

# Special tax relief for Abaco and Grand Bahama

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**Real property tax**  
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To encourage the rebuilding effort in Abaco, Grand Bahama and the surrounding Cays (the zone) after Hurricane Dorian, tax relief is now available under the Disaster Reconstruction Authority (Special Economic Recovery Zone) (Relief) Order 2019.

## Real property tax

Any improved property within the zone that was either partially or completely destroyed as a result of the hurricane will be exempt from real property tax in 2020 if the property is rebuilt or otherwise habitable by 1 October 2020.

If the property is not rebuilt or otherwise habitable by such date, there will be no tax break and the taxes owing in 2020 will be added to the tax bill in 2021.

The Department of Inland Revenue has yet to confirm what evidence will be required to show that a property has been rebuilt or is habitable, but these requirements are expected to be clarified in due course.

## Sale of real property

From 4 December 2019 to 30 June 2020, purchasers of real property will be eligible to receive a discount on value added tax (VAT) on the conveyance at the rates listed below if they can demonstrate that:

- the property is fully habitable;
- if the property is not fully habitable, they have plans to make repairs and can start these within 75 days of the closing; or
- if the property is undeveloped, they have plans showing that they intend to undertake material commercial or residential development of the property.

If the repairs or construction are not commenced within 75 days of the closing of the sale, the tax becomes payable.

Purchase price	VAT rate	Discount
Up to BS100,000	2.5%	50%
BS100,001 to BS250,000	10%	35%
BS250,001 to BS500,000	10%	20%
BS500,001 to BS1 million	10%	15%

## Business licence tax

Businesses operating within the zone are eligible for relief from business licence tax for a period of one year (beginning on 1 January 2020) if the business increases its staff by 31 August 2020 to 50% of the number of people who were employed on 31 August 2019.

A business located and operating solely within the zone will be exempt from business licence tax.

For branches or subsidiaries of businesses which operate within the zone, the business licence tax associated with the turnover derived from the branch or subsidiary will be deducted from the

aggregate business licence tax of the business or group.

## Import duties

From 4 December 2019 to 30 June 2020, subject to conditions stipulated by the Ministry of Finance, where any of the items listed below are imported to the zone, they will be exempt from VAT and import duties:

- unprepared food of all types, including packaged and processed foods;
- water;
- fruit and vegetable juice;
- personal hygiene products, medicine and medical supplies;
- clothes, footwear, hats, belts, socks, stockings, gloves and scarves;
- cleaning supplies;
- beds and bedding materials;
- hardware supplies;
- building materials;
- landscaping supplies;
- pest control supplies;
- electrical fixtures and materials;
- electrical generators;
- farming equipment and supplies;
- fishing equipment and supplies;
- replacement boats;
- replacement boat engines;
- manufacturing equipment;
- cots;
- protective and safety gear;
- household furniture, furnishings and appliances;
- solar panels;
- mosquito netting;
- plumbing fixtures and materials;
- office supplies and equipment;
- tents;
- air conditioning units;
- replacement motor vehicles;
- replacement golf carts; and
- replacement motorcycles.

In addition, the local wholesale or retail sale of these goods (as well as the retail sale of fuel) will be exempt from VAT.

*For further information on this topic please contact [Chelon Carr-Newbold](#) at Lennox Paton by telephone (+1 242 502 5000) or email ([ccarr-newbold@lennoxpaton.com](mailto:ccarr-newbold@lennoxpaton.com)). The Lennox Paton website can be accessed at [www.lennoxpaton.com](http://www.lennoxpaton.com).*

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