



BAHAMAS NATIONAL BUDGET 2015/2016

Fiscal Update

LEGISLATION FOR THE BAHAMAS GOVERNMENT'S NATIONAL BUDGET for the period 2015/2016 came into effect as of 01 July 2015. The national fiscal year runs 01 July to 30 June.

This is Delaney Partners' annual fiscal update to clients arising out of the national budget.

Key fiscal measures:



Legislation Affected	Changes
1 Tariff/ Excise Act	<ul style="list-style-type: none"> Reduction in duty to certain new and used vehicles to 65% Returning residents, including students, absent from The Bahamas for a period exceeding 2 years are exempt from paying duty on personal items up to a limit in value of \$10,000 and one vehicle up to a limit in value of \$30,000. The exemption is available every 5 years.
2 Real Property Tax Act	<ul style="list-style-type: none"> Reduction of tax on owner-occupied properties from 0.75% to 0.625% for the first \$500,000 of the assessed value A new category of tax called 'Residential Property' (defined as property which is not owner-occupied, comprising not more than four units(exclusive of outbuildings), used solely as a dwelling, beneficially owned by Bahamians and from which no commercial enterprise is conducted) to be applied at a rate of \$300 for property valued under \$75,000 and 0.625% of the property value for property valued over \$75,000 Reduction of the tax rate for commercial properties to 0.75% for the first \$500,000 of the assessed value Reduction of 50% of the tax payable on the first \$1 million of the assessed value for owner occupied homes, occupied by and owned by pensioners who are Bahamian citizens 10% discount for accounts that are current and paid in full by 31 March in any year A moratorium of 6 months (Jul 2015 to Dec 2015) for the waiver of the tax surcharge on residential or owner-occupied properties for persons who enter into a standing order or salary reduction arrangement to pay tax arrears as well as the current tax. Maximum 7 years for payment plan A simplified power of sale for foreign owned properties which are not the primary residence of the owner
3 Financial Administration and Audit Act	<ul style="list-style-type: none"> Requirement for a Tax Compliance Certificate signed by the Financial Secretary in certain circumstances when doing business with the Government. The purpose of the certificate is to confirm and ensure that all tax obligations have been met. This requirement can only be waived by the Minister of Finance Provision for the Government to collect the cost of debt collection from delinquent tax payers
4 Value Added Tax (VAT) Act	<ul style="list-style-type: none"> Introduction of VAT to property transactions exceeding \$100,000. An exemption applies for first time homeowners until 2016 Requirement for tax collected by VAT registrants to be kept in a separate account Comptroller now has the authority to require any registrant, including one that files quarterly and half yearly, to pay VAT collected on a monthly basis Requirement for VAT registrants with an annual turnover exceeding \$5 million to provide electronic files with particulars on VAT invoices, tax credits and debit notes issued or received
5 Stamp Act	<ul style="list-style-type: none"> Reduction of stamp duty on realty transactions to a rate of 2.5% (note however realty transactions over \$100,000 will now be subject to VAT) Stamp duty on leases is now a flat rate of 2.5% of the annual rent reserved (changed from 2% where the lease did not exceed 7 years and 3% where the lease exceeded 7 years but was less than 10 years)
6 Business License Act & Regulations	<ul style="list-style-type: none"> Reduction of tax rate to 1.5% for businesses with a turnover exceeding \$50 million (reduced from 1.75%) Reduction of tax rate to 0.75% for businesses involved in agriculture, fisheries and meat, food and fruit processing (excluding businesses engaged in the export of salt) Introduction of \$100 penalty for late filing of license renewal application Introduction of \$100 penalty for late notification of inactivation or cessation of business Introduction of a penalty for late payment at a rate of 10% of tax liability
7 City of Nassau Revitalization Act	<ul style="list-style-type: none"> Extended to June 30 2016



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