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GOVT MULLING OVER ADDING PROPERTY TAX ON LIGHT BILLS 1

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The government is forecasting a three percent inflation increase this year as a result of the VAT rate hike, and examining whether to collect real property tax by adding it to light bills.

KP Turnquest, the deputy prime minister, in an address to the Rotary Club of Old Fort on Wednesday night, said: "In our modelling, we anticipate about a three percent increase in inflation in the first year, levelling back down to about one percent in the years after, which was the same exact result from the introduction of VAT. Those people who are preaching doom and gloom, again the empirical data doesn't support that."

He conceded that the administration and collection of real property tax needed to be modernised, with the government exploring creative ways to simplify the process - such as adding the tax on to taxpayers' light bills.

Acknowledging the significant real property tax arrears, which some estimates leg at \$500-\$600m, Mr Turnquest said: "We need some modernisation in the whole tax process in how we administer and collect the tax.

"We need to make it easier by spreading it across the year. We haven't decided anything, but we might decide to tack a figure on to your light bill so you pay \$20 a month toward your real property tax to make it easier to meet your commitments. We're looking at that."

Mr Turnquest said the Government was also looking at creative ways to enhance Customs revenue performance. "We are doing some very innovative and creative things with Customs," he added. "You are going to see some very innovative solutions which have been designed by Bahamians, which will make it much more efficient for persons to declare their goods and for us to ensure compliance."

Mr Turnquest said the Minnis administration believes that through real property tax and Customs enhancements, the Government could realise another \$80 million in revenue during the 2018-2019 Budget year.