness and transparency as they relate to the enforcement of regulatory responsibilities, membership, listing procedures, continuing obligations, and pursuing disciplinary action.

The organizational structure has been designed to ensure that BISX has both a commercial and a regulatory focus. BISX was incorporated as a private company and is owned by 45 dedicated shareholders comprising stockbrokers, banks, investment companies, pension funds, mutual fund administrators, corporations, and individuals.

3 – FOREIGN INVESTMENT

Heavy foreign investment has been a feature of the Bahamian economic scene for a long time. However, the country experienced a foreign investment slowdown from 2008–2011 because of the global recession.

BAHAMAS INVESTMENT AUTHORITY

The government’s proactive economic growth and development policies are guided by the Bahamas Investment Authority (BIA), which was established to reduce bureaucratic delays for domestic and international investors. Operating from the Office of the Prime Minister, the BIA has been designated a “one-stop-shop” designed to simplify investing in The Bahamas. The BIA serves as the administrative arm of the National Economic Council (NEC) and the Investments Board.

Foreign Investors seeking to establish a business in The Bahamas must submit to the BIA a project proposal with supporting documents. The proposal ultimately will be considered by NEC, an agency headed by The Prime Minister, and that is responsible for the executive management of the National Investment Policy. The NEC effectively is the decision-making body in respect of all commercial projects undertaken by foreign direct investors.

After approval by the NEC of a proposed investment project, and following on the establishment of the desired structure for the conduct of the intended business, the investor must make an application to the Ministry of Finance [Business Licence Unit] for a business license.

The Bahamian government restricts foreign investments in the following sectors with a few exceptions:

- Wholesale and retail operations
- Commission agencies engaged in the import/export trade
- Real estate and domestic property management agencies
- Domestic newspaper and magazine publication
- Domestic advertising and public relations firms
- Security services
- Domestic distribution and building supplies
- Construction companies (except for special structures for which international expertise is required)
- Personal cosmetics/beauty establishments
- Shallow water fish, crustacean, mollusk and sponge fishing operations
- Auto and appliance service operations
- Public transportation.
- International Investors may engage in the wholesale distribution of any product they produce locally.

The following represents areas targeted for international investors:

- Touristic Resorts.
- Upscale Condominium, Timeshare and Second Home Development.

- Information and Data Processing Services.
- Assembly Industries.
- High-Tech Services.
- Ship Repair and other services.
- Light Manufacturing for export.
- Agro-Industries.
- Food Processing.
- Agriculture.
- Banking and other Financial Services.
- Captive Insurance.
- Aircraft Services.
- Pharmaceutical manufacture.

All outward capital transfers and incoming transfers by non-residents require exchange control approval, and this foreign direct investment must be approved by the Central Bank. "Capital investment into The Bahamas remains subject to exchange controls," reports the US Department of Commerce, "but as a practical matter these controls have not been known to inhibit repatriation of approved investment capital." You will be able to repatriate the entire proceeds from your real estate including any profits provided you register the purchase with the Exchange Control Department of the Central Bank at the time of purchase.

Foreigners purchasing real estate for commercial purposes or purchasing more than five acres must obtain a permit from the Investments Board. Permanent Residence has become very popular and accelerated consideration of application given to major international investors and owners of residences valued at B\$1.5 million. To qualify for permanent economic residence, a person must invest a minimum of five hundred thousand Bahamian dollars (B\$500,000) in The Bahamas.

Visas are not required of citizens of the USA, United Kingdom, or Canada provided their stay does not exceed three weeks and that they have a return ticket leaving The Bahamas.

4 – SETTING UP A BUSINESS

As one of the most popular travel destinations worldwide, there is no doubt that The Bahamas is considered by many as an island state possessing strong economic, political, and social foundations.

Apart from the natural attributes inherited from its archipelagic landscape, the country also holds prominent potential as a burgeoning financial service center, and there are thousands of professionals engaged in every aspect of financial services. Private banking and trust services, investments fund administration, accounting and legal services, e-commerce, insurance, shipping registration, and corporate services are common products and services. The existence of the country's financial service industry hinges not only on the jurisdiction's geographical assets but also on the tax advantages offered, creating the ideal synergy between the nation's tourism and financial service sectors.

The formation of a corporate vehicle is perhaps the first step for individuals interested in having some form of commercial presence in the Bahamas. For non-residents who are interested in benefiting from the advantages offered by the Bahamas, the formation of an international business company (or IBC) is an ideal preference, popularly known for its efficient and convenient incorporation process and for its ability to obtain a bank account from a local financial institution. An IBC is a legally incorporated entity holding its registered office outside the residential jurisdiction of its beneficial owner.

For an IBC or any other foreign-owned business to operate in the Bahamas, it will need authorization from the Bahamas Investing Authority (BIA).

Several key initiatives have been rolled out by the Bahamas government that aims to encourage the establishment of local and international businesses. One such initiative is the Commercial Enterprises Act (CEA) 2018, officially known as the Act for the Designation of Specified Commercial Enterprises and Specified Economic Zones in the Bahamas. This act streamlined the Immigration administration for approved companies in targeted industries. This new act allows work permits to be granted to an enterprise, whether Bahamian or non-Bahamian, for key personnel and management.

The following steps are required to become a commercial enterprise:

- An entity must be engaging in any of the approved areas of business.
- Apply along with supporting documents to the Commercial Enterprise Facilitation Unit.
- Be granted a specified commercial enterprise certificate.
- There is a minimum investment of \$250,000 for non-Bahamian entities.

The approval is slated for one year, after-which, application for extensions will need to be submitted.

INVESTMENT INCENTIVES

From time to time, the government of The Bahamas offers targeted investment incentives for particular types of projects.

All non-Bahamians, permanent residents or citizens seeking to access a concession under the government's targeted investment incentive must submit a project proposal to the BIA.

There are no requirements for Bahamians to qualify for this service. Non-Bahamians must meet a minimum capital investment of BSD 500,000, and the proposed investment must not be in an area reserved for 100% Bahamian participation.

ELIGIBILITY

Interested persons must:

- Be non-Bahamian.
- Have a minimum investment of BSD 500,000.
- Be interested in an area that is not reserved for 100% Bahamian participation.

PROCESS

- 1) Submit a project proposal, along with supporting documents to the BIA.
- 2) The BIA will process the application and submit the same to the National Economic Council (NEC), for a determination.
- 3) Depending on the nature of the proposed business activity, the relevant government ministry or agency will be consulted for input:
 - Ministry of Environment & Housing.
 - Ministry of Works & Transport.
 - Respective Family Island Local Government.
- 4) Once a determination has been made, the BIA will communicate to the applicant in writing.
- 5) Once approval is obtained, the BIA also coordinates with other government agencies and facilitates the implementation of projects.

APPLICATION

A project proposal, following the BIA [Project Proposal Guidelines](#), is required.

Supporting documents are as follows:

- Copies of passports.
- Bank references.
- Character references.
- Police record from the country of residence.
- Copy of application for crown land (if applicable).
- Environmental impact assessments (if applicable) conform.
- Proof of financial capability.

TURN-AROUND TIME

A determination is communicated within 60 days following the submission of a completed project proposal.

DEADLINE

There is no deadline.

BUSINESS LICENCE – PERMANENT

Once approval has been granted by the BIA, the foreign person or foreign-owned company must apply for a permanent or temporary business license.

All businesses are required to be licensed under the Business Licence Act of 2010. This includes all businesses registered before the act became law. Any person who wishes to incorporate a company in the Bahamas is required by law to register the business. Applying for a permanent (or otherwise a temporary business license) depends on residency. If the foreign person is a permanent resident of the Bahamas, he/she may apply for a permanent business license.

ELIGIBILITY FOR A PERMANENT BUSINESS LICENCE

Any Bahamian citizen or permanent resident can apply who is:

- 1) Interested in registering a new business, or
- 2) Is an existing business owner of a:
 - Partnership
 - Private trading company
 - Public trading company
 - Limited liability partnership
 - Limited liability company
 - Sole proprietorship
 - Home-based business.

PROCESS

- 1) Collect the application form from any of Business Licence Unit (BLU) office or online.
- 2) The first part of the form is to register a business name. The entire application form should be completed and returned to any of the Business Licence Division offices. Where there is no Business Licence Division Offices, the form can be returned to a Treasury Office or a Family Island Administrator.
- 3) It should be noted that if any identified names are rejected, the applicant will be notified that the name choice was rejected and would be advised to select from the remaining choices previously given on the form.
- 4) The following items must also be submitted along with the application:
 - Proof of citizenship
 - Appropriate registration fee
 - Approval-related to the selected business.
- 5) Once all document requirements are met, and the name is approved, the application is then processed within seven working days. The BLU office will contact the applicant to inform them that they can collect their license.

Public trading companies, limited liability partnerships, and limited liability companies are registered at the Registrar General Office, where they receive their certificate of incorporation. This is brought to the BLU office to complete the business licensing process.

Supporting documents are as follows:

- Prerequisite approval(s) from the relevant government or regulatory agencies where required.
- Copy of a valid passport or original birth certificate as well as those of parents if one is born after July 1973 and national insurance card.
- National insurance 'Letter of Good Standing.'
- Business name – if the holder of a business name owes arrears, these must be paid to the Registrar General's Department, and the receipt indicating payment of arrears must be furnished.
- Certificate of incorporation from the Registrar General's Department must accompany the application where applicable.
- Real property tax – if the applicant owns the property on which the business is located, real property tax must be settled, or an agreement entered into for payment.
- Necessary approvals – if the business operates a store or is involved in the sale of alcohol, approval must be sought from the:
 - Department of Physical Planning (zoning)
 - Royal Bahamas Police Force (determines if the location is acceptable)
 - Ministry of Public Works, Building Control (for the inspection of the building)
 - Department of Environmental Health Services (for a sanitation certificate).
- A letter of authorization for third parties/appointed representatives, where a third party is used, such as an accountant or lawyer, which authorizes them to conduct business on behalf of the owner.

TURN-AROUND TIME

Once an application form and all supporting documents have been submitted, it is processed within seven working days.

DEADLINE

There are no deadlines for a new application. However, all old business licenses expire December 31st of each year. Businesses must be registered for their new licenses by January 31st in the following year, and payment is due by 31 March. Failing to register would incur penalties under the Act 2010 Section 26, Offences.

RELATED FEES

A business license for a new business incurs no business license fee. Fees for an existing business vary based on the type of business currently operating and the business turnover figures. Please refer to the Schedule of Fees in the Business Licence Act 2010.

BUSINESS LICENCE – TEMPORARY

If the foreign person is not a permanent resident of the Bahamas, then he/she must apply for a temporary business license.

ELIGIBILITY FOR TEMPORARY BUSINESS LICENCE

Business ventures that require a temporary business license include a:

- Non-Bahamian company
- Bahamian company with a non-Bahamian partnership

- A foreign person.

PROCESS

- 1) Secure approval from BIA.
- 2) Register the company with the Registrar General Office where a certificate of incorporation will be issued.
- 3) Submit the BIA approval along with the certificate of incorporation and a completed business registration form A from the Business Licence Unit Offices.
- 4) The first part of the form is to register a business name. The entire application form should be completed and returned to any of the Business Licence Division Offices. Where there is no Business Licence Division Offices, the form can be returned to a Treasury Office or a Family Island Administrator.
- 5) It should be noted that if any identified names are rejected, the applicant will be notified that the name choice was rejected and would be advised to select from the remaining choices previously given on the form.
- 6) The following items must also be submitted along with the application:
 - Appropriate registration fee
 - Approvals related to the selected business
- 7) Once all document requirements are met, the applicant must pay the business license tax (fee) of 1.5% of the value of the contract.
- 8) The application is then processed within seven working days, and the BLU office will contact the applicant to inform them that they can collect their license.

Supporting documents are as follows:

- Prerequisite approvals from the relevant government or regulatory agencies where required. To determine if the type of business requires additional government and regulatory approval, the Guide for Requirements for Licences, which is included in the application form, should be reviewed.
- National Insurance Board registration number/'Letter of Good Standing.'
- A certificate of incorporation from the Registrar General's Department must accompany the application along with annual company registration fee receipt
- Copy of the contract.
- A letter of authorization for third Parties/appointed representatives, where a third party is used, such as an accountant or lawyer authorized to conduct business on the owner's behalf.

TURN-AROUND TIME

Once an application form and all supporting documents have been submitted, the application is processed immediately. Sometimes the timeframe may require a longer period for processing based on the type of application.

DEADLINE

There are deadlines for this application.

RELATED FEES

The fee for a temporary license is 1.5% of the value of the contract.

5 – LABOR

The labor laws of the Bahamas are designed to ensure fairness between employers and employees.

The labor laws also:

- Establish minimum standard hours of working and vacation with pay for employees.
- Provide for the grant of maternity and family leave.
- Provide for redundancy payments to employees.
- Make provisions relating to notices for the termination of contracts of employment.
- Make provisions relating to summary dismissal and unfair dismissal.

The minimum wage in the Bahamas is BSD 5.25 per hour or BSD 210 per week.

The proper procedure for terminating employment varies according to the different categories of employees. Employees whose tenure is 90 days or fewer are neither entitled to notice nor compensation.

TABLE 1

Procedures for termination employment

ARTICLE	EMPLOYEES	REQUIRED ACTIONS
Article I.	Entitlement of employees whose tenure is between 91–179 days	<ul style="list-style-type: none"> • No notice • Accrued vacation – 4% of the total salary earned for the applicable period
Article II.	Entitlement of employees whose tenure is between 6–12 months	<ul style="list-style-type: none"> • One weeks' notice or one week's salary in lieu of notice, AND • One week's salary
Article III.	Entitlement of non-managerial employees whose tenure exceeds one year	<ul style="list-style-type: none"> • Two weeks' notice or two weeks' salary in lieu of notice
Article IV.	Entitlement of managerial staff	<ul style="list-style-type: none"> • Four weeks' notice or pay in lieu of notice, and • Four weeks' salary for every year of employment, up to 12 years.

LABOUR UNIONS

Union membership – including dues payment – is not voluntary for Bahamians. In industries such as education and tourism (hotel workers), employees are pressured by the government to pay a part of their wages to union officials, even if they do not agree with union policies and do not want to join the union. The present legal system puts union leaders in a position where they do not have to act in the best interests of their members.

6 – TAXATION

Until the implementation of Value Added Tax (VAT) in 2015, the Bahamian government raised over 50% of its revenue from import tariffs or duties.

The standard ad-valorem tariff for imported goods is 45%, but many items have duty rates, some such as computers, are zero-rated. All duty rates are subject to change at a moment's notice. Bahamians residents shopping abroad are permitted to import BSD 500 worth of goods duty-free, twice per year. The government of the Bahamas also charges a 7% 'stamp tax' on most imports.

TAX AND OTHER CONCESSIONS

Investment in the Bahamas takes place in an environment free from capital gains, inheritance, withholding, profit remittance, corporate royalties, sales, personal income, dividends, payroll, and interest taxes.

Stamp duty is chargeable at an ad-valorem rate on all property transactions, and a real property tax is charged on real estate holdings, except for land holdings in Freeport, Grand Bahama.

Additionally, investment incentives under the following Acts of Parliament include exemptions from the payment of customs duties on building materials, equipment, and approved raw materials and also from real property taxes for periods of up to 20 years:

- Export Manufacturing Industries Encouragement Act
- The Freeport, Grand Bahama Act, 1993
- Hotels Encouragement Act
- Industries Encouragement Act
- Spirits and Beer Manufacture Act
- The Tariff Act
- The Bahamas Free Trade Zone Act
- The Agricultural Manufactories Act
- The City of Nassau Revitalisation Act
- The Family Islands Development Encouragement Act
- The Bahamas Vacation Plan and Time-Sharing Act, 1999.

Incentives may be applied through an application to the relevant government department.

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).

In order to encourage the development of this land, the government granted to the Port Authority and its licensees 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 1993 the other exemptions were extended until August 2015. Goods for personal use or consumption are dutiable.

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

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

INTERNATIONAL AGREEMENTS

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

As of August 2017, TIEAs were in force with several countries. A list of these countries can be found on the following website: <https://www.bahamas.gov.bs/>

Recently, TIEAs have also been signed with San Marino, New Zealand, Argentina, Belgium, Greenland, Iceland, Germany, Canada, Korea, Guernsey, Aruba, and South Africa.

BUSINESS LICENCE TAX

The Bahamas has a business license tax. The business license tax mostly depends on the turnover or revenues of the business. As examples:

- 1) A business license tax is for any business where the turnover or revenues does not exceed BSD 50,000 per year.
- 2) For a business with revenues greater than BSD 100,000 but not exceeding BSD 500,000 per year, there shall be a tax of 0.5% of revenues.
- 3) For a business with a turnover higher than BSD 500,000 per annum but not exceeding BSD 5 million per annum, there shall be a tax of 0.75% of turnover.
- 4) For a business with a turnover higher than BSD 5 million per annum but not exceeding BSD 50 million per annum, there shall be a tax of 1.25% of turnover.
- 5) For a business with a turnover higher than BSD 50 million per annum but not exceeding BSD 100 million per annum, there shall be a tax of 1.75% of turnover.
- 6) For a business with a turnover higher than BSD 100 million per annum, there shall be a tax of 1.75% of turnover.

VALUE ADDED TAX

The government of the Bahamas introduced a system of VAT in 2015 of 7.5%, and in 2018 it increased to 12%. VAT is a tax that is charged on all goods and most services that VAT-registered businesses provide in The Bahamas. All businesses making annual revenues of more than \$100,000 are required to become a VAT registered business. The tax rate is 12% off sale revenues and businesses can file for a refund on their VAT purchases if their purchases exceed the amount of VAT collected. Companies supplying the following goods and services are exempt from charging VAT:

- Exports
- Domestic financial services
- Educational tuition
- Rentals
- Religious services
- Public medical health services
- Gambling and lotteries
- Charities

Businesses are able to register for VAT at the same time as registering for the business license. In order to register for VAT, the company must register within 14 days of commencing business if it is anticipated that it will meet the annual turnover threshold of B\$100,000.

7 – ACCOUNTING & REPORTING

All businesses and professionals, local and foreign, operating in the Bahamas must adhere to the laws and regulations.

The Companies Act (1992) is the primary source of legal requirements regarding the operation of a company, including corporate disclosures. The Companies Act (1992) was broadly based on the UK Companies Act of 1948.

The Act prescribes the basis of incorporation, regulation and other associations registered thereunder and made provisions for other matters relating to it. The Companies Act requires considerable disclosure and compliance requirements as well as providing for increased penalties for compliance failure. The Act addresses disclosure and other regulatory requirements in relation to:

- Incorporation and registration
- Disclosures to be made in a prospectus
- Capitalization minimums
- Management and administration
- Duties and responsibilities of directors and other officers
- Matters relating to winding-up
- Registration and inspections
- Accounts and audit
- Annual reports
- Meetings and statutory filings.

An amendment to the Companies Act for Chapter 308 for the Companies Liquidation Rules 2012 now covers winding-up, insolvency and company liquidations.

The Bahamas Institute of Chartered Accountants (BICA) licenses certified public accountants, registered public accountants, and public accounting firms. Currently, there are over 300 licensed chartered accountants in the Bahamas. The requirements for a Chartered Accountants (CA) license include education and experience.

WHAT IS A BAHAMAS, CHARTERED ACCOUNTANT?

To qualify as a CA in the Bahamas in most instances, an individual has to be licensed as a chartered accountant or certified public accountant in the US, UK, or Canada. BICA recognizes licenses from the American Institute of Certified Public Accountants (AICPA), The Association of Chartered Certified Accountants (ACCA), the UK's Institutes of Chartered Accountants (ICAEW, ICAI, ICAS), and The Canadian Institute of Certified Public Accountants (CPA). Other chartered bodies, for example, the Australian CPAs or CAs can apply on a case-by-case basis for admittance. BICA issues its license if it is satisfied that a person is a member of one of the recognized bodies and has the requisite experience, while not necessarily being licensed to practice as a registered accountant or auditor.

Registration as a member of the BICA entitles an individual to use the designation 'Chartered Accountant' and the initials 'CA' after their name. Registration as a licensed member of the BICA entitles an individual to use the designation 'Public Accountant' and the initials 'P.A.' after their name.

Regularly, draft acts incorporate changes based on insightful comments submitted by the public. BICA investigates matters concerning conflict of interest and complaints against members of the institute through the investigations committee, issues professional practice notes that guide accountants on specific topics/issues, and provides membership and license approvals to qualified accountants that apply and meet the requirements of the Act and regulations.

8 – UHY REPRESENTATION IN THE BAHAMAS

CONTACT DETAILS

UHY Bain & Associates
P.O. Box SS-5609
Suite E-1 Union Court

107 Shirley Street
Nassau
Bahamas
Tel: +1 242 322 6656
Fax: +1 242 323 0971
www.uhy-bs.com

Year established: 2010

Number of partners: 1

Total staff: 4

ABOUT US

UHY Bain & Associates is a full-service accounting firm with expertise in financial and statutory audits, reviews, forensic accounting firm, fraud investigation, bankruptcy, and insolvency.

BRIEF DESCRIPTION OF FIRM

UHY Bain & Associates (previously JSB & Associates) was founded on the premise of offering excellent professional services in the specialized areas of forensic accounting, fraud investigations and insolvency services. Since then, the firm has expanded its operations to include audit and review services.

Currently, UHY Bain & Associates has an excellent professional record of providing specialized services to the largest law firms in The Bahamas. We are located in the hub of the business district in Nassau, the capital of The Bahamas, where over 70% of the population resides. We offer a full set of services that range from compliance of regulatory, legal, and accounting requirements, to highly specialized ad-hoc projects with the added benefit that provides the coordination of the different areas of expertise. Over the past few years, the firm has helped a large number of a new and established business with due diligence services, business and corporate finance, forensic and fraud investigative services, and general consulting.

SERVICE AREAS

Audit & Assurance
Legal advisory
Corporate finance
Fraud investigations
Forensic accounting
Bankruptcy & insolvency services
Due diligence
Business turnaround

CONTACTS

Liaison contact: John Bain
Position: Managing Partner
Email: john@uhy-bs.com

Business valuations

SPECIALIST SERVICE AREAS

Corporate reorganization
International business consultancy
Business plans

PRINCIPAL OPERATING SECTORS

Banking & Financial Services
Charitable organizations
Gaming & Casinos
Wholesale & Retail
Public Corporations
Information technology
Telecommunications

LANGUAGES

English

CURRENT PRINCIPAL CLIENTS

Confidentiality precludes disclosure in this document.

OTHER COUNTRIES IN UHY CURRENTLY WORKING WITH, OR HAVE WORKED WITH IN THE PAST

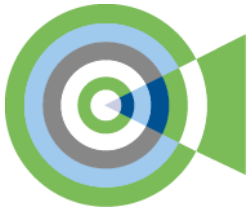
Our firm's recent admittance to UHY membership has not yet provided an opportunity for international work.

BRIEF HISTORY OF FIRM

In 2006, John S. Bain, a British Chartered Certified Accountant, co-founded HLB Galanis Bain, Chartered Accountants to provide the professional accounting services to the local Bahamian and international markets. Both Galanis and Bain were formally with Ernst & Young, and the idea was to provide clients with integrated services of the highest quality with the benefit of our internal coordination and professional training. In 2010, Mr. Bain established JSB & Associates with a focus on forensic accounting, fraud investigations, and bankruptcy, and insolvency services.

The firm decided to join the global network UHY in 2012 to expand its professional services with an international network of professionals that spans a larger geographical area where clients developed their businesses.

The UHY network offers our clients over 250 offices in the world's main business centers and more than 8,000 professionals to help your business compete for overseas or cross-border business effectively and successfully.



LET US HELP YOU ACHIEVE FURTHER BUSINESS SUCCESS

To find out how UHY can assist your business, contact any of our member firms. You can visit us online at www.uhy.com to find contact details for all of our offices, or email us at info@uhy.com for further information.

UHY is an international network of legally independent accounting and consultancy firms whose administrative entity is Urbach Hacker Young International Limited, a UK company. UHY is the brand name for the UHY international network. Services to clients are provided by member firms and not by Urbach Hacker Young International Limited. Neither Urbach Hacker Young International Limited, the UHY network, nor any member of UHY has any liability for services provided by other members.

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