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International Tax
Bahamas Highlights 2026

Updated January 2026

Investment basics

Currency: Bahamian Dollar (BSD)

Foreign exchange control: Any transaction subject to the foreign exchange rules (for example, loans, dividends, or capital repatriation) must be approved by the Central Bank of The Bahamas ("Central Bank"), other than transactions for specific, capped amounts that may be handled by authorized banks. The Central Bank generally does not withhold approval for "current account transactions" (for example, payments for imports, educational payments, medical expenses, charitable donations, or commercial letters of credit).

Accounting principles/financial statements: IFRS applies.

Principal business entities: These include corporations, limited liability companies, exempted limited partnerships, foundations, segregated accounts, international business companies (IBCs), and partnerships.

Corporate taxation

The Bahamas currently does not have a general corporate income tax. However, the government has enacted a domestic minimum top-up tax (DMTT) to align with the global anti-base erosion (GloBE) model rules published by the OECD/G20 Inclusive Framework on BEPS that are designed to ensure a global minimum level of taxation of 15% for multinational enterprise (MNE) groups with annual consolidated revenue of at least EUR 750 million. The enacted Domestic Minimum Top-Up Tax Act 2024, deemed to have come into force on 1 January 2024, applies to fiscal years that begin after 31 December 2023; however, it does not apply in respect of a fiscal year of an MNE group that begins before 1 January 2025 unless an income inclusion rule (IIR) or undertaxed payments rule (UTPR) is required to be applied for that fiscal year in respect of each constituent entity of the MNE group that is located in The Bahamas.

Compliance for corporations

See "Business license tax" under "Other taxes on corporations and individuals," below.

Individual taxation

There is no individual income tax.

Compliance for individuals

There are no compliance requirements for individuals, as there is no individual income tax.

Withholding tax

There is no withholding tax on dividends, interest, royalties, or technical service fees, and no branch remittance tax.

Anti-avoidance rules

Transfer pricing: There is no transfer pricing legislation, but see "Disclosure requirements," below, for country-by-country (CbC) reporting requirements.

Interest deduction limitations: There are no interest deduction limitation rules.

Controlled foreign companies: There are no controlled foreign company rules.

Anti-hybrid rules: There is no anti-hybrid legislation.

Economic substance requirements: The Bahamas has enacted several laws requiring companies to comply with OECD/G20 BEPS action 5, which focuses on countering harmful tax practices through enhanced transparency and economic substance requirements.

The legislation, which includes the Commercial Entities (Substance Requirements) Act 2023, requires commercial entities to prove substantial economic presence in The Bahamas. Substance requirements are satisfied when a commercial entity engages in a "relevant activity" (as defined in the legislation) and conducts its core income generating activities within The Bahamas, among other requirements.

The Register of Beneficial Ownership Act 2018 requires registered agents to maintain records of the beneficial ownership of legal entities for which they have responsibility. These records are maintained on an electronic platform under the remit of the attorney general.

Additional legislation includes the Removal of Preferential Exemptions Act 2018, repealing exemptions for certain categories of companies or entities incorporated under the International Business Companies Act, the Exempted Limited Partnership Act, the Investment Condominium Act, and the Executive Entities Act.

Disclosure requirements: The Bahamas has adopted CbC reporting requirements in accordance with the OECD/G20 BEPS project that apply to MNE groups with a minimum consolidated revenue of USD 850 million in the previous year.

All constituent entities that are tax resident in The Bahamas have a notification obligation. Once a Bahamian constituent entity has submitted its initial CbC notification, as long as the group information remains unchanged, there is no requirement to submit an annual notification. The notification is due on or before the last day of the entity's fiscal year. Additionally, an entity that is an ultimate parent entity or a surrogate parent entity must submit a CbC report. The CbC report is due within 12 months after the end of the entity's fiscal year.

Exit tax: There is no exit tax.

General anti-avoidance rule: There is no general anti-avoidance rule.

Value added tax

Rates	
Standard rate	10%
Reduced rate	0%/0.1%/1%/2.5%/4%/5%/6%/8%/9%

Taxable transactions: VAT applies on the sale of most goods, the supply of services, imports, and real property transactions.

Rates: The standard rate of VAT is 10%. The supply of real property is subject to VAT at a rate of 2.5% on transactions not exceeding BSD 100,000 and a rate of 10% on transactions over BSD 100,000. Various other reduced rates apply to specific supplies.

A zero rate applies to exports and temporarily imported goods. Exempt supplies include educational services funded by tuition fees, the rental of a dwelling, life insurance, annuities and savings products, insurance contracts on owner-occupied dwellings, and the transfer of goods not intended for personal use.

Registration: Businesses are required to register for VAT where they make taxable supplies of at least BSD 100,000. Businesses also are required to register regardless of the level of their taxable supplies where they are:

- Responsible for the administration of condominiums or other residential accommodation, or a marketplace for vacation home rentals; or
- Located within or outside of The Bahamas and they provide, directly or through an agent, telecommunications services or electronic commerce for use, enjoyment, benefit, or advantage within The Bahamas.

Businesses that do not provide the services listed above and whose turnover is below the threshold may register voluntarily.

Filing and payment: Taxpayers with an annual turnover of at least BSD 5 million are required to file monthly VAT returns. Taxpayers whose annual turnover is less than BSD 5 million file quarterly returns in January, April, July, and October. Online filing of VAT returns and payment of the VAT due must generally be made by the 21st day following the filing period. Entities designated as a "large taxpayer" must file by the 14th day of each month.

Other taxes on corporations and individuals

Unless otherwise stated, the taxes in this section apply both to companies and individuals.

Social contributions and payroll taxes: The Bahamian national insurance contribution is a form of social insurance. All companies with employees are required to register with the National Insurance Board. Employers are required to pay 6.65% of employees' wages, with a maximum wage ceiling of BSD 3,510 monthly or BSD 810 weekly.

Individuals are also required to register with the National Insurance Board. Employees must contribute 4.65% of wages, up to the maximum wage ceiling. Self-employed individuals are subject to a rate of 10.3% of average insurable income, with a maximum ceiling of BSD 3,510 monthly or BSD 810 weekly.

Additionally, employers are required to contribute 2% of wages for summer students and workers in receipt of the retirement benefit.

The wage ceiling for national insurance is adjusted on a biennial basis. The last adjustment was in July 2024.

Capital duty: There is no capital duty.

Real property tax: Subject to several exemptions, business owners and individual owners (including life tenants) of land and buildings must pay an annual real property tax on the property's value. The rate is dependent on the property value and on whether the property is commercial, owner-occupied, or residential property (not owner-occupied), or vacant land owned by a nonresident (unimproved property). Real property tax is payable annually by 31 March and, if unpaid, can attract a 5% surcharge.

The maximum cap on property tax for owner-occupied property is BSD 150,000. The first-time home buyers' exemption is BSD 300,000.

A condo-hotel tax applies to the administrator of every "condo-hotel" or "hotel rental pool." The tax rate is 75% of the property's applicable real property tax rate.

All transactions related to real property must have their respective real property tax assessment numbers included either in a schedule (for multiple properties) or on a front page (for a single property), on all property documents submitted for stamping.

This applies to transactions by banks, attorneys, real estate companies, property owners, potential property owners, and persons either buying or selling shares in companies that own land.

Transfer tax: The transfer of shares and real property is addressed under the Stamp Act and the VAT Act, respectively.

Stamp duty: Stamp duty is imposed at various rates (either as a flat amount or as a percentage of value) on certain instruments and filings, including the sale of a business; bonds; money orders; letters of credit; and the assignment, transfer, and exchange of personal property. Stamp duty also may apply to imports.

Net wealth/worth tax: There is no net wealth tax or net worth tax.

Inheritance/estate tax: There is no inheritance tax or estate tax.

Other: Companies are subject to various indirect taxes and fees.

The Bahamas offers free trade zone incentives, including exemptions from import and export duties and VAT for qualifying transactions.

Business license tax

Businesses operating in The Bahamas are required to obtain a business license from the Department of Inland Revenue. There are three types of business license: temporary, occasional, and annual. Special rules apply to certain businesses, including IBCs, financial services entities, proprietary traders, and family offices.

Foreign entities that intend to operate under a contract in The Bahamas for a specific period not exceeding three years must apply for a temporary business license prior to commencing any activity. The fee for the license is 1.5% of the contract value.

An occasional business license for a period not exceeding seven days costs BSD 25 or BSD 750 and may be granted up to four times per year. The license is required to:

- Conduct a sales business (BSD 25);
- Act as a traveling salesperson (BSD 25);
- Stage a business event at any place or premises of public dancing, singing, music, or other public entertainment (BSD 750);
- Stage a trade show or exposition (BSD 25); or
- Sell at a regatta, farmers' market, or other similar national community event (BSD 25).

Where a business operates on a continual basis and where a temporary or occasional license is not appropriate, the business requires an annual business license, renewable each year. The business license tax is based on turnover. The general rate is 0% for turnover less than BSD 100,000, increasing progressively to 0.5%, 0.75%, and 1.25% for turnover between BSD 100,000 and BSD 500,000, turnover between BSD 500,001 and BSD 5 million, and turnover exceeding BSD 5 million, respectively.

Pursuant to the Business Licence Act 2023, all IBCs are required to pay tax on revenue that is attributable to operations within The Bahamas, at the applicable rate. In addition, IBCs are required to pay tax on revenue that is attributable to operations outside The Bahamas and that accrues to the IBC or is derived by the IBC from activities carried on in or from The Bahamas, based on the nature of the business and on the amount of the revenue, as follows:

- A tax of BSD 2,500, where the revenue attributable to operations outside The Bahamas does not exceed BSD 1 million; and
- A tax of 0.25%, up to a maximum tax of BSD 100,000, where the revenue attributable to operations outside The Bahamas exceeds BSD 1 million.

Financial services entities must pay tax as follows.

- **Authorized dealers:** 2.25% of total revenue net of interest expenses;
- **Authorized agents under the Bank and Trust Companies Regulations Act:** The greater of BSD 10,000 and 1.25% of turnover, up to a maximum tax of BSD 100,000;

- **Other public banks and trust companies:** The greater of BSD 25,000 and 1% of turnover, up to a maximum tax of BSD 100,000;
- **Nonbank money transmission businesses:** The greater of BSD 10,000 and 1.25% of turnover, up to a maximum tax of BSD 100,000;
- **Persons or entities required to be registered or licensed under the Digital Assets and Registered Exchanges Act:**
  - 2.25% of turnover from operations in the domestic market; and
  - The greater of BSD 2,500 and 0.25% of turnover from operations outside of the domestic market, up to a maximum tax of BSD 100,000;
- **Money lenders:** 2.25% of turnover; and
- **Other financial services entities:** The greater of BSD 2,500 and 1.25% of turnover, up to a maximum tax of BSD 100,000.

Where the turnover of a business consists partly or entirely of revenue derived from proprietary trading, the business must pay tax as follows:

- A tax of the greater of BSD 15,000 and 0.25% of revenue derived from proprietary trading, up to a maximum tax of BSD 100,000; and
- A tax at the applicable rate under the relevant schedule of the legislation, based on the nature of the business and the amount of the revenue, on all revenue derived from activities other than proprietary trading.

A family office must pay a tax of the greater of BSD 10,000 and 0.25% of turnover, up to a maximum tax of BSD 100,000.

The annual filing for the renewal of a business license is required by 31 January, and the payment of fees is required by 31 March. A statement of turnover is required to be submitted by 31 March annually.

Various penalties may apply, depending on the type of offense.

Tax treaties: The Bahamas has not concluded any tax treaties; however, tax information exchange agreements are in effect with more than 30 jurisdictions.

Tax authorities: Department of Inland Revenue (DIR)

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