



BAHAMAS - October 2018

THE BAHAMAS: CHANGES TO REAL PROPERTY TAX SYSTEM..... 1

The Bahamas: Changes to Real Property Tax system

The Bahamian Government in its 2018/19 budget communication proposed changes to the Real Property Tax system including an increase in taxes on foreign-owned undeveloped land and imposing Value Added Tax (VAT) on vacation home rentals.

The Government has stated that the primary objective of the amendment with regard to foreign-owned undeveloped land, was to discourage land speculation and encourage the development of any such property. The annual real property tax payable with respect to foreign-owned undeveloped land has increased from 1.5% to 2%. The increase was made effective as of 1 July 2018.

With regard to the imposition of VAT on vacation home rentals, this remains as a proposed amendment. The Government is working to establish an appropriate mechanism in order to facilitate the collection of VAT revenue from this source. In the initial budget exercise, the Government sought to amend the definition of “owner-occupied property” to improve the tax yield from homes used for commercial purposes. However, after consultation with stakeholders impacted by the proposed decision, the Government reverted to the previous definition of owner-occupied properties.

The document also proposes various concessions in respect of Customs duties, Excise duties, Business License fees and Stamp Tax.