



LEGISLATIVE AMENDMENTS: REAL PROPERTY TAX

Real Property Tax (Amendment) Act, 2015

In the 2015/2016 Budget Communication presented by the Right Honourable Prime Minister Perry Christie, Prime Minister Christie communicated the Government’s intention to modernize the real property tax administration by correcting deficiencies in respect of coverage, assessments, billing and collections, thereby increasing the opportunities for tax incentives and lower tax rates for Bahamians.

These increased opportunities are reflected in the Real Property Tax (Amendment) Act, 2015 (which will come into effect on 1st July, 2015) and are set out below:

RESIDENTIAL PROPERTY

A new category, termed “*residential property*” has been created. This is defined as “*any property that is not owner-occupied, comprising not more than four units, exclusive of outbuildings, beneficially owned by a citizen of The Bahamas, used solely as a dwelling place and from which no commercial enterprise is conducted*”.

The annual real property tax payable in respect of residential property is as follows:

- where the assessed value does not exceed \$75,000.00.....\$300.00
- where the assessed value exceeds \$75,000.00.....0.625% of the assessed value

REDUCTION IN ANNUAL REAL PROPERTY TAX

Owner Occupied Property

The annual real property tax payable in

respect of owner-occupied properties with a market value which exceeds \$250,000.00 but is less than \$500,000.00 has been reduced from 0.75% to 0.625% of the market value. Consequently, the current annual tax rates on owner-occupied property are as follows:

- On market value up to \$250,000.00Exempt
- On market value over \$250,000.00 but not exceeding \$500,000.00.... 0.625%
- On market value over \$500,000.001% (*subject to a maximum of \$50,000.00*)

Other Property

The annual real property tax payable in respect of commercial property, on its market value up to \$500,000.00 has been reduced from 1% to 0.75%. Consequently, the current annual tax rates on commercial property are as follows:

- On market value up to \$500,000.00... 0.75%
- On market value over \$500,000.00.... 2%

TAX REDUCTION FOR PENSIONERS

Every pensioner is entitled to a 50% reduction on the tax payable on owner-occupied property (up to the first \$1 million of its assessed value) if he/ she satisfies the Chief Valuation Officer that he/she is:

- a citizen of The Bahamas;
- entitled to a retirement benefit under the National Insurance Act or has attained the age of 65 years; and

- the beneficial owner of property which is exclusively occupied by him/her as a dwelling house and qualifies for owner occupier exemption under the Real Property Tax Act.

This 50% reduction is limited to the tax payable in respect of the first \$1million of the assessed value of the owner-occupied property and where the assessed value exceeds \$1million, pensioners shall be liable for the entire amount of tax payable on that part of the market value which exceeds \$1million.

TAX REDUCTION FOR CURRENT ACCOUNTS

Where real property tax accounts are current, a 10% discount will be given where payments for any tax year are made on or before 31 March.

WAIVER OF SURCHARGE

Registered owners of residential property or owner-occupied property may be eligible for a waiver of surcharges on outstanding real property taxes. To qualify for this waiver the owner of the property must make an application to the Chief Valuation Officer between 1 July, 2015 and 31 December, 2015 and enter into an agreement (for up to seven years) for the payment of the real property tax arrears by salary deduction or standing order. If property that is the subject of a payment agreement is sold, the balance of the real

property tax outstanding and the surcharge on this outstanding amount will immediately become payable.

POWER OF SALE BY THE TREASURER

The Real Property Tax Act is being amended to limit the Treasurer's power to sell property where there is unpaid real property tax to property beneficially owned by non-Bahamians only. The Treasurer's power of sale will be exercisable both over unimproved and improved land. With the new amendments, the Treasurer cannot exercise the power of sale if the Chief Valuation Officer is satisfied that the property:

- is owner-occupied;
- is occupied by the owner for not less than eleven consecutive months in a calendar year; and
- is not a multi-purpose building (i.e. a building which is used partly for residential purposes and partly for commercial or industrial purposes).

EXEMPTED PROPERTIES

Property owned by a non-profit company incorporated for the purpose of promoting religious objects and whose profits and income are applied to promoting or facilitating religious objects will be exempt from real property tax.