



**The Commonwealth
Of The Bahamas**

**National
Investment Policy**



MONACO

Honorary Consul of The Bahamas
L'estoril 1/A4
31 Avenue Princess Grace
MC 98000, Monaco Principality
Tel.: 377-9330-5150 – Fax: 377-9330-5177

SWITZERLAND

Honorary Consul of The Bahamas
Schutzengasse 1, Postfach 6075
CH-8029, Zurich, Switzerland
Tel.: 41-226-40-42 – Fax: 41-1-226-40-43

BAHAMAS TOURIST OFFICES

CANADA

Bahamas Tourism Office
6725 Airport Road, Suite 202
Mississauga, Ontario L4V 1V2, Canada
Tel.: (905) 672-9017 - Fax: (905) 672-2092

ENGLAND

Bahamas Tourism Office
Bahamas House
10 Chesterfield Street
London, W1J 5JL
Tel.: +44-20-7355-0800
Fax: +44-20-7491-9459

FRANCE

Bahamas Tourism Office
113-115 rue du Cherche Mifi
75006 Paris, France
Tel.: +331-45-26-62-62
Fax: +331-48-74-06-05

GERMANY

Bahamas Tourism Office
Friesstrasse 3
60388 Frankfurt/Main, Germany
Tel.: +49-69-420-890-19 - Fax: +49-69-420-890-27

ITALY

Bahamas Tourism Office
Corso Magenta 54
20123 Milan, Italy
Tel.: +39-02-48194390 - Fax: +39-02-4693248

UNITED STATES OF AMERICA

CHICAGO

Bahamas Tourist Office
8770 W. Bryn Mawr, Suite 1300
Chicago, IL 60631
Tel.: (773) 867-8377 - Fax: (773) 867-2910

FLORIDA

Bahamas Tourism Office
1200 South Pine Island Road, Suite 770
Plantation, FL 33324
Tel.: (954) 236-9292 - Fax: (954) 474-1773

LOS ANGELES

Bahamas Tourism Office
11400 West Olympic Blvd. #200
Los Angeles, CA 90064
Tel.: (310) 312-9544/ (800) 439-6993
Fax: (310) 312-9545

NEW YORK

Bahamas Tourist Office
60 East 42nd Street, Suite 1850
New York, NY 10165
Tel.: (212) 758-2777 / (800) 823-3136
Fax: (212) 753-6531

PHILADELPHIA

Bahamas Tourist Office
1500 Market Street
12th Floor, East Tower
Philadelphia, P.A., 19102
Tel.: (215) 246-3402 - (610) 722-5792



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NEW YORK

Consul General
Bahamas Consulate General
Bahamas House
231 East 46th Street
New York, NY 10017, U.S.A.
Tel.: (212) 421-6420
Fax: (212) 688-5926

**PERMANENT REPRESENTATIVE OF THE BAHAMAS
TO THE UNITED NATIONS**

Bahamas House
231 East 46th Street
New York, NY 10017, U.S.A.
Tel.: (212) 421-6925
Fax: (212) 759-2135

WASHINGTON

Embassy of The Bahamas
2220 Massachusetts Avenue, N.W.
Washington, D.C. 20008, U.S.A.
Tel.: (202) 319-2660/7
Fax: (202) 319-2668

HONORARY CONSULS

BELGIUM

Honorary Consul of The Bahamas
76/78 Quai aux Briques
Belgium, Brussels
Tel.: 322-512-9348
Fax: 322-512-9292

CHILE

Honorary Consul of The Bahamas
Los Trapenses 4188, La Dehesa
Santiago de Chile, Chile
Tel.: (562) 241-7117
Fax: (562) 241-7118

DOMINICAN REPUBLIC

Honorary Consul of The Bahamas
Cesar Nicolas Person 116 Edificio TPA
Santo Domingo, Dominican Republic
Tel.: (809) 688-3787
Fax: (809) 682-0237



FRANCE

Honorary Consul
5, Rue de Beaune
Paris, France 75007
Tel.: 42-86-04-00
Fax: 47.03.39.27

GERMANY

Honorary Consul of The Bahamas
Flottenstrasse 14-20
13407 Berlin, Germany

GREECE

Honorary Consul of The Bahamas
253 Sygrou Avenue
17122 Athens, Greece
Tel.: 30-210-941-1603

INDIA

Honorary Consul of The Bahamas
3rd Floor F-11 East of Kailash
New Dehli, 110065
Tel.: 911-11-2646-4490
Fax: 911-11-2646-4492

ISRAEL

Honorary Consul of The Bahamas
2, Paamoni St.
Tel-Aviv 62918
Israel
Tel.: 972-5-0277014
Fax: 972-3-5465604

ITALY

Honorary Consul of The Bahamas
Via Giola, n.200
00186 Rome, Italy
Tel.: 39-06-6878086
Fax: 39-06-6878276

JAPAN

Honorary Consul of The Bahamas
c/o G.T.R. Campbell (Japan) Co. Ltd.
Room No. 303, Tokyo Sakurada Bldg.
1-1-2 Nishishinbashi
Minato-Ku, Tokyo
105-0003 Japan
Tel.: 81-3-5501-3766 - Fax: 81-3-3503-4155



BAHAMAS REAL ESTATE ASSOCIATION

Shirley Street & Collins Avenue
P.O. Box N-8860
Nassau, The Bahamas
Tel.: (242) 325-4942
Fax: (242) 322-4649

GOVERNMENT PUBLICATIONS OFFICE

Lighthouse Building, Bay Street
P.O. Box N-7147
Nassau, The Bahamas
Tel.: 322-2410
Fax: (242) 328-8294

GRAND BAHAMA PORT AUTHORITY

East Mall Drive & Pioneer's Way
P.O. Box F-42666
Freeport, Grand Bahama, The Bahamas
Tel.: (242) 352-6711
Fax: (242) 352-8310

BAHAMAS FINANCIAL SERVICES BOARD

P.O. Box N-1764 – Nassau, The Bahamas
Tel.: (242) 326-7001
Fax: (242) 326-7007
Web-site: www.bfsb/bahamas.com
E-mail: bfsb@bahamas.net.bs

ASSOCIATION OF INTERNATIONAL BANKS & TRUST COMPANIES

Royal Palm Mall, Mackey Street
P.O. Box N-7880
Nassau, The Bahamas
Tel.: (242) 394-6755
Fax: (242) 394-3503

BAHAMAS MARITIME AUTHORITY

3rd Fl. Manx Corporate Centre
P. O. Box N-4679
Nassau, The Bahamas
Tel.: (242) 356-2037
Fax (242) 356-5889

BAHAMAS OVERSEAS MISSIONS

ATLANTA

Consul General
Bahamas Consulate General
2970 Clairmont Road, Suite 690
Atlanta, GA 30329, U.S.A.
Tel.: (404) 214-0492

CANADA

Bahamas High Commissioner
Bahamas High Commission
Metropolitan Life Centre
50 O'Connor Street, Suite 1313
Ottawa, Ontario K1P 6L2, Canada
Tel.: (613) 232-1724
Fax: (613) 232-0097
E-Mail: Ottawa.mission@bahighco.com

CHINA

4th Floor, Tayuan Diplomatic Office Building
14 Liangmahe Nan Lu, Chaoyang District
Beijing, 100600, People's Republic of China
Tel.: 011-86-10-6532-2922
Fax: 011-86-10-6532-2304

HAITI

Charge d'Affaires a.i.
Embassy of The Bahamas
12 Rue Goulard
Place Boyer, Petion-Ville, Haiti
Tel.: (509) 578-782
Fax: (001) 509-578-782

HONG KONG

Consulate General of The Bahamas
Room 1906, 19/F Hutchinson House
10 Harcourt Road
Central, Hong Kong
Tel.: (852) 2619-6421
Fax: (852) 2614-5228

LONDON

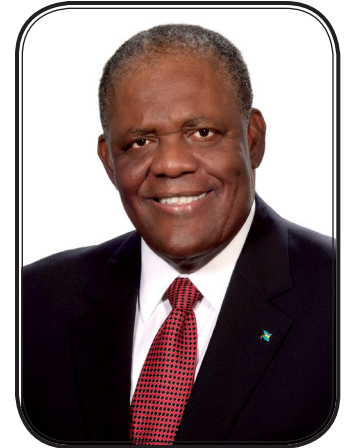
Bahamas High Commissioner
Bahamas High Commission
No. 10 Chesterfield Street
London W1J 5JL, England
Tel.: + 44-207-408-4488
Fax: + 44-207-499-9937
E-mail: info@bahamashclondon.net

MIAMI

Consul General
Bahamas Consulate General
25 S.E. 2nd Avenue
Ingraham Building, Suite 818
Miami, FL 33131, U.S.A.
Tel.: (305) 373-6295
Fax: (305) 373-6312
Telex: 203-807-849



Message From
Rt. Hon. Hubert A. Ingraham
Prime Minister & Minister of Finance
The Commonwealth of The Bahamas



The Bahamas has consistently over many years offered a climate where commerce and enterprise flourish. Our National Investment Policy is comprehensive, with clear and transparent application and approval processes. Our political stability, independent judiciary, stable economy, developed infrastructure and skilled labour force ensure a good standard of living and an ideal environment for investing.

This updated National Investment Policy seeks to promote and facilitate investment in our country. We seek investment that will grow our economy, create secure and rewarding employment for Bahamians and produce good returns for investors. Through the aegis of The Bahamas Investment Authority and The Bahamas Agricultural & Industrial Corporation (BAIC), we seek to ensure that both domestic and foreign direct investors are provided with responsive, efficient and reliable investment support services.

Investment opportunities can be found across a wide range of sectors including tourism and second home development, international financial services, light manufacturing and industries, agriculture and mariculture.

I invite you to review our offerings and to pursue your business and investment interests with us.



- Security services;
- Domestic distribution of building supplies;
- Construction companies, except for special structures for which international expertise is required;
- Personal cosmetic/beauty establishment;
- Commercial fishing;
- Auto and appliance service operations; and
- Public transportation.

International Investors may engage in the wholesale distribution of any product they produce locally.

6. Local Partners in Joint Ventures

International investors are encouraged to establish joint ventures with Bahamian partners. The choice of such Bahamian partners is in the absolute discretion of the investor.

7. Access to Credit Facilities of The Bahamas Development Bank

The Bahamas Development Bank was created to assist Bahamians in establishing new businesses or expanding existing concerns through the provision of concessionary funding and technical assistance for projects which generate jobs and which contribute to the economic growth and development of The Bahamas.

Joint ventures between international investors and Bahamians are eligible to access funding from BDB. However, the equity of the overseas investor may not be borrowed from the BDB or from the domestic capital market.

Bahamians may, however, borrow a percentage of their contribution from BDB or the domestic capital market. An established joint-venture is not debarred from accessing BDB funds.

IMPORTANT ADDRESSES

BAHAMAS INVESTMENT AUTHORITY

Office of the Prime Minister
Cecil V. Wallace-Whitfield Centre
Cable Beach
P.O. Box CB-10980
Nassau, The Bahamas
Tel.: (242) 327-5826/9
Fax: (242) 327-5806/327-5639
Web Site: www.bahamas.gov.bs/bia

CENTRAL BANK OF THE BAHAMAS

Frederick Street
P.O. Box N-4868
Nassau, The Bahamas
Tel.: (242) 302-2600 / (242) 322-2193/6
Fax: (242) 356-4307
E-mail: centralbankbah@mail.batelnet.bs

BAHAMAS CHAMBER OF COMMERCE

Shirley Street
P.O. Box-665
Nassau, The Bahamas
Tel.: (242) 322-2145/ (242) 322-3320
Fax: (242) 322-2649

INSURANCE COMMISSION OF THE BAHAMAS

Charlotte House, 3rd floor
Frederick Street
P.O. Box N-7770
Nassau, The Bahamas
Tel.: (242) 328-1068
Fax: (242) 328-1070

OFFICE OF THE REGISTRAR GENERAL

Apeley House, Frederick Street
(opposite Central Bank)
P.O. Box N-532
Nassau, The Bahamas
Tel.: (242) 323-0594/6
Fax: (242) 322-5553

SECURITIES COMMISSION OF THE BAHAMAS

Charlotte House, Charlotte Street
P.O. Box N-8347
Nassau, The Bahamas
Tel.: (242) 356-6291
Fax: (242) 356-7530
E-mail: secbd@batelnet.bs



General

To ensure the maximum benefit to The Bahamas from the National Investment Policy, certain immigration provisions will apply:

1. Work Permits

Necessary work permits will be granted for key personnel. Approved investors in major development projects which investment creates employment and business opportunities for Bahamian citizens and who own or acquire a residence in The Bahamas, may be granted Permanent Residency status with the right to work in their own business.

2. International Owners of Second Homes

Overseas Investors may acquire residential properties in The Bahamas of up to two acres without prior Government approval. Such acquisitions are required to be registered in accordance with the International Persons Landholding Act. Second Home Owners are eligible for a Home Owners Residence Card, renewable annually. This card facilitates entry into The Bahamas and entitles the owner, his or her spouse and minor children to enter and remain in The Bahamas for the duration of the validity of the card. Application may be made to the Director of Immigration. Persons applying for land for commercial use are required to obtain a permit.

3. Annual or Permanent Residence

Accelerated consideration of applications for annual or permanent residence will be given to:

- major international investors; and
- fit and proper owners of a residence valued at \$500,000 or more.

4. Areas Especially Targeted for Overseas Investors

- Touristic Resorts
- Upscale Condominium, Time-share and Second Home Development

- International Business Centre
- Marinas
- Information and Data Processing Services
- Assembly Industries
- High-Tech Services
- Ship Registration, Repair and other services
- Light Manufacturing for export
- Agro-Industries
- Food Processing
- Mari-culture
- Banking and other Financial Services
- Captive Insurance
- E-Commerce
- Aircraft Services
- Pharmaceutical manufacture
- Off-shore Medical Centres

N.B. This list is not exhaustive and investors interested in areas not included above are encouraged to bring their interest to the attention of BIA.

5. Areas Reserved for Bahamians

- 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;
- Nightclubs and restaurants, except specialty, gourmet and ethnic restaurants; restaurants operating in a hotel, resort complex or tourist attraction;



Introduction to The Bahamas

Starting 60 miles off the coast of South Florida and stretching as far south as Cuba, Haiti and the Dominican Republic. The Bahamas is a coral archipelago of 700 Islands, 29 of which are inhabited, and over 2000 rocks and cays.

With a population of some 303,600 people, most of whom live on the major Islands (New Providence, Grand Bahama, Eleuthera, Abaco, Exuma, Long Island, Inagua, Cat Island, Bimini and Andros), and with an adult literacy rate of 95%, The Bahamas has a capable and adaptable work force.

The Bahamas, an English speaking country which gained its independence from Britain on 10th July, 1973, is one of the most politically stable countries; and a parliamentary democracy has operated without interruption for 275 years.

The Bahamas has comprehensive and modern infrastructure, particularly on the two major Islands, New Providence and Grand Bahama, where most of the population live. Telecommunications services and facilities in The Bahamas are state-of-the-art, with direct international links provided through a 100% digital switching system.

The economy of The Bahamas is driven by tourism and international banking and other financial services. Retail and wholesale distributive trade, manufacturing, agriculture and fisheries are the other major sectors of the economy. The Gross Domestic Product (GDP) of The Bahamas exceeds \$7½ billion, 50% of which comes from tourism related activities. The per capita income of the country is \$22,200.

The Bahamas is an independent monetary entity. The Bahamian dollar is on par with the U.S. dollar.

There are no income or corporate taxes in The Bahamas.



Economic Policy

The Government of the Commonwealth of The Bahamas is committed to building an economic environment in which free enterprise can flourish; where the Government assumes its proper role as regulator and facilitator of economic development; where the ideals of transparency, fair play and equality of treatment are paramount; and a policy that maintains a stable society in which all people are afforded the opportunity to realize their maximum potential. In this regard, the National Investment Policy is designed to support an investment friendly climate. It guarantees the complementarity of Bahamian and overseas investments; fosters appropriate linkages with all sectors of the economy, in particular the tourism and financial services sectors; encourages the exploitation of our natural resources in an environmentally sound, safe and sustainable manner; provides for the maximum level of employment; guarantees an acceptable level of economic security; and generally fosters the economic growth and development of The Bahamas.

The Investment Environment

To undergird the National Investment Policy, the Government will provide:

- A politically stable environment conducive to private investment;
- An atmosphere where investments are safe and the expropriation of investment capital is not a considered option;
- A legal environment based on a long tradition of parliamentary democracy, the rule of constitutional and statute laws and where security of life and personal property are guaranteed;
- A stable macroeconomic environment bolstered by prudent fiscal management, a stable exchange rate, flexible exchange control rules and free trade;
- An environment in which freedom from Capital Gains, Inheritance, Withholding, Profit Remittance, Corporate, Royalties, Sales, Personal Income, Dividends, Payrolls and Interest taxes is ensured;

- Essential public services, an adequately equipped police constabulary, modern health and education facilities and other social services;
- Dependable public utilities; and
- Essential public infrastructure such as roads, ports and airports.

International Financial Centre

The Government is committed to enhancing the image of The Bahamas as an international financial centre. To this end, the Government will use international best practices as it:

- Maintains The Bahamas as a leading financial services centre;
- Monitors all developments in the international financial markets and amend any rules, regulations or legislation that would preserve and enhance the competitiveness of the financial services sector of the Bahamian economy;
- Ensures the operation of a clean financial centre with specific rules and regulation to prevent the laundering of criminally derived assets;
- Supports the Central Bank of The Bahamas in its commitment to bank supervision and promoting high standards of conduct and sound banking practices; and
- Supports the self-regulatory measures of the Association of International Bank and Trust Companies (AIBT), particularly, the established code of conduct for bank and trust companies.

Investment Incentives

The Government provides meaningful investment incentives, including exemption from the payment of customs duties on building materials, equipment and approved raw materials and real property taxes for periods up to twenty years, under the following legislation:

- The Export Manufacturing Industries Encouragement Act
- The Industries Encouragement Act
- The Agricultural Manufacturers Act
- The Tariff Act
- The Free Trade Zone Act
- The City of Nassau Revitalization Act
- The Hotels Encouragement Act
- The Family Islands Development Encouragement Act
- The Spirits and Beer Manufacturers Act
- The Bahamas Vacation Plan and Time-Sharing Act

Note: Custom duty exemptions do not apply to consumables.

Preferential Trade Incentives

Businesses located in The Bahamas may benefit from the following preferential trade arrangements:

- European Partnership Agreement (EPA)
- Caribbean
- Caribbean Basin Initiative
- Caribbean Basin Economic Recovery Act

Administration of the Investment Policy

Executive Management of the Investment Policy is resident in the National Economic Council (NEC), headed by the Prime Minister. The Bahamas Investment Authority (BIA) or the Investor's "One-Stop-Shop" serves as the secretariat of the NEC and the Investments Board.



Establishing a Business in The Bahamas

An international investor seeking to do business in The Bahamas should submit to BIA a project proposal, along with supporting documents. The proposal should provide the information indicated in the following Project Proposal Guideline.

PROJECT PROPOSAL GUIDELINE

Name Corporation and Beneficial Owner	
Address	include telephone/fax
Description of Proposal	an executive summary of project
Type of Business	state whether entity is share company, partnership, individual or joint-venture
Principals	persons investing in the venture or major beneficial shareholders, including references attesting to bonafides, respectively, copy of relevant pages of passport, police certificate
Proposed Location	
Land or Factory Space Requirements	
Proposed Start Up Date Management/Personnel Requirement	years of experience, training, success of similar previous or current activity; work permits (if any) required for key personnel and/or non-key personnel
Employment Projections	number of Bahamian and non-Bahamian Employees
Financial Arrangement for projects including Bank Reference	conclusive evidence of financial capacity to successfully implement the project
Environmental Impact	toxic waste, disposal procedures; toxic input
Concessions Sought/Investment Incentive	Customs Duty Exemption if applying under a particular Act or programme
Local Representative	Attorney, Accountant or Agent