

ABIC INTERNATIONAL BUSINESS IS
EVERYBODY'S BUSINESS



Note to Instructors

The information contained in this power point is intended to support instruction in social studies and business studies.

Educators should feel free to adjust the power point to meet learner objectives, academic needs, and learning styles of the students in their classrooms. The lessons may be longer or shorter than suggested based on student needs and Ministry of Education requirements.

Videos noted in this power point are located on <http://abic.bm/international-business-and-the-bermuda-economy/> and <http://abic.bm/careers-in-international-business/> and one is in the process of being developed.

Unit Overview...

Agenda!

- 1 . Why are Companies here?
- 2 . Threats & Challenges
- 3 . Are we a Tax Haven?
- 4 . Why It's Important to You!
- 5 . Review of key elements

WHY ARE COMPANIES HERE?

Lesson(s) 1-3



Brainstorm Activity

In groups, using the paper and post it notes provided, list as many reasons why you think international business companies are located in Bermuda.

You have five minutes. When time is up, each group will share their reasons with the class.



Brainstorm Activity **(modified)**

The teacher will facilitate a whole class discussion on why international business companies are in Bermuda.

Graffiti Wall

- Divide the class into small groups (3-4 students). Give each group 1 large piece of chart paper
- Each group brainstorms on the paper. Students can draw pictures, words, symbols or phrases to represent their thinking on the topic
- After time is called, place the chart paper on the wall and have the students conduct a gallery walk. Teacher should facilitate discussion among the students. Students should share ideas and respond to questions from each other on the topic.

Brainstorm Activity (modified)

Graffiti Wall Sample



Reasons companies are here

Political, Economic & Social Stability

Legal framework based on English law



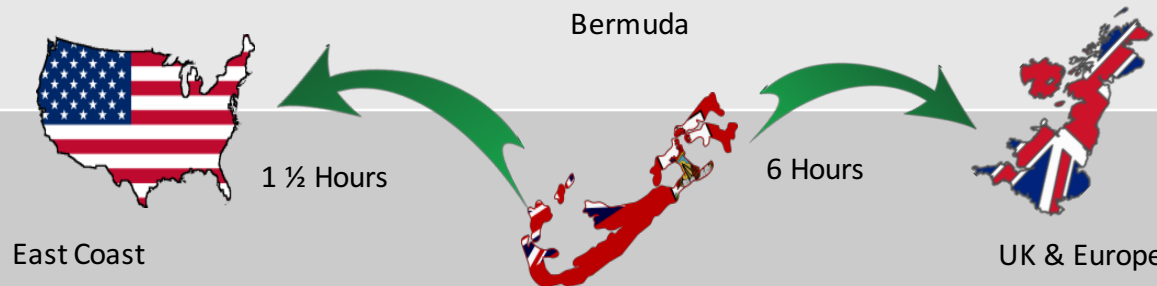
Regulation

Internationally credible



Infrastructure

Geography



Key Vocabulary

- Economic Stability
- Political Stability
- Social Stability
- Internationally credible
- Infrastructure
- Geography
- Regulation
- Regulatory

Vocabulary Activity

Students are given a handout with the vocabulary words (slide 8) on it. This can be done in hardcopy or electronically if students are using laptops in class.

Students can be asked to make notes on the meaning of the vocabulary words based on the teacher's information.

Content
Vocabulary
Words

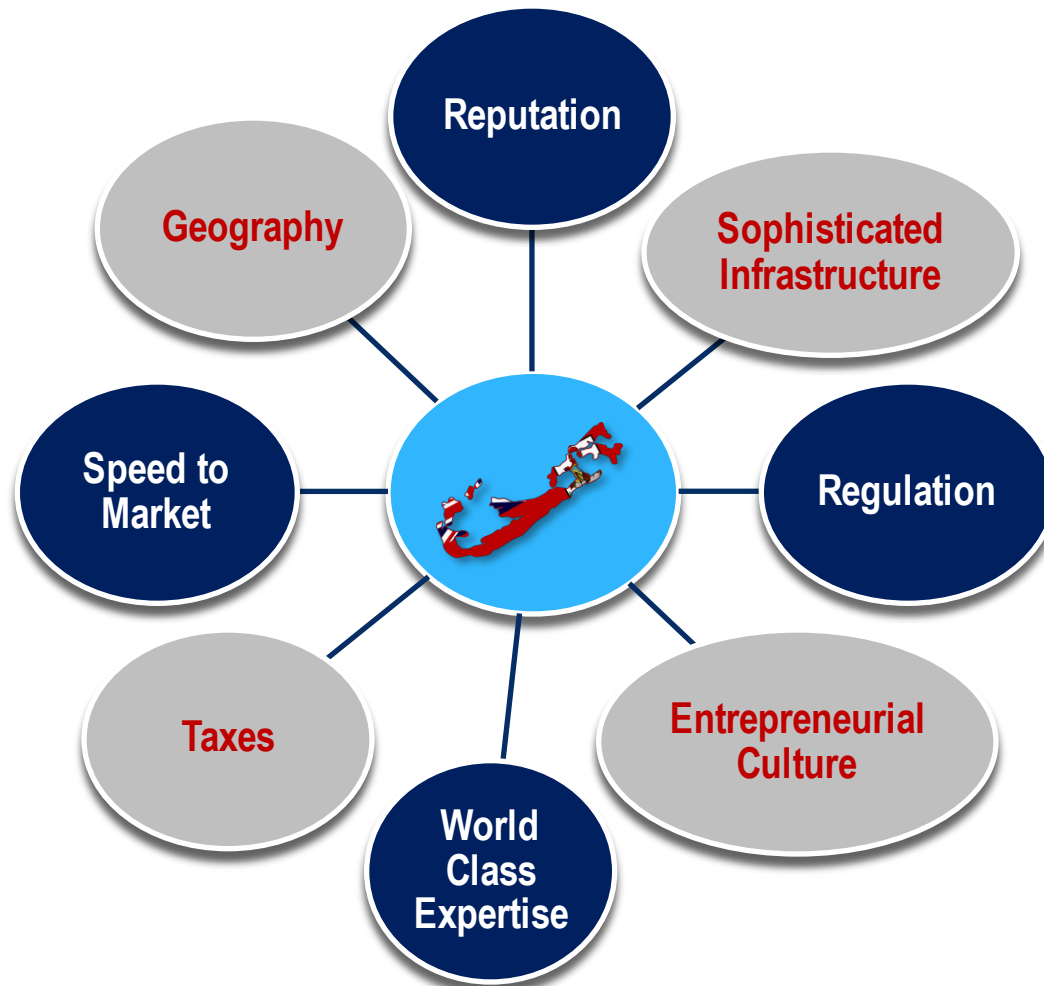
Vocabulary Activity (modified)

Students are given a handout with the vocabulary words (slide 8) on it. The handout should have the vocabulary words on one side and the definitions on the other. Individually, in groups, and/or as a class assisted by the teacher, the students will draw a line from the vocabulary word to the appropriate definition.

This can be done in hardcopy or electronically if students are using laptops in class. If it is completed via lap top the students can place the number of the vocabulary word beside the correct definition.

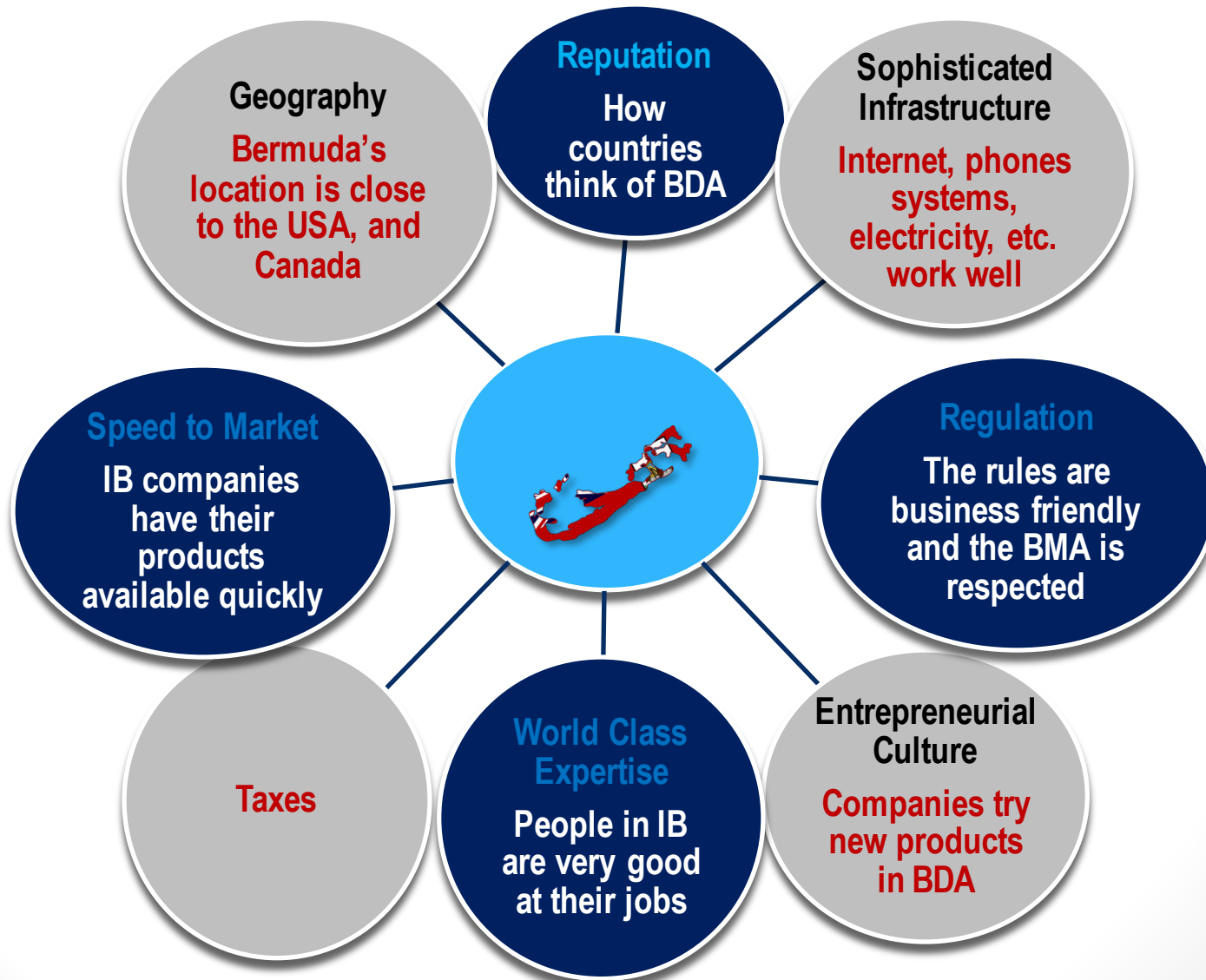
Content
Vocabulary
Words

Reasons companies are here



Reasons companies are here

(modified)



Reasons companies are here

(modified)

Debate

- Divide the class into small groups (3-4 students).
- In each group, each student will choose a different reason from the list
- Debate with each other and convince the others in your group why your reason is the best, most important, etc.
- When time is called, each group will take turns sharing their different debate perspectives with the rest of the class.

Key Vocabulary

- Compliance
- Transparent
- Treaty
- Intellectual capital
- Gateway cities
- Global markets
- Entrepreneurial Culture

Vocabulary Activity

Students are given a handout with the vocabulary words (slide 15) on it. This can be done in hardcopy or electronically if students are using laptops in class.

Students can be asked to make notes on the meaning of the vocabulary words based on the teacher or guest speaker's information.

Content
Vocabulary
Words

Vocabulary Activity (modified)

Students are given a handout with the vocabulary words (slide 153) on it. The handout should have the vocabulary words on one side and the definitions on the other. Individually, in groups, and/or as a class assisted by the teacher, the students will draw a line from the vocabulary word to the appropriate definition.

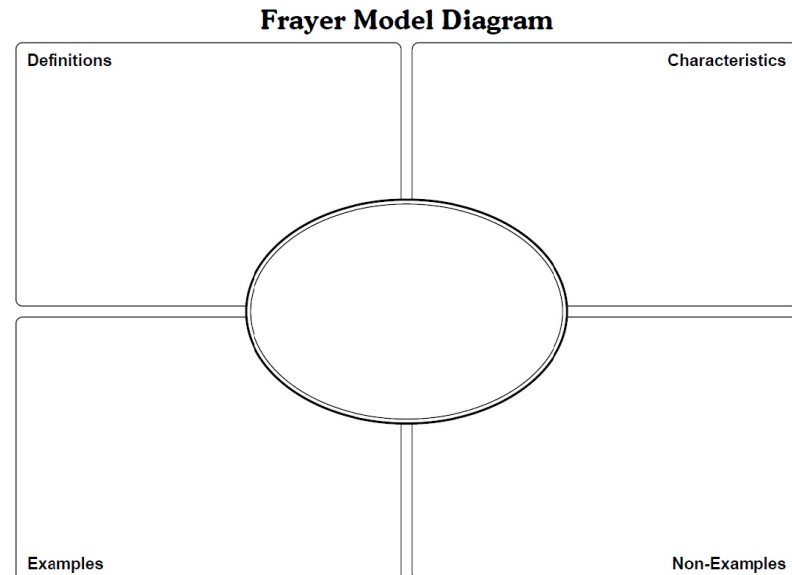
This can be done in hardcopy or electronically if students are using laptops in class. If it is completed via lap top the students can place the number of the vocabulary word beside the correct definition.

Content
Vocabulary
Words

Vocabulary Activity (modified)

Frayer Model (Graphic Organizer)

- Each student will be provided with a Frayer Model template.
- The vocabulary word will be placed in the middle of the template. The outer areas of the template will contain the following:
 - definition of the word
 - characteristics of the word (this can also be an illustration)
 - an example of the word
 - an example of what the word *is not* (a non-example).
- A separate model should be created for each new vocabulary word.



Key Facts

- **Reputation** - Bermuda has an excellent reputation because of our regulations and compliance rules. Bermuda also has the highest global standards. The Island has 80 treaty partners around the world and is considered a highly transparent and cooperative place to do business.
- **Infrastructure** - Bermuda has secure, modern and world-class physical and technological infrastructure. In other words our country is modern and well organized.
- **Regulation** - Bermuda is a business friendly location. The Bermuda Monetary Authority (BMA) oversees all financial organizations. This includes: banks and insurance companies.

Key Facts **(modified)**

- **Reputation** - Bermuda has a very good name because of the rules put in place for companies. Bermuda also has the highest global standards. Bermuda has many countries that work with us because of our very good name and our rules for companies.
- **Infrastructure** – Bermuda is modern and safe.
- **Regulation** - Bermuda is a business friendly location. The Bermuda Monetary Authority (BMA) oversees insurance companies and many other companies.

Key Facts

- **Expertise & Intellectual Capital** – Bermuda has world-class intellectual capital (employees with lots of knowledge). This includes top accounting firms, financial advisers, lawyers, IT specialists, actuaries, (re)insurance underwriters, brokers, and many other professionals.
- **Speed to Market** – There is a great advantage of being able to setup operations quickly and start delivery of services and products to clients/customers.
- **Geography** - Bermuda has daily direct flights to major U.S. cities, as well as Toronto, Canada and London, England. Bermuda's favourable Atlantic Standard Time (AST) zone, makes it an ideal location for companies serving global markets.

Key Facts **(modified)**

- **Expertise & Intellectual Capital** – Bermuda has some of the best employees in the world working in and supporting international business. They have a lot of knowledge and skills for their jobs. For example there are: top accounting firms, financial advisers, lawyers, IT specialists, actuaries, (re)insurance underwriters, brokers, and many other professionals.
- **Speed to Market** – There is a great advantage of being able to setup companies quickly and start delivery of services and products to clients/customers.
- **Geography** - Bermuda has daily direct flights to major U.S. cities, as well as Toronto, Canada and London, England. Bermuda's time zone is excellent for companies who do business in other countries around the world.

Key Facts

- **Taxes** – Taxes in Bermuda are reasonably low compared to other parts of the world. This adds to the attractiveness of doing business in Bermuda.
- **Entrepreneurial Culture** - Bermuda has fostered an entrepreneurial culture. Companies can try new ideas and ways of doing business easily in Bermuda. This helps them to stay competitive.

Key Facts **(modified)**

- **Taxes** – Taxes in Bermuda are low compared to some other countries. This adds to the reasons companies want to be in Bermuda.
- **Entrepreneurial Culture** - Bermuda is a place where companies can try new ideas and ways of doing business. This helps companies to compete with other companies.

Video explaining why international companies are located in Bermuda

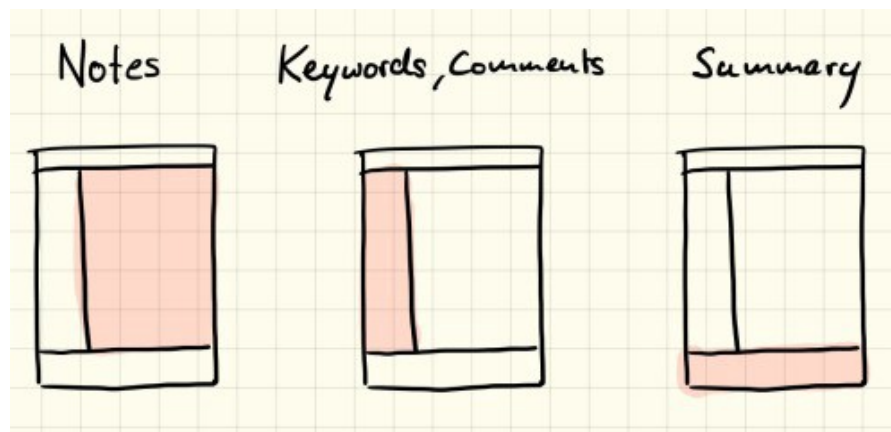


This image cannot currently be displayed.

Video explaining why international companies are located in Bermuda

Suggested Activity: Cornell Notes

While watching the video, have students set up their paper as shown below, using each highlighted section as shown.



THREATS & CHALLENGES...

Lesson(s) 4 - 6



Key Vocabulary

- Internal threats
- External threats
- Fragile
- Retain
- Evolve
- Global platform
- Compensation
- Service Standards
- Black lists

Vocabulary Activity

Students are given a handout with the vocabulary words (slide 28) on it. This can be done in hardcopy or electronically if students are using laptops in class.

Students can be asked to make notes on the meaning of the vocabulary words based on the teacher or guest speaker's information.

Content
Vocabulary
Words

Vocabulary Activity (modified)

Students are given a handout with the vocabulary words (slide 28) on it. The handout should have the vocabulary words on one side and the definitions on the other. Individually, in groups, and/or as a class assisted by the teacher, the students will draw a line from the vocabulary word to the appropriate definition.

This can be done in hardcopy or electronically if students are using laptops in class. If it is completed via lap top the students can place the number of the vocabulary word beside the correct definition.

Content
Vocabulary
Words

THREATS & CHALLENGES...

INTERNAL



- ✓ Retention & Attraction of **Intellectual Capital**
 - ✓ **Service Standards**
- ✓ Inability to **Adapt to Change**
- ✓ Maintenance of **Political, Social & Economic Stability... *Crime!***

THREATS & CHALLENGES...

within Bermuda (modified)



- ✓ Hiring qualified people
- ✓ Customer Service
- ✓ Not changing when needed to meet the needs of companies
- ✓ Continuing to be a safe place, where people live well that has a good government

Key Threats

- **Attracting and Retaining Intellectual Capital** – Attracting local and international talent (knowledgeable employees) is becoming more difficult as Bermuda competes on a global platform. It's important that Bermuda provide a stable work environment and compensation that is competitive. It is also important that opportunities for development are provided so that employees can grow professionally.
- **Service Standards** – as we compete on the global stage it's important that we continue to improve our service standards.
- **Inability to adapt to change** - In today's rapidly changing and highly competitive marketplace, it is crucial for organizations to be flexible enough to change, in order to remain profitable and ahead of the competition.

Key Threats (modified)

Teacher instructions: Read the slide below aloud or have students take turns reading it. Stop at regular intervals to break down the language. Then provide the students with a handout with some words removed have the students fill in the blanks.

- **Hiring Qualified People**– Attracting the best employees is becoming more difficult as Bermuda competes with the rest of the world for employees. It's important that Bermuda provide a good work environment and pay good salaries. It is also important that employees are given training to help them improve their skills.
- **Customer Service**– Bermuda workers must give excellent service so that people want to do business in Bermuda.
- **Not Changing** – Companies must be prepared to change because the world is changing and the needs of people and markets are changing. If Bermuda companies keep up with change Bermuda will be a place where companies and workers want to be.

Key Threats

- **Political, Social and Economic Stability** - Although our economic and political framework is good, over the past several years we have experienced a slow economy performance which has affected us politically and socially in a negative manner.



Key Threats (modified)

- **Continuing to be a Safe Place where people live well that has Good Government -**

Most people in Bermuda live well, but Bermuda has had a slow economy recently. The slow economy made it hard for many people to find work, so people did not have a lot of money to buy things that they needed. Some people think it also caused the increase in crime.



THREATS & CHALLENGES...

EXTERNAL

- ✓ **Fragile** Global Financial System
- ✓ **International** Regulation
- ✓ **Black** Lists
- ✓ **Global** Tax Impact



THREATS & CHALLENGES...

Outside of Bermuda (modified)

- ✓ The world has a **weak** financial system
- ✓ **International Rules**
- ✓ **Black Lists**
- ✓ **Effects of Global Taxes**



Key Threats

- **Weak Financial System** - the success or failure of the world's large countries like the United States, Europe, and China, has an effect on Bermuda.
- **International Regulation** - Bermuda's high regulatory standards and compliance with the various requirements to maintain a good reputation internationally.
- **Global Tax Impact** - Policies have been developed to ensure that taxes are paid where the economic activities generating the profits are performed.

Key Threats **(modified)**

- **Fragile Global Financial System** - the success or failure of the world's large economies such as: the United States, Europe, and China, has an effect on Bermuda.
- **International Rules** - Bermuda's rules and high standards help us. Also, Bermuda obeys the requirements of other countries. This helps us to keep a good reputation internationally.
- **Effect of Global Tax** - Rules have been developed so that taxes are paid in the country where the activities that give the company profits are done.

Key Threats

- **Black Lists** - although the Bermuda Government and the BMA have made every effort to comply with the requirements to align our status as a non tax haven, we continue to be threatened with listing on various “**blacklists**” around the world.



Key Threats **(modified)**

- **Black Lists** - The Bermuda Government and the Bermuda Monetary Authority have made every effort to meet the requirements so that Bermuda will not be seen as a tax haven. Unfortunately, we continue to be threatened with listing on some “**blacklists**” around the world.



Sample Activities

- Complete a vocabulary quiz (modified example matching words to definitions that are provided)
- Vocabulary worksheet (modified example: a word search)
- Play vocabulary bingo
- Create an Instagram page with pictures and captions explaining why international companies are in Bermuda.
- Develop an essay providing solutions to at least three of the threats to Bermuda as a destination for international business.
- Go on a field trip to one or more international business companies.
- Design a poster explaining why Bermuda is a great place for international business.

IS BERMUDA A TAX HAVEN

Lesson(s) 7 - 9

- YES
- NO
- MAYBE



Key Vocabulary

- Tax haven
- Organization for Economic Cooperation and Development (OECD)
- Transparency
- Information exchange
- Parallel
- White list
- Grey list
- Black list

Vocabulary Activity

Students are given a handout with the vocabulary words (slide 45) on it. This can be done in hardcopy or electronically if students are using laptops in class.

Students can be asked to make notes on the meaning of the vocabulary words based on the teacher or guest speaker's information.

Content
Vocabulary
Words

Vocabulary Activity (modified)

Students are given a handout with the vocabulary words (slide 45) on it. The handout should have the vocabulary words on one side and the definitions on the other. Individually, in groups, and/or as a class assisted by the teacher, the students will draw a line from the vocabulary word to the appropriate definition.

This can be done in hardcopy or electronically if students are using laptops in class. If it is completed via lap top the students can place the number of the vocabulary word beside the correct definition.

Content
Vocabulary
Words

IS BERMUDA A TAX HAVEN?

The **Organization for Economic Cooperation and Development (OECD)** set out factors to identify tax havens. They looked at three areas.

- ***No or limited tax on income***
- ***Lack of transparency***
- ***Lack of information exchange***



IS BERMUDA A TAX HAVEN?

No. Bermuda is **not** a tax haven.



- ✓ There are taxes in Bermuda
- ✓ Bermuda does not target companies for tax purposes
- ✓ Bermuda's tax revenue percentage is basically parallel to the U.S. tax percentage

IS BERMUDA A PLACE COMPANIES and PEOPLE GO to AVOID PAYING TAXES (a tax haven)?

No. it is not. (modified)



- ✓ There are taxes that must be paid in Bermuda
- ✓ Bermuda does not target companies for tax purposes
- ✓ The money Bermuda gets for taxes is basically the same as the taxes paid in the U.S.A.

INFORMATION EXCHANGE & TRANSPARENCY

June 8, 2009

OECD announced **Bermuda** to be the first jurisdiction to move from “grey list” to “white list”

White List
Implemented the
Internationally agreed tax
standard.

A map of Bermuda is shown in red and white, with a large green checkmark to its right, indicating that Bermuda has implemented the internationally agreed tax standard.

Grey List
Committed but not
substantially implemented
International standard

Black List
Not committed to
Internationally agreed tax
standards



Bermuda is **NOT** a tax haven!

Bob Richards, Finance Minister



November 21, 2014

“Bermuda has for the last 75 years led the way in terms of transparency, having established a legislative framework requiring that persons wishing to incorporate in Bermuda provide central authorities with information on the proposed beneficial owners of the business.”

The Royal Gazette

BERMUDA, FRIDAY OCTOBER 1 2010



**US AG:
Bermuda
is not a
tax haven**

United States Attorney General, Eric H. Holder

ROBERT SETTJE, US Counsel General 2012 thru June 2015

During USA/Bermuda signing of Fatca agreement in the Bermuda Senate Chamber in December 2013, the then US Consul-General to Bermuda, Robert Settje, responded to a journalist that the US Government did not consider Bermuda to be a tax haven.



Sample Activities

- Create a poster explaining why Bermuda isn't a tax haven.
- Write a poem, song, or rap promoting Bermuda as a good place for International Business.
- Develop a video commercial or news report highlighting Bermuda as a great place for international business.
- Write a speech explaining why Bermuda is not a Tax Haven

Sample Activities (Modified)

- Create a poster explaining why Bermuda isn't a tax haven.

Teachers can provide students with a list of reasons Bermuda is not a tax haven and students can choose from the list for the poster, or the teacher can brainstorm the list with the class, right the responses on the white board and have students write down the items they will use on their poster.

- Write a poem, song, or rap promoting Bermuda as a good place for International Business.

This activity can be done in groups or as a whole class facilitated by the teacher.

- Develop a video commercial or news report highlighting Bermuda as a great place for international business.

This activity can be completed in groups with the teacher providing assistance to groups as they complete the activity.

- Write a speech explaining why Bermuda is not a Tax Haven

Students could verbalize the speech and receive assistance writing it.

WHY IS International Business (IB) IMPORTANT TO YOU?

Lesson(s) 10 - 11



Brainstorm Activity

In groups, using the flip chart paper provided, list reasons why international business in Bermuda is important to each of us. You have five minutes. When time is up, each group will share their reasons with the class.



Brainstorm Activity (modified)

The teacher will facilitate a whole class discussion on why international business in Bermuda is important to each of us.

As students give their answers the teacher can write them on the white board or a computer connected to a projector so that students can see the responses.

Students will be given time to copy the information off of the white board, or the teacher can print out the information that was typed into the computer and give it to the students.



Key Vocabulary

- Foreign exchange
- Revenue
- Economy
- Resident
- Charitable



Vocabulary Activity

Students are given a handout with the vocabulary words (slide 58) on it. This can be done in hardcopy or electronically if students are using laptops in class.

Students can be asked to make notes on the meaning of the vocabulary words based on the teacher or guest speaker's information.

Content
Vocabulary
Words

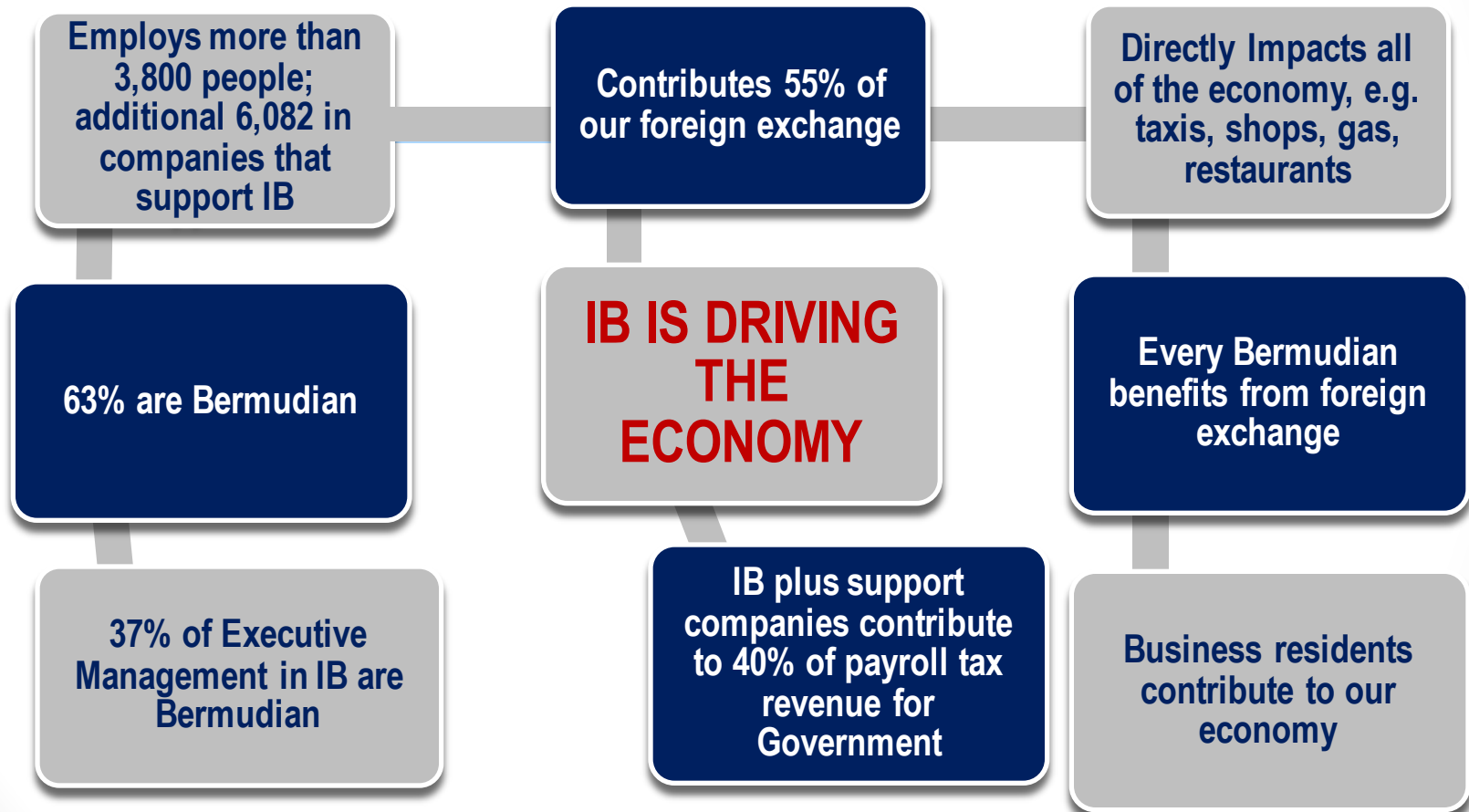
Vocabulary Activity (modified)

Students are given a handout with the vocabulary words (slide 58) on it. The handout should have the vocabulary words on one side and the definitions on the other. Individually, in groups, and/or as a class assisted by the teacher, the students will draw a line from the vocabulary word to the appropriate definition.

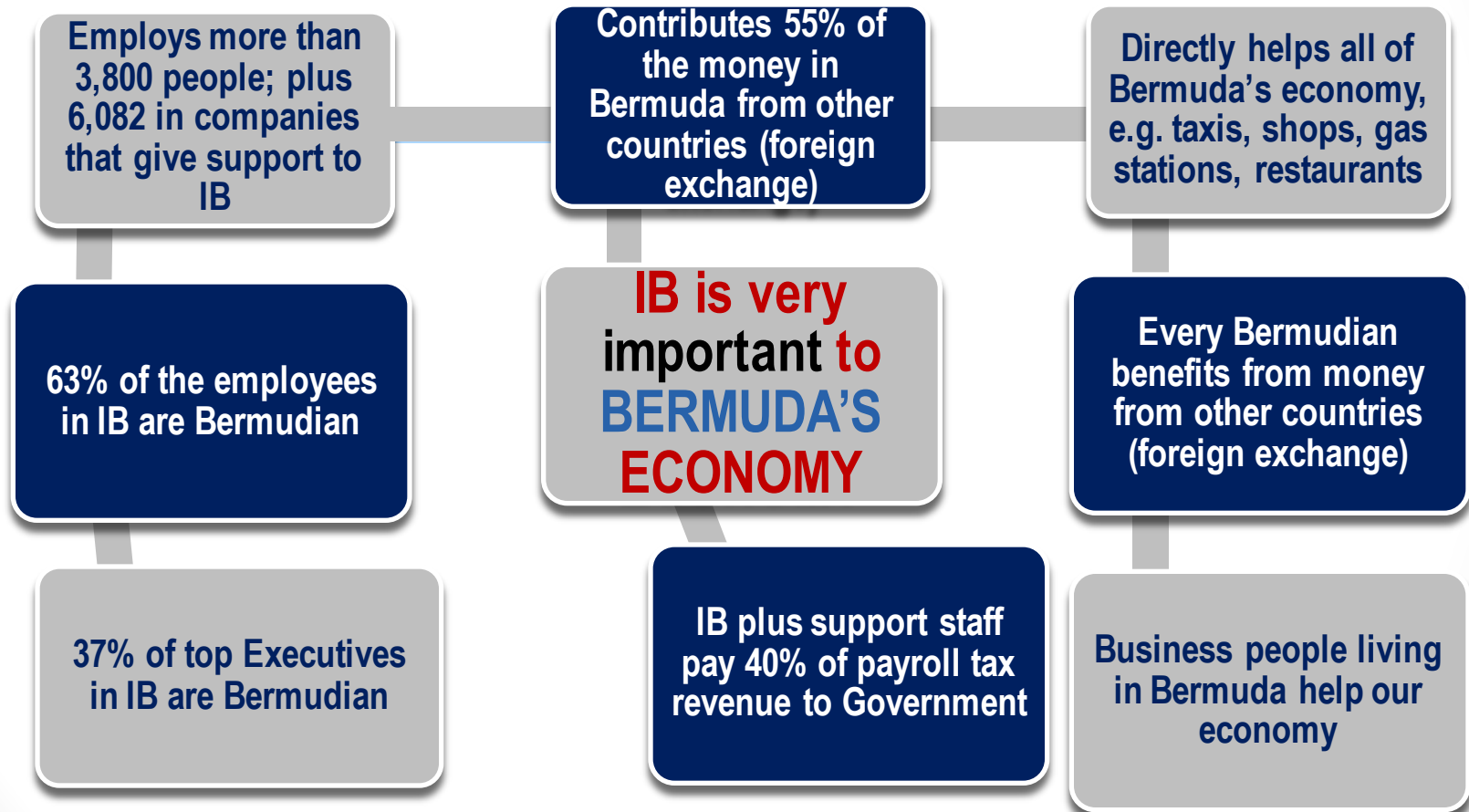
This can be done in hardcopy or electronically if students are using laptops in class. If it is completed via lap top the students can place the number of the vocabulary word beside the correct definition.

Content
Vocabulary
Words

International Business (IB) is important to Bermuda



International Business (IB) is important to Bermuda (modified)



International Business is Important to Bermuda

- International Business (IB) employs more than 3,800 people in Bermuda, 2,000 of them are Bermudian.
- An additional 6,000 employees are working for companies supporting IB like banks, law firms and accounting firms.
- International Business contributes to more than 55% of our foreign exchange.
- Almost half of the payroll tax the Bermuda government receives comes from international business. Taxes help the government to pay for road improvement, buses and ferries, public education, trash collection and much more.

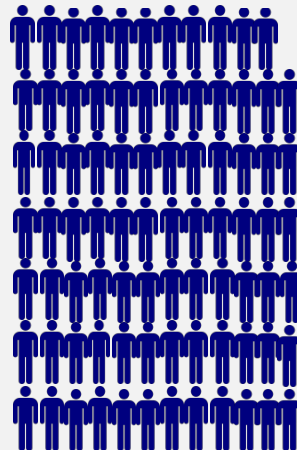
International Business employees who live in Bermuda buy local goods and services 12 months a year. On average, one IB resident contributes the same dollar amount per year as 76 tourists arriving by airplane and 630 tourists who arrive by cruise ship.

Cruise Arrival Tourist



630

Air Arrival Tourist



76

Business Resident



1

International Business is Important to Bermuda

WHO SPENDS WHERE?

SPEND	TOURIST	BUSINESS RESIDENT
Accommodation	✓	✓
Food	✓	✓
Occupancy tax, Passenger tax	✓	✓
Customs Duty		✓
Payroll Tax		✓
Transport	✓	✓
Clothing/personal services		✓
Entertainment	✓	✓
Major items (bikes, cars, appliances etc.)		✓
Schooling (private)		✓
Utilities		✓
Support Services		✓
Workspace Rental		

Videos



How the Economy Works – the Multiplier Effect of IB.

How does IB Benefit Bermuda

What Does International Business Mean to You?