



FOR IMMEDIATE RELEASE

Fact vs fiction: BDA and industry respond to ICIJ reports

Hamilton, Bermuda, November 10, 2017—Reportage about hacked data from global law firm Appleby has highlighted the substantial lack of media understanding of offshore investment structures and Bermuda’s [long-time reputation for tax transparency and cooperation](#) with international authorities.

Bermuda is committed to the exchange of relevant information to legitimate regulatory, tax and law enforcement entities. These can request and receive information from Bermuda under information-sharing agreements, including TIEAs and a multi-lateral treaty with more than 100 countries.

Automatic exchange of financial information is also an established part of our economic system.

The island’s early adoption of OECD standards for Base Erosion and Profit Sharing (BEPS) compliance clearly demonstrates this transparency via several agreements that ensure automatic transmission of taxpayer financial data to relevant authorities.

Notably, Bermuda is a signatory to the Multilateral Competent Authority Agreement for automatic exchange of financial account information via Common Reporting Standard (CRS) and Country-by-Country (CbC) reports. The island has also signed a Model 2 intergovernmental agreement with the US under the Foreign Account Tax Compliance Act (FATCA), again, enabling automatic exchange of information from Bermuda-based financial institutions.

As a direct result of meeting these stringent standards, Bermuda this fall was the first overseas territory to be awarded whitelist status by France for CbC reporting. Bermuda is also judged “largely compliant” by the OECD Global Forum rating following a peer-review process of tax-transparency standards—a rating shared by Canada, Germany and Norway, among other nations.

Additionally, the UK has an agreement with all its Overseas Territories under which Bermuda shares information within 24 hours. Our 70-year-old register—with a starting threshold at incorporation of 10 percent beneficial ownership (vs UK and others at 25 percent—is continuously updated when shares in a

company are transferred, as opposed to citing dates of incorporation or annual returns, as is practice in the UK and other jurisdictions.

The issue of privacy versus secrecy has also been confused. Privacy provides protection over confidential information within a well-regulated, safe environment—yet ensures sharing with tax authorities under Bermuda’s global treaties. Secrecy, by contrast, enables concealment of information that should be disclosed. Given Bermuda’s strong record on compliance and global transparency, our system respects privacy, yet shuns secrecy.

It should also be noted that “tax-haven” is a badly-understood term, particularly by non-trade media. Bermuda does not qualify as a tax haven under a clear OECD definition that stipulates criteria, including lack of transparency and lack of information exchange. No or nominal tax is not sufficient to classify a country as a tax haven. OECD definitions, notwithstanding, the term “tax haven” is synonymous with tax evasion and secrecy—neither of which describe Bermuda.

Bermuda understands and embraces the worldwide movement towards greater financial transparency and regulatory cooperation and continues to commit to international tax disclosure and compliance. We’ve shown leadership in this sphere and have helped drive global anti-money-laundering directives and anti-terrorist financing standards. These factors differentiate Bermuda from other financial centres, and we stand by that reputation. Response from Bermuda industry groups underscores our market’s commitment to transparency:

“Bermuda is a transparent jurisdiction. We have robust regulatory standards and we cooperate and share information with tax authorities and law enforcement agencies. Bermuda is considered a leader on tax-transparency issues by the US Departments of Justice and State, the US Treasury, the OECD, the Financial Action Task Force (FATF) and G20 nations. Bermuda enforces the rules and understands the importance of global compliance and transparency.”

—Patrick Tannock, Chairman, Association of Bermuda International Companies (ABIC)

“Bermuda is a place where capital is put to work taking on insurance risk. It is a unique jurisdiction where its substantive insurance regulation has been recognised by both the EU and the US as robust and comparable, and where international regulatory standards are applied. MOU’s with leading insurance



regulators mean that cooperation with insurance supervisors in the EU, the US, and around the world is part of a routine. This regular information exchange is complemented by treaty commitments with more than 100 jurisdictions for taxpayer automatic exchange of information with global tax authorities. Bermuda's global (re)insurers provide significant amounts of capacity that make insurance markets more competitive. Bermuda's international regulatory and tax commitments are a necessary complement to the role our (re)insurers play in global markets."

—**Brad Kading, President & Executive Director, Association of Bermuda Insurers & Reinsurers (ABIR)**

Bermuda is one of the best regulated international finance centres, a fact acknowledged by independent assessments from some of the world's leading bodies, including the OECD. Bermuda is fully aligned with the highest standards of the third anti-money laundering EU Directive and is a signatory to the IOSCO Multilateral Treaty, an international benchmark for cross-border co-operation between regulators.

BALT is committed to the absolute integrity and high international standing of Bermuda's trust industry. We work with the Bermuda government and the BMA to ensure the trust industry continues to maintain the superior international standards our jurisdiction is known for.

—**Leah Scott, President, Bermuda Association of Licensed Trustees (BALT)**

"Bermuda is not a place to hide money, as implied by recent sensationalist press coverage. Bermuda is at the forefront of tax transparency, standing out from other international financial centers due to its high level of compliance, cooperation and exchange of information. The country is an early adopter of international tax-reporting standards and is actively committed to deterring money laundering and financial crime. Bermuda was the first overseas territory to be awarded whitelist status by France for Country-by-Country reporting."

—**Sylvia Oliveira, Director, Bermuda International Long Term Insurers and Reinsurers (BILTIR)**

"Bermuda has consistently ranked as a global leader in regulatory compliance and transparency. BIMA, its regulated members and the regulated entities they represent, work hard to maintain adherence to those high standards. BIMA fully supports the Bermuda government and its intolerance of illegal activity or breaches of compliance with Bermuda regulations and legislation. BIMA and its members will continue to support the interests of our clients, protect the interests of their policyholders, and we reiterate our commitment to the highest standards of regulatory compliance and transparency."

—**Grainne Richmond, President, Bermuda Insurance Management Association (BIMA)**



Our Bermuda branch shares STEP's global mission to promote education and high professional standards. A key part of what STEP members do in Bermuda and around the world is to ensure they and their clients are compliant with all relevant legislation and regulation. STEP Bermuda's hard-working members are employed in a trust industry which is well regulated, transparent and cooperative. All STEP members are expected to abide by the STEP Code of Professional Conduct, which highlights the principal professional standards that a STEP member agrees to uphold. STEP Bermuda members will continue to focus on providing excellent service to the families whose trusts are established in Bermuda.

—Keith Robinson, Chair, Society of Trusts and Estates Practitioners (STEP) Bermuda

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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 here smooth and beneficial.

