

Bahamas Legislative Amendments: Business Licences

BULLETIN: 20 July 2017

The Business Licence (Amendment) Act came into force on the 1st July, 2017 and effects the following changes to the business licence regime:

- In addition to the power to suspend, revoke, amend or cancel a business licence for a breach of a condition or misrepresentation made by an applicant or licensee, the Financial Secretary can now suspend, revoke, amend or cancel a business licence if (i) an applicant has breached an arrangement to pay outstanding taxes under any other law or (ii) an applicant or licensee has contravened any tax law or law relating to the conduct of their business.
- A business licence will not be granted if the applicant's business or any other business in which the applicant has an interest, owes any taxes under the Value Added Tax Act, 2014.
- Businesses that are grouped for VAT purposes will now be charged business licence tax at a rate which is based on the combined turnover of the group rather than at the rate which would have applied based on their individual turnover.
- Licensees who have submitted notice of the inactivation or cessation of their business before the commencement of a new year are not required to (i) submit an application for renewal of their business licence or financial results showing the turnover of the business for the prior year; or (ii) pay any business licence taxes in respect of the following year.
- Companies incorporated under the International Business Companies Act, 2000 ("IBCs") and deemed or designated "Non-Resident" for Exchange Control purposes are now exempt from the payment of business licence tax. Please note however that although Non-Resident companies operating from The Bahamas are exempt from the payment of business licence taxes they must apply for a renewal of their business licence every year and make any relevant filings.
- The rate of business licence tax for businesses with a turnover greater than \$5 million has been reduced to 1.25% of turnover.*
- The rate of business licence tax for hotels with a turnover greater than \$400 million has been lowered to 1% of turnover as of 1 July 2017 and will be further reduced to 0.75% of turnover as of 1 January 2018.
- Interest of 5% will now be charged on the outstanding tax liability where the business licence tax is paid or the requisite filing made thirty days or more after the due date for payment or filing.

**Turnover as defined in the Business Licence Act, 2010 includes all revenues in money and money's worth from business activities within The Bahamas without any deductions whatsoever. Turnover in relation to hotels excludes occupancy tax collected by the business.*

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