



# Thinking beyond borders: Management of extended business travelers - Bahamas

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**01**

**Key message**

In The Bahamas there are no corporate, capital gains, wealth, inheritance, succession, or gift taxes. Tax revenue in The Bahamas is derived primarily from Value Added Tax (“VAT”), import duties, stamp duties, real property tax, casino taxes and business license taxes. VAT came into effect in The Bahamas on 1 January 2015 at a rate of 7.5 percent and was increased to 12 percent effective 1 July 2018. Effective 1 January 2022 the rate decreased to 10 percent.

# 1 Key message

In The Bahamas there are no corporate, capital gains, wealth, inheritance, succession, and gift or unemployment taxes. Extended business travelers are not taxed on their income in The Bahamas; however, they may be required to pay national insurance contributions if they are employed doing business in The Bahamas, or self-employed in a business licensed to operate in The Bahamas.

**02**

# **Social security**

## 2 Social security

### 2.1 Liability for social security (Bahamas National Insurance)

Under the National Insurance Act 1972 and the amendments thereto, employers and employees in The Bahamas are required to pay national insurance contributions. Employees and employers are obligated to pay 3.9 percent and 5.9 percent, respectively; of the employees' earnings up to a maximum annual earnings level of 740 weekly Bahamian dollars (BSD) or BSD3,207 monthly (totalling a maximum annual salary of BSD38,484). This maximum level is effective from 1 July 2022 and is subject to a further increase every 2 years thereafter by the estimated increase in average wages. An update to the National Insurance rates and ceiling will occur again 1 July 2024. From 1 July 2024 the new rates will be 6.65% for employers and 4.65% for employees. There has been no confirmation on the new maximum annual earning levels yet.

**03**

# **Compliance obligations**

# 3 Compliance obligations

National insurance is deducted from an employee's salary and the employer is responsible for submitting the total of 9.8 percent contribution to the National Insurance Board by the 15th day of the following month.

Non-compliance with regulations regarding national insurance is considered an offence and can result in imprisonment and/or fines.

**04**

# **Other issues**

# 4 Other Issues

## 4.1 Work permit/visa requirements

Work permits are required for all expatriate employees who plan to work in The Bahamas. A “Short Term Work Permit / Visa” is required for any non-Bahamian who wishes to work in the Bahamas for up to 90 days. A “Long Term Work Permit” is required for any non-Bahamian who wishes to work in the Bahamas for a period that exceeds 90 days. The work permit fee depends on the level/position of the employee, and ranges from BSD500–BSD16,275 per annum. Work permits are approved by The Bahamas Department of Immigration and the fee is determined on a case-by-case basis.

## 4.2 Double taxation treaties

As The Bahamas does not levy corporate/personal taxes, there are no double tax treaties between The Bahamas and other countries/jurisdictions. The Bahamas has however entered into Tax Information Exchange Agreements (TIEA) with several countries/jurisdictions, which provide assistance through exchange of information that is foreseeably relevant to the administration and enforcement of the domestic laws of the relevant parties, concerning taxes covered under TIEAs.

## 4.3 Permanent establishment implications

If an entity is deemed to be conducting business in The Bahamas, it may be subject to business license fees, which are generally calculated based on a percentage of the entity’s turnover. The impact of a permanent establishment on extended business travelers will not impact their Bahamian tax status, but will have implications concerning immigration, exchange control and national insurance matters.

## 4.4 Indirect taxes

Value Added Tax (VAT) came into effect in The Bahamas on 1 January 2015 at a rate of 7.5 percent and was increased to 12 percent effective 1 July 2018. The VAT rate was decreased to 10 percent 1 January 2022.

## 4.5 Local data privacy requirements

The Bahamas has data privacy laws. Organizations have a legal duty to keep data private and secure.

## 4.6 Exchange control

In The Bahamas, exchange control is administered by The Central Bank of The Bahamas (“CBOB”). The inflow and outflow of foreign currencies is monitored by CBOB and generally CBOB’s prior approval is required to transfer foreign currency out of The Bahamas.

## 4.7 Investment incentives for international investors

The Commonwealth of The Bahamas welcomes international investors who wish to establish a business in The Bahamas. The Government of The Bahamas offers incentives for certain projects in certain sectors and islands. These incentives include duty free import of materials/machinery and real property tax exemptions/concessions. The minimum capital requirements for such investments are BSD500,000 and the investment must not be in an area reserved exclusively for Bahamians. A proposal with supporting documents must be provided to the Bahamas Investment Authority (BIA). The application will be

forwarded to the National Economic Council for determination. Once approval is granted, The BIA will coordinate with other Government agencies where required to facilitate the implementation of the project.

Annual residence status consideration is accelerated for owners of residences in The Bahamas. Permanent residence status consideration is accelerated for major investors of at least BSD1,500,000 and owners of residence valued at least BSD750,000. International persons owning residences in The Bahamas are also eligible to receive a “Homeowners Card”, which entitles the owner, their spouse and minor children to enter and remain in The Bahamas for the duration of the validity of the card.

## **4.8 Real Property Tax for Foreign Investors**

Real property is a tax levied by the government on real property, the value of land and improvements (buildings, paved areas and attachments). It was established in 1969 and is payable no later than sixty days after the date on which the notice of assessment is deemed to have been served each year. If the real property tax liability is not paid by December 31 of any tax year a 5% surcharge is applied. A non-Bahamian must go through the Investment Board at the Ministry of Finance to purchase property in The Bahamas.

## **4.9 Business Licence**

Any person who wants to carry on a business in or from within The Bahamas must apply for a business licence. The rate of business licence tax depends on the type of business being carried on and is based on turnover. There may also be additional requirements (such as audited financial statements) depending on the level of turnover.

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