



International tax

Bahamas Highlights 2012

Investment basics:

Currency – Bahamian Dollar (BSD)

Foreign exchange control – Other than specific, capped amounts that may be handled by authorized banks, any transaction subject to the foreign exchange rules (e.g. loans, dividends, capital repatriation, etc.) must be approved by the central bank. The central bank of the Bahamas generally does not withhold approval for “current transactions” (e.g. payments for imports, educational payments, medical expenses, charitable gifts and commercial letters of credit). Exemptions from the exchange control regulations may apply, e.g. for some Bahamian banks and trusts and International Business Companies (IBCs).

Accounting principles/financial statements – IFRS applies.

Principal business entities – These are the public and private corporation, limited liability company, IBC and partnership.

An IBC is an entity formed under the IBC Act 1989 and does not carry on business with Bahamian residents. The benefits of IBC status include: no fixed limit on the amount of authorized capital; it is not necessary to obtain a business license and an IBC is exempt from business license fees; and an IBC can merge with a foreign company and transact foreign exchange business without exchange control restrictions.

Corporate taxation:

Residence – Companies are not subject to direct taxes.

Basis – No

Taxable income – No

Taxation of dividends – No

Capital gains – No

Losses – No

Rate – The Bahamas does not levy corporate income tax.

Surtax – No

Alternative minimum tax – No

Foreign tax credit – No

Participation exemption – No

Holding company regime – No

Incentives – While there are no company taxes, the Bahamas offers free zone incentives, including exemptions from stamp duty and import/export duties for qualifying transactions.

Withholding tax:

Dividends – No

Interest – No

Royalties – No

Technical service fees – No

Branch remittance tax – No

Other – No

Other taxes on corporations:

Capital duty – No

Payroll tax – No

Real property tax – Subject to several exemptions, owners (to include life tenants) of land and buildings must pay an annual real property tax. The applicable rate levied on the assessed value depends on whether the property is commercial or owner-occupied. The first BSD 50,000 of assessed value is taxed at .5% for commercial property (exempt for owner-occupied property); the next BSD 50,000 is taxed at 1% for commercial and .75% for owner-occupied property; and the remaining assessed value is subject to tax at 1.5% for commercial and 1% for owner-occupied property.

Social security – The employer must pay 5.9% of wages and the employee 3.9% (capped at BSD 26,000 annually).

The self-employed are subject to a rate of 8.8% of average insurable income, depending on their class (with an annual cap of BSD 26,000).

Stamp duty – Stamp duty is imposed at various rates (either flat dollar or as a percentage of value) on certain instruments and filings, to include bonds, money orders, letters of credit, transfers of real or tangible property, affidavits, powers of attorney, etc. In some instances, nonresidents may be

charged stamp duty at up to twice the rate of residents. Stamp duty also may apply to imports.

Transfer tax – No

Other – While companies are not subject to direct taxes, they are subject to a host of other indirect taxes and fees, including a business license fee, registration duties and import duties. Other indirect taxes include hotel guest tax, passenger tax, casino tax and business and hotel licensing fees. Customs duties for dutiable goods apply upon import or upon the withdrawal from bond of bonded goods. A general additional surcharge of 2.5% may apply on imports and warehoused goods are subject to a 1% additional duty.

Anti-avoidance rules:

Transfer pricing – No

Thin capitalization – No

Controlled foreign companies – No

Other – No

Disclosure requirements – No

Administration and compliance:

Tax year – No

Consolidated returns – No

Filing requirements – No

Penalties – No

Rulings – No

Personal taxation:

Basis – The Bahamas does not levy personal income tax.

Residence – No

Filing status – No

Taxable income – No

Capital gains – No

Deductions and allowances – No

Rates – No

Other taxes on individuals:

Capital duty – No

Stamp duty – Stamp duty is imposed at various rates (either flat dollar or as a percentage of value) on certain instruments and filings, to include bonds, money orders, letters of credit, the sale of a business, transfers of real or personal property, affidavits, powers of attorney, etc. In some instances, nonresidents may be charged stamp duty at up to twice the rate of residents. Stamp duty also may apply to imports.

Capital acquisitions tax – No

Real property tax – Subject to several exemptions, owners (to include life tenants) of land and buildings must pay an annual real property tax. The applicable rate, levied on the market value, depends on whether the property is commercial property or owner-occupied (see under “Other taxes on corporations”).

Inheritance/estate tax – No

Net wealth/net worth tax – No

Social security – The employer must pay 5.9% of wages, with the employee contributing 3.9% (capped at BSD 26,000 annually). The self-employed are subject to a rate of 8.8% of average insurable income, depending on their class (with an annual cap of BSD 26,000).

Administration and compliance:

Tax year – No

Filing and payment – No

Penalties – No

Value added tax:

Taxable transactions – No

Rates – No

Registration – No

Filing and payment – No

Source of tax law: Tariff Act, Customs Management Act, Stamp Act, Real Property Tax Act, Business License Act, and others

Tax treaties: The Bahamas has no tax treaties, but an information exchange agreement is in effect with the U.S.

Tax authorities: Ministry of Finance

International organizations: CARICOM (not part of customs union); Commonwealth of Nations

Deloitte contact

Mark Munnings

E-mail: mmunnings@deloitte.com

Security | Legal | Privacy

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see <http://www.deloitte.com/about> for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Deloitte provides audit, tax, consulting, and financial advisory services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries, Deloitte brings world-class capabilities and deep local expertise to help clients succeed wherever they operate. Deloitte's approximately 182,000 professionals are committed to becoming the standard of excellence.

This publication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the “Deloitte Network”) is, by means of this publication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. No entity in the Deloitte Network shall be responsible for any loss whatsoever sustained by any person who relies on this publication.