



Executive Summary

From the perspective of the Organization for Responsible Governance (ORG), a Bahamian not-for-profit dedicated to promoting good governance, the establishment of a UN Convention on global taxation holds immense potential for fostering more inclusive and sustainable economic and social growth worldwide. Such a convention would facilitate international cooperation in combatting tax avoidance and evasion, ensuring that multinational corporations and wealthy individuals contribute their fair share. This collective effort would significantly bolster governments' capacity to finance essential public services and development projects. Furthermore, the implementation of a fair global taxation framework could mitigate disparities between tax systems, discouraging harmful practices like the race to the bottom on corporate tax rates and creating a more equitable playing field for all nations. For ORG, which advocates for engagement, transparency, and accountability, this shift towards global fiscal responsibility is in alignment with its mission to advance good governance and has the potential to greatly enhance economic and social development efforts in The Bahamas and beyond.

In The Bahamas, tax reform is not merely a fiscal imperative but a crucial stride towards achieving economic stability, transparency, and equitable growth. The effectiveness of any tax policy hinges on the adoption of a culture of fiscal accountability by governments, political entities, and citizens alike. Therefore, this recommendation underscores the necessity for comprehensive fiscal reform alongside tax reform, guided by principles of accountability, compliance, efficient business structure, constructive relationships with tax authorities, prudent acceptance of tax incentives, support for effective tax systems, and transparency.

The following recommendations are offered to address the urgent need for a holistic approach to taxation reform in The Bahamas. Drawing on international best practices and adhering to the Responsible Tax Principles, this document aims to guide the development of a white paper for consideration in a United Nations Convention on Taxation.

Structural and Procedural Recommendations for a UN Convention on Taxation:

1. Encouragement of Fiscal Responsibility and Reform: Inclusion of measures within the convention that promote fiscal responsibility and reform in addition to taxation reforms. This could involve the establishment of mechanisms to monitor and enforce fiscal targets, as well as the development of incentives for governments to adopt prudent fiscal policies. Encouraging fiscal responsibility and reform alongside taxation reform will further contribute to economic stability, transparency, and equitable growth in The Bahamas and other Small Island Developing States (SIDS). By fostering a culture of fiscal accountability, governments can better manage their finances and ensure the effective allocation of resources towards essential public services



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and development projects, ultimately enhancing the overall effectiveness of taxation policies and promoting sustainable economic and social growth

2. **Equitable Treatment of Small Island Developing States (SIDS):** Advocate for the inclusion of provisions within the convention that recognize the unique vulnerabilities of SIDS like The Bahamas to climate change and disasters. Ensure that global taxation regimes take into account the specific challenges faced by SIDS and do not unfairly penalize their offshore financial markets.

3. **Transparency and Consistency in Taxation Standards:** Call for transparency and consistency in the application of global tax standards and regulations, particularly regarding oversight and sanctions imposed by external regulators from western developed nations. Ensure that the particular context of countries like The Bahamas is considered in all taxation-related decisions.

4. **Protection of Local Advantages and Economic Opportunity:** Advocate for provisions within the convention that protect the local advantages of countries like The Bahamas and promote economic opportunity and growth. Ensure that global tax schemes do not unduly harm the local private sector or inhibit the country's capacity to attract competitive foreign direct investment.

5. **Promotion of Low Tax Jurisdictions with Accountability:** Support the transition of countries like The Bahamas to become low tax jurisdictions, provided that this transition is conducted in a manner that maintains equity, transparency, and accountability in governance. Ensure that tax incentives and exemptions are provided responsibly and do not lead to tax evasion or other forms of financial misconduct.

6. **Incentives for Community-Level Development through Civil Society:** Advocate for provisions within the convention that promote the role of civil society organizations (CSOs) in community-level development. Support the provision of incentives for investment in CSOs to empower them to contribute effectively to sustainable economic and social growth across the archipelago of The Bahamas.

7. **Stakeholder Engagement and Participation:** Emphasize the importance of meaningful engagement and participation of all stakeholders, including governments, private sector entities, civil society organizations, and international organizations, in the development and implementation of global taxation regimes. Ensure that the voices and perspectives of all relevant parties are considered in decision-making processes.

8. **Capacity Building and Technical Assistance:** Support capacity building initiatives and provide technical assistance to countries like The Bahamas to enhance their ability to comply with global taxation standards and regulations. This may involve training programs, knowledge-sharing platforms, and other forms of support to strengthen tax administration and enforcement capabilities.



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9. Adherence to Principles of Good Governance: Ensure that the convention upholds principles of equity, transparency, accountability, and responsiveness in governance throughout its implementation. Promote fairness and effectiveness in taxation policies to contribute to more inclusive and sustainable economic and social growth across The Bahamas and other SIDS.

Conclusion

In conclusion, the recommendations outlined above represent a holistic approach to taxation reform from the perspective of the Organization for Responsible Governance (ORG). By advocating for equitable treatment of Small Island Developing States (SIDS), transparency in taxation standards, and protection of local advantages, these recommendations aim to address the urgent need for comprehensive fiscal reform in The Bahamas. Through stakeholder engagement, capacity building, and adherence to principles of good governance, the proposed structural and procedural measures seek to ensure that any UN Convention on taxation promotes more inclusive and sustainable economic and social growth not only in The Bahamas but also across SIDS worldwide. By aligning taxation policies with principles of accountability, transparency, and equity, this framework has the potential to foster international cooperation, reduce tax evasion, and create a more level playing field for all countries. Ultimately, by implementing these recommendations, we can work towards a future where taxation supports, rather than hinders, the development and prosperity of nations like The Bahamas.