

## GLOBAL STANDARDS & REPUTATION

### BLUE-CHIP REPUTATION

Bermuda has a long-respected record of compliance with international standards, and lends leadership to guiding the evolution of regulatory best practices. Bermuda's high level of international cooperation is evident in its numerous treaty partnerships with nations around the world.

### TREATIES

Bermuda has:

- 91**—treaty partners around the world
- 41**—bilateral Tax Information Exchange Agreements (TIEAs)
- 87**—multi-lateral Convention on Mutual Administrative Assistance in Tax Matters partners

### COMPLIANCE LEADER

Bermuda is recognised as a leader on tax-transparency issues by the Organisation for Economic Co-operation and Development (OECD), the Financial Action Task Force (FATF), and G20 nations. The island is compliant with US and UK anti-money laundering (AML) and anti-terrorist financing (ATF) requirements, and has no bank-secrecy laws. Its corporate beneficial ownership register, established 70 years ago, enables qualified authorities to share essential information.

### OECD BEPS, COUNTRY BY COUNTRY (CbC) & COMMON REPORTING STANDARD (CRS)

In April 2016, Bermuda adopted OECD standards for Base Erosion & Profit Shifting (BEPS) compliance, signing the Declaration to the Multilateral Competent Authority Agreement for the automatic exchange of financial account information via Common Reporting Standard (CRS) and Country-by-Country (CbC) reports. The agreement, made after consultation with industry, requires Bermuda multi-nationals to file reports in 2017 for CY 2016, putting Bermuda in good standing with OECD member states in compliance.

## **SOLVENCY II**

In 2016, the island achieved full equivalency under Europe's Solvency II regulatory system for insurers. The decision puts Bermuda's commercial re/insurance companies on equal footing with European Union markets, while providing EU businesses, insurers and consumers critical access to the Bermuda market's capacity and claims-paying record. US groups with EU business may benefit from placing EU reinsurance via their Bermuda units. The decision does not affect captives (special purpose insurers). Switzerland is the only other non-EU jurisdiction with full equivalence.

## **NAIC, IOSCO, IAIS**

Bermuda is one of seven jurisdictions deemed qualified by the US National Association of Insurance Commissioners (NAIC). The Bermuda Monetary Authority is a full member of the International Organisation of Securities Commissions (IOSCO), a member of the Group of International Finance Centre Supervisors, and a founding member of the International Association of Insurance Supervisors (IAIS).

## **FATCA**

Bermuda has signed Model 2 intergovernmental agreements (IGAs) with the US and UK under the Foreign Account Tax Compliance Act (FATCA).

## **AIFMD**

The Bermuda Monetary Authority has signed agreements with most European Union (EU) member states on the Alternative Investment Fund Managers Directive (AIFMD). Bermuda was among the second group of third countries assessed by ESMA for passporting rights, and is awaiting a decision by the European Council and Parliament on whether such rights will be granted to alternative investment fund managers (AIFMs) operating in non-EU jurisdictions. If permitted, Bermuda-based AIFMs could market funds to European investors.

## **AIMA BERMUDA, 100WHF**

Bermuda's funds industry established an AIMA (Alternative Investment Management Association) Bermuda branch in 2016. A 100 Women in Hedge Funds (100WHF) Bermuda group was launched in 2015.

## CENTRAL BENEFICIAL OWNERSHIP REGISTER

Since the late 1940s, Bermuda has had a government-held, central register of beneficial ownership that long pre-dates those in most developed countries, including the UK. Bermuda shares information requested by legitimate international authorities within 24 hours. The register, whose starting threshold is 10 percent ownership (vs UK and others at 25 percent), is continuously updated when shares in a company are transferred. In April 2016, Bermuda extended its 24-hour programme to the UK National Crime Agency (NCA), reflecting Bermuda's long-held commitment to deterring money-laundering and financial crime. Bermuda also shares this information to HMRC.

Like many countries, Bermuda's tax laws and treaty commitments avoid double taxation of corporations and facilitate taxation of income accruing to the beneficial owners outside of Bermuda. Its commitment is to be at the forefront of transparency and cooperation by helping other jurisdictions claim revenue they believe their taxpayers are obligated to pay.

## TAX LAWS

Bermuda is a tax-neutral jurisdiction, with zero income, corporate, withholding or capital gains taxes. Its consumption-based system does levy payroll tax, import duties, social insurance, and custom duties on goods and services—a major component of the island's tax revenues. Bermuda's unique tax system was designed to support its own infrastructure. The island does not differentiate between local companies and exempted (less than 60% Bermudian-owned) ones in the way they are taxed; all companies are treated equally.

Bermuda does not qualify as a 'tax haven' under the OECD's definition. The OECD identifies four factors that should all be met to qualify jurisdictions as tax havens: lack of transparency; lack of information exchange; no substantial activity; and no or nominal tax on income. In a 2009 report, the OECD found: "No or nominal tax is not sufficient in itself to classify a country as a tax haven."

## CONNECTING BUSINESS

The BDA encourages direct investment and helps companies start up, re-locate or expand their operations in our premier jurisdiction. An independent, public-private partnership, we connect you to industry professionals, regulatory officials, and key contacts in the Bermuda government to assist domicile decisions. Our goal? To make doing business in Bermuda smooth and beneficial.

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