



# **IMPORTANT NOTICE TO OWNERS/OPERATORS OF RENTAL HOMES IN THE COMMONWEALTH OF THE BAHAMAS**

## **EFFECTS OF AMENDMENTS TO THE HOTELS ACT, THE REAL PROPERTY TAX ACT AND THE INTERNATIONAL PERSONS LANDHOLDING ACT**

Recent amendments to the Hotels Act, Ch. 288, effective July 13, 2009 and August 5, 2009, have introduced the new definition of “owner-occupied rental home” and, along with recent amendments to the Real Property Tax Act, Ch. 375 and the International Persons Landholding Act, Ch. 140, owners are being afforded a number of benefits and incentives.

Under the Hotels Act and Real Property Tax Act and International Persons Landholding Act, respectively, owner-occupied rental home and owner-occupied property are defined as “property occupied by a person who being the owner in fee simple or a mortgagor in possession, occupies and resides in such property exclusively as a dwelling house on a permanent or seasonal basis”.

Owners wishing to benefit from these amendments must apply for a licence to operate their premises by completing an Application for Licence to Operate under the provisions of the Hotels Act.

### **BENEFITS OF THESE AMENDMENTS**

- (i) Real Property Taxes on licensed owner-occupied rental homes will be calculated as follows:
  - (a) the first \$250,000 of the market value of the property shall be exempt;
  - (b) properties exceeding \$250,000 but are not in excess of \$500,000 will be taxed at a rate of  $\frac{3}{4}\%$  per annum of the market value, as compared to the commercial rate of 1%
  - (c) properties exceeding \$500,000 but are not in excess of \$5 million will be taxed at a rate of 1% per annum of the market value, as compared to the commercial rate of 2%
  - (d) properties exceeding \$5 million will be taxed at a rate of  $\frac{1}{4}\%$  per annum of the market value, as compared to the commercial rate of 2%

- (ii) The Real Property Tax Act amendment also provides for the **waiver of surcharges** under certain circumstances in relation to licensed owner-occupied property:
  - (a) any **surcharge** which has accumulated with respect to owner-occupied property of up to \$250,000 shall be waived
  - (b) the **surcharge** shall be waived in relation to owner-occupied property which exceeds \$250,000, if the outstanding real property tax is paid on or before December 31, 2009.

#### Revival of Surcharge

The amendment provides for the **revival of surcharge** and, if after December 31, 2009 any real property tax remains outstanding in respect of:

- (a) owner -occupied property with a market value of up to \$250,000
- (b) owner-occupied property which excess of \$250,000
- (c) other property,

then the owner of such property, shall be liable to pay a new surcharge of 5% of such tax per annum.

#### **REQUIREMENTS TO ACCESS THESE BENEFITS**

1. Owners of owner-occupied rental homes wishing to take advantage of the reduced real property taxes must provide the Chief Valuation Officer, Business Licence/Valuation Unit, Ministry of Finance, P. O. Box N-13, Frederick Street, Nassau, Bahamas, tel: 242-325-1171; fax: 242-328-8003; e-mail: [busrptassessment@bahamas.gov.bs](mailto:busrptassessment@bahamas.gov.bs) with the Assessment Number of their property on or before October 15, 2009. Where the property is owned by a company, in order to be re-classified as residential, the beneficial owner shall submit to the Chief Valuation Officer an affirmation stating that such property is occupied by the beneficial owner exclusively as a dwelling house on a permanent or seasonal basis, which can be downloaded on-line at [www.tourismtoday.com/prelim/oorh](http://www.tourismtoday.com/prelim/oorh). Real property tax billings issued in October 2009 will reflect any change in the status of owner-occupied rental homes provided the information is submitted on or before October 15, 2009 to the Valuation Department.
2. In addition, owner-occupied rental homes must operate under a licence obtained from the Chief Licensing Officer, Hotels Licensing Department, Ministry of Tourism, Nassau, P. O. Box N-3701, Nassau, Bahamas, tel: 242-356-5216; fax: 242-356-5904; e-mail: [mmosshepburn@bahamas.com](mailto:mmosshepburn@bahamas.com), or, in the case of Grand Bahama Island and the Out/Family Islands, the Local Government Administrator's Office in the relevant District.

Application forms, along with the Form 1C, may be downloaded on-line at [www.tourismtoday.com/prelim/oorh](http://www.tourismtoday.com/prelim/oorh), or collected from the Hotel Licensing Department, Ministry of Tourism, Nassau, or the relevant Local Government Administrator's Office.

3. All licensed operators/owners of owner-occupied rental homes shall collect a hotel guest tax of six percent (6 %) of the total room rate for the period during which each guest is provided with sleeping accommodation at such owner-occupied home of one or more bedrooms. **Such tax shall take immediate effect and shall, by law, be paid by the 15<sup>th</sup> of each month thereafter.**
4. The hotel guest tax so collected by the operator (or designated property manager/ management company/caretaker) must be paid to the Chief Licensing Officer, Hotels Licensing Department, P. O. Box N-3701, Nassau Court, Nassau, Bahamas, or relevant Administrator's Office on Grand Bahama or the Out/Family Islands, along with a completed Monthly Return of Hotel Guest Tax form (Form X), which may be downloaded on-line at [www.tourismtoday.com/prelim/oorh](http://www.tourismtoday.com/prelim/oorh), no later than the fifteenth of the month next following the month to which the return relates. Payments are to be made payable to the Bahamas Public Treasury.

Additionally, amendments to The International Persons Landholding Act:

- i) require that fees payable under the provisions of the Act by non-Bahamians, instead of being paid to the Secretary to the Board, be paid directly to the Public Treasury and the Secretary to the Board be provided evidence that payment was made to the Treasury.
- ii) has replaced "single family dwelling" with "owner-occupied property".