Graham Thompson

The Domestic Minimum Top-Up Tax (Amendment) Bill, 2026

What Should You know About Proposed Changes to "Reporting of DMTT"?

Nassau I Lyford Cay I Freeport I Marsh Harbour

www.grahamthompson.com I info@gtclaw.com

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Sections 6(1) and (3): The Dual-Residency Notification Requirement and Its Cross-Reporting Implications

1. What are the essentials?

The Domestic Minimum Top-Up Tax Act, 2024 (the Act) came into force on 1 January 2024, implementing the GloBE Model Rules as the Bahamas' Qualified Domestic Minimum Top-Up Tax (QDMTT). The Act applies to Constituent Entities of Multinational Enterprise (MNE) Groups with annual consolidated revenues exceeding €750 million, imposing a minimum effective tax rate of 15% on Bahamian-source income.

The GloBE Rules impose a top-up tax on the Excess Profit of Constituent Entities (CE) located in any jurisdiction where the jurisdictional Effective Tax Rate falls below the 15% minimum rate. QDMTT, as implemented by the Act, is the mechanism under Pillar Two that allows The Bahamas to impose this top-up tax on CEs.

The Domestic Minimum Top-Up Tax (Amendment) Bill, 2026 (the Amendment Bill), effective 1 July 2026, proposes seven (7) amendments to the Principal Act. We will focus on two of these amendments Sections 6(1) and (3), because they carry the most immediate and direct compliance implications for in-scope entities operating in The Bahamas.

2. What has changed?

With the section 6 amendments, entities that have been treating their GloBE location as outside The Bahamas without a documented, evidenced basis for that position face material tax exposure, including unlimited retrospective assessment.

MNEs with constituent entities in The Bahamas were required to complete and submit to the Department of Inland Revenue (DIR) pre-registration notification forms, Forms DMTT-24 and DMTT-25. These are designed to inform the DIR that an MNE Group and its Constituent Entities located in The Bahamas are within the scope of the Domestic Minimum Top-up Tax (DMTT) Act, 2024. The submission deadlines for Forms DMTT-24 and DMTT-25 were 31 March 2026 and 30 April 2026, respectively.

The pre-registration forms were presented as administrative formalities. However, the Amendment Bill has converted them into very potent evidentiary material. Every MNE with Bahamian Constituent Entity which asserts to the DIR that its GloBE location lies elsewhere status to the now faces scrutiny under the proposed section 6(3), without the need for a formal audit, and the risk of unlimited retrospective liability under the amended section 15 where any inconsistencies found arise from carelessness.

This article examines those amendments, identifies the enforcement consequences that flow from them, and sets out the actions that affected entities should take.

3. What is important about the amendment to Section 6(1)?

The first amendment to section 6 replaces section 6(1) and now imposes mandatory reporting by all in-scope Entities regardless of tax liability. It provides:

"(1) Every Constituent Entity of an MNE Group located in The Bahamas that is within the scope of the GloBE Rules shall file with the Secretary or have filed on its behalf, whether or not tax is payable — (a) (b) (b) a GloBE Information Return and any applicable notifications in accordance with Articles 8.1 and 9.4 of the GloBE Model Rules; or a prescribed return."

The requirement to file a GloBE Information Return (GIR) whether tax is payable directly mirrors Article 8.1 of the GloBE Model Rules, which imposes a mandatory filing obligation on in-scope Constituent Entities. The amendment further provides for a "prescribed return" alternative alongside the GIR, which is also reflective of OECD administrative guidance, which acknowledges that local tax authorities may accept jurisdiction-specific returns where the full GIR has been filed elsewhere.

4. What is important about the amendment to Section 6(3)?

The second amendment is a proposed new section 6(3) which creates a mandatory notification and documentary production obligation for any Constituent Entity that claims dual-residency and proposes that, under Article 10.3.4 of the GloBE Model Rules, its GloBE location, and therefore DMTT liability, is outside The Bahamas. The Amendment Bill provides:

Where a Constituent Entity of an MNE Group asserts that — (a) for the purposes of the GloBE Model Rules, it is resident in both The Bahamas and another jurisdiction; and (b) its location, for the purposes of Article 10.3.4 of the GloBE Model Rules, is in such other jurisdiction, the Constituent Entity shall notify the Secretary of that position and shall provide such information, records and documentation as the Secretary may require for the purpose of verifying that position."

5. Who does this impact?

Any entity that uses dual residency to argue its top-up tax liability belongs elsewhere will be required to substantiate that position to the Financial Secretary. This has fundamentally altered the compliance environment by imposing an explicit obligation to disclose. The filing of a non-Bahamian GloBE location without making a subsection 6(3) notification will likely result in a non-compliance regardless of whether its substantive Place of Effective Management (POEM) position is correct.

Article 10.3.4 resolves dual residency by reference to POEM. This considers the jurisdiction where key management and commercial decisions necessary for the conduct of the entity's business are in substance made. Both OECD commentary and a well-established line of authoritative case law underline the fact that POEM is located where decisions are in substance made. POEM is so determined not just where the board formally meets.

6. What will this mean for affected entities?

The amendment which allows the Secretary's verification will:

(a) scrutinize whether Bahamian directors exercise independent judgment or are simply ratifying decisions by parent entity executives based elsewhere;

(b) look at where the CEO, CFO and key operational officers actually work and exercise their functions;

(c) consider where investment, treasury, risk, and client relationship management decisions are operationally executed; and

(d) where accounting systems, server infrastructure, and primary business records are maintained.

The enforcement consequences are serious. An inadequate section 6(3) notification, or a finding that POEM as represented is wrong, will likely trigger the Secretary's section 14 investigatory powers and, potentially, an assessment under section 15. Under the amended subsection 15(3), misrepresentations attributable to neglect or carelessness is now included and it removes the five-year assessment time limit, exposing the entity to unlimited retrospective liability. The proposed Section 15(3):

"Where the person has made a misrepresentation attributable to neglect, carelessness, fraud, wilful default or wilful misstatement, the time limitation for an assessment in subsection (2) does not apply."

7. What other issues should be taken into account?

Entities may have risk exposure based on previous reporting. The Financial Secretary (FS) has access to prior compliance filings that bear directly on the POEM position an entity claims. Inconsistency between the subsection 6(3) notification and the representations made in those prior filings is a vulnerability the Secretary is well-positioned to identify and punish especially given the amendment to subsection 15(3).

Economic Substance Reporting may present a direct and immediate risk. The Economic Substance Act (ESA), 2018 requires relevant entities to demonstrate they are directed and managed in The Bahamas, with adequate local employees, premises, and expenditure. Contradictions could provide evidence of at least carelessness or neglect which is sufficient to remove assessment time limit, based on subsection 15(3).

Country-by-Country Reporting (CbCR) filings, made under the OECD Base Erosion Profit Shifting (BEPS) framework and exchanged between tax authorities under the Multilateral Competent Authority Agreement, contain jurisdiction-level data on revenue, profit, taxes paid, employees, and assets for each MNE group. CbCR data exchanged with The Bahamas under its competent authority arrangements is accessible to the Secretary, and authorities in other jurisdictions will have the same data pointing in the same direction. This could create evidentiary inconsistencies.

Common Reporting Standard (CRS) and Foreign Account Tax Compliance Act (FATCA) reporting could also provide evidentiary inconsistencies which, while not determinative of POEM, may draw adverse inferences particularly where the filings identify the entity's controlling persons as resident in The Bahamas. Both filing streams should be reviewed as part of the pre-notification audit.

8. What are priority issues that affected entities should consider?

Every entity currently treating its GloBE location as outside The Bahamas should, before 1 July 2026, conduct a cross-reporting audit examining its ESA filings, CbCR submissions, CRS and FATCA records, and GloBE computation positions for internal consistency.

Where inconsistencies are identified, they should be resolved or, where resolution is not straightforward, explicitly acknowledged and explained, before the subsection 6(3) notification is filed. The notification document itself should reflect robust analyses of POEM. A bald assertion of dual-residency and POEM elsewhere, without engagement with the prior compliance record, is unlikely to satisfy the Authorities and run the risk of being characterised as carelessly made which again could create exposure under the amended section 15(3).

Board and all governance structures should be reviewed to assess whether current arrangements genuinely support an independent POEM claim. The evidentiary record for the POEM position, board minutes, executive presence records, management decision documentation, operational infrastructure evidence, should be assembled, regularly updated and preserved now rather than at the time when there is an inquiry by the Authorities.

The amended subsection 15(3) has significantly shifted the minimum standard of care required. Entities with complex or borderline POEM positions should give serious consideration to legal review/audit to not only determine and identify risk areas but to facilitate early and comprehensive documentation and assessment of whether documentary evidence is sufficient to meet the rigours of subsection 6(3).

9. What are recommended next steps that affected entities should consider?

The following steps are recommended for all entities with potential subsection 6(3) exposure. Steps marked "Immediate" should be completed before 1 July 2026.

Entities which have already filed before the deadlines noted above should immediately audit their submission to determine whether any inaccurate assertions were made.

#	Action Item	Relevant Parties	Priority
1	Identify all Bahamian Constituent Entities that are currently treating their GloBE location as outside The Bahamas and audit the basis for that position against the Article 10.3.4 POEM standard.	Tax / Legal Counsel	**Immediate**
2	Review existing Economic Substance Act filings for consistency with the POEM position that will be asserted under section 6(3). Resolve any inconsistencies before the notification is made.	Tax / Compliance	**Immediate**
3	Assemble the evidentiary record for any POEM claim: board minutes, executive presence records, decision logs, infrastructure documentation, organisational charts.	Legal Counsel	**Immediate**
4	Confirm the filing obligation under new section 6(1) for all in-scope Constituent Entities, including those with zero-liability positions, safe harbour elections, or de minimis exclusions.	Tax / Compliance	**Immediate**
5	Assess exposure under amended section 15(3) and determine whether any historical GloBE filing position could be characterised as arising from neglect or carelessness in light of the new unlimited assessment window.	Tax Counsel	High
6	Consider filing an Advance Tax Ruling application for entities with complex or arguable POEM positions, to obtain certainty before the notification obligation is triggered.	Tax Counsel	High

#	Action Item	Relevant Parties	Priority
7	Review of governance structures. Entities with professional director boards should assess whether current arrangements support an independent POEM claim or whether substantive governance changes are required.	Board / Legal	High
8	Establish monitoring protocol for POEM, Article 10.3.4, and Pillar Two dispute resolution, given that ATR rulings now lapse on conflicting guidance.	Tax / Compliance	Ongoing

The above summary on the Domestic Minimum Top-Up Tax (Amendment) Bill, 2026, does not constitute legal advice. This summary is intended to be general and non-exhaustive in nature and may not cover all material aspects of the legislation which could impact you or your clients.

Please contact us at GrahamThompson should you have any questions on the legislation or require specific advice.