

BULLETIN

Coming Changes to the Business Licence Regime

On Wednesday, May 27th, 2015, the Prime Minister presented the 2015/2016 Budget to the House of Assembly. In it the Government announced that effective July 1st, 2015 there will be several significant changes to the Business Licence regime. These impending changes appear in the draft Business Licence (Amendment) Bill, 2015 (the "Bill"), and are summarized below:

Penalty for late payment

Businesses that pay their business licence taxes late (i.e. after 31st March in any year) must now pay a penalty of 10% of the tax payable.

New fees for late filings

Licensees who fail to make the required filings or payments by the dates prescribed in section Three (3) of the Business Licence Act (the "Act") will be required to pay the following newly introduced fees:

- Businesses that file their application for licence renewal after 31st January will have to pay a fee of \$100.
- Businesses that provide notification of inactivation or cessation of business outside of the prescribed 14 day period will have to pay a fee of \$100.

Business licence rates

The Bill clarifies the basis for calculating the tax as follows:

- The applicable tax rate for each year will be the rate that was prescribed in the Act in the year in which the taxes were due. Businesses making late payments will not therefore be able to obtain the benefit of subsequent rate reductions.

- the tax payable will be based on the turnover for the calendar year immediately preceding the year in which the tax is payable.

"Turnover" is the total revenue in money (or money's worth) received from business activities within The Bahamas during any part of the preceding year (or a period determined by the Secretary of Revenue). It includes cash, credit card sales, and commissions.

Introduction of new tax rates

The rate of taxation for the following businesses will be fixed at 0.75% of turnover:

- agricultural and animal husbandry/mixed farming
- fishing/fish farms
- food/meat/fruit processing

Note: The above does not apply to businesses engaged in the export of salt.

Reduced rate for businesses with annual turnover greater than \$100 million

All businesses with an annual turnover greater than \$50 million will have a tax rate of 1.5% of turnover. Previously, businesses with annual turnover greater than \$100 million were taxed at 1.75% of turnover.

Flat rate for some gasoline stations on the Family Islands

The tax rates for gasoline stations are also set out in the Act. Notwithstanding those rates, if the owner of a gas station on a Family Island is not a fuel importer, the tax will be fixed at 0.75% of turnover.