

LEGAL UPDATE:

REAL PROPERTY TAX INFORMATION AND RATES 1st APRIL, 2020

All real property in the Commonwealth of The Bahamas is assessable for real property tax, unless an owner is exempt. On the purchase of real property, a Purchaser is required to declare its ownership with the Department of Inland Revenue in order for the property to be assessed.

Real property taxes are payable annually and by 31st December. Property owners will benefit from a 10% deduction on annual taxes if paid in full on or before 31st March. The late payment of taxes shall result in the imposition of a 5% surcharge.

The calculation of real property tax on a property is based on a property's designated tax class which reflects the type and use of the property:-

OWNER-OCCUPIED PROPERTY

"Owner-Occupied" means 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. The maximum annual tax payable on an owner-occupied property is sixty thousand (\$60,000) dollars.

First \$250,000	Exempt from RPT
Home belonging to first time homeowners with value above \$250,000 but under \$500,000	Exempt for 5 years from date of occupancy certificate or conveyance
Homes with a value above \$250,000 but under \$500,000	5/8 of 1% per annum of that part of the value which exceeds \$250,000 but does not exceed \$500,000
Homes with a value above \$500,000	1% per annum of that part of the value which exceeds \$500,000
Reduction for pensioners who are (a) citizens of The Bahamas (b) entitled to retirement benefit under National Insurance Act or at least 65 (c) beneficial owner of property occupied exclusively as a dwelling house.	50% reduction of the balance of the annual tax payable up to \$1 million of value, after the deduction of the owner-occupied property exemption.

LEGAL UPDATE: : REAL PROPERTY TAX INFORMATION AND RATES 1st APRIL, 2020

RESIDENTIAL PROPERTY

“Residential property” means 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.

Value does not exceed \$75,000	\$300
Value exceeds \$75,000	5/8 of 1% per annum on the assessed value

UNIMPROVED PROPERTY

“Unimproved property” means land on which no improvements have been effected.

Owned by Bahamians	Exempt
On that part of the value that does not exceed \$7,000	\$100
On that part of the value that exceeds \$7,000	2% per annum of value

CROWN LEASED LAND

Value of improvements up to \$10 million	½% per annum of value of improvements
Value of improvements above \$10 million	¼% per annum of value of improvements

COMMERCIAL PROPERTY

“Commercial property” means any property used to carry on a business activity but does not include residential property.

On that part of the value that does not exceed \$500,000	¾ of 1% per annum of value
On that part of the value that exceeds \$500,000	2% per annum of value

LEGAL UPDATE: : REAL PROPERTY TAX INFORMATION AND RATES 1st APRIL, 2020

ANY OTHER PROPERTY

(Not tiered)

2% per annum of value

EXEMPT PROPERTY

In addition to the exemptions set out above, certain properties are exempt from the payment of real property tax, including:

- (i) Property owned by Bahamians and situate in the Out Islands;
- (ii) Public places used exclusively for the purpose of religious worship;
- (iii) Property comprising school buildings;
- (iv) Crown land (other than held under a lease); and
- (v) Property of any foreign State used exclusively for purposes of a consular office or residence of a consular officer or employee.

All buildings registered on the National Register of Historical Buildings are also eligible for exemption from real property tax. Exemptions are not automatic and must be applied for.

DISASTER RECONSTRUCTION AUTHORITY (SPECIAL ECONOMIC RECOVERY ZONE) (RELIEF) ORDER, 2019

Any improved property situate in the Islands of Abaco, the Abaco Cays, Grand Bahama Island, Sweetings Cay, Deep Water Cay and Water Cay that was either partially or entirely destroyed as a result of the passage of Hurricane Dorian which was subject to the payment of real property tax prior to coming into force of this Order shall be exempt from real property tax for the year 2020 where the property is reconstructed, restored or otherwise habitable by 1st October, 2020.

It is important to take specific advice regarding the annual real property taxes which may be payable in respect of your property going forward, how and when taxes should be paid, and the exemptions (if any) which might be available to you in respect of your property. For more information please contact one of our Attorneys in the Firm's Property and Development Practice Group.

Dana Wells Partner.....dcw@gtclaw.com

Andrew Wells Partner.....agw@gtclaw.com

Erica Paine Partner.....ep@gtclaw.com

Samantha Williams Partner sam.williams@gtclaw.com

Alistair Chisnall Partner.....awc@gtclaw.com

Katherine Elza Partnerkae@gtclaw.com