



Tax Changes Effective July 2013

Tax changes came into effect on 01 July 2013 relevant to businesses. These changes are the result of the National Budget for the new fiscal year 01 July 2013 – 30 June 2014.

At a glance, the tax changes are as follows:

? *Commercial banks now taxed on turnover:* Commercial banks are now subject to a 3% business licence tax on gross turnover. Formerly, business licence taxes for banks and trust companies were based on assets as per the bank's or trust company's last audited financial statements. This tax change does not apply to credit unions and insurance companies (*Business Licence (Amendment) (No 3) Act, 2013*).¹

? *Business Licence tax increase for businesses with a turnover in excess of \$5 Million:* applicable business licence tax rates on turnover are now as follows:

- New business - \$100.00²;
- Business with turnover greater than \$50,000 per annum but not exceeding \$500,000 per annum - 0.5%³;
- Business with turnover greater than \$500,000 per annum but not exceeding \$5 million per annum - 0.75%⁴;
- Business with turnover greater than \$5 million per annum but not exceeding \$50 million per annum - 1.25%⁵;
- Business with turnover greater than \$50 million per annum, but not exceeding \$100 million per annum - 1.5% of turnover⁶; and
- Business with turnover greater than \$100 million per annum - 1.75%⁷.

Turnover is the total revenues in money and money's worth accruing to a person from his business activities in The Bahamas during the preceding year or in such other accounting period as the Financial Secretary may allow, including all cash and credit sales and commissions without any deductions whatsoever; and, for hotels, turnover shall exclude occupancy tax collected⁸.

? *Subsidiary Business Licence tax rate now same as parent:* As an anti-tax avoidance or measures, a subsidiary in The Bahamas is subject to the same Business Licence tax rate as is its parent in The Bahamas⁹.



? *Repatriation out of The Bahamas of substantial profits by trading concerns now taxed:* A 5% stamp tax will now be applied on every transfer of funds which exceeds \$500,000.00 per year where it represents dividends, profits, or payments for services rendered by a related party¹⁰.

? Removal of tax from e-banking payments: Stamp tax has been removed from electronic banking payments, including point of sales payments by debit cards¹¹.

? Marina slips now taxed: the leasing, subleasing or licensing of marina slips are now subject to stamp tax¹².

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¹ s. 4(b)(i) Business Licence (Amendment) (No. 2) Act, 2013

² First Schedule, Part I (3)(a) Business Licence Act, 2010

³ First Schedule, Part I (3)(b) Business Licence Act

⁴ s. 4(a)(ii) Business Licence (Amendment) Act



⁵ s. 4(a)(ii) Business Licence (Amendment) Act

⁶ s. 4(a)(ii) Business Licence (Amendment) Act

⁷ s. 4(a)(ii) Business Licence (Amendment) Act

⁸ s.2 Business Licence Act

⁹ s. 2(a) Business Licence (Amendment) Act

¹⁰ s.4 (b) Stamp (Amendment) Act, 2013

¹¹ S.4(c) Stamp (Amendment) Act



¹² s.4(a) Stamp (Amendment) Act

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