

CRS Update from The Bahamas 2018 Deadlines and Other Matters

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As a consequence of its decision to embark on a program of multilateral exchanges under the Common Reporting Standard (“CRS”), the Government of The Bahamas in December 2017, amended the Automatic Exchange of Financial Account Information Act (the “Act”). The Competent Authority (the Ministry of Finance) also issued Guidance Notes for CRS on December 29 2017. The pathway is therefore now clear for automatic exchange of information to take place commencing September 30 2018.

Although the Government has agreed to take a multilateral approach to the automatic exchange of financial account information, the Competent Authority is not required to exchange information with any jurisdiction unless it is satisfied that the jurisdiction has in place adequate privacy and data protection measures which meet OECD standards.

Financial Institutions should complete the review of Pre-Existing High-Value Accounts by December 31 2017, and must complete their initial registration for CRS by **June 30 2018**. Reporting Financial Institutions must also complete their reporting to the Competent Authority for the second half of 2017 by **July 31 2018**.

It should be noted that the Act as amended confers on the Competent Authority the power to enforce compliance with the Act, regulations, Guidelines, and any agreement. The Competent Authority may also impose administrative penalties on various parties (including a Reporting Financial Institution, Account Holder, Controlling Person, Entity, or a director, officer or agent of an Entity, or any other person) for failure to do so. An administrative penalty may be as much as \$300,000.00 for a single contravention, and the penalty for late filing of reports may be as much as \$1,000.00 per day until the filing has been made.

Similar sanctions may be imposed pursuant to the International Tax Co-operation Act, 2010, which was also amended in December 2017.

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