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29th May, 2013

ATTENTION: SECOND HOME OWNERS – ABACO BAHAMAS

RE: PROPERTY TAXES AND RENTAL OF OWNER OCCUPIED HOMES

In response to the numerous enquiries to this office regarding the taxes and rental of Owner Occupied Homes the below is detailed.

Owner Occupied Rental Homes are taxed on the property market value accordingly:

The first \$250,000 is tax exempt

The next \$250,000 to \$500,000 is tax at a rate of 0.75 percent

The next \$500,000 to \$5 million is tax at a rate of one percent (1%)

The maximum tax payable in a fiscal year is \$50,000

In accordance with the Hotel Amendment Act (2009) and effective 1st July, 2010, all homeowners renting one or more bedrooms in an owner-occupied home are required to apply to the Hotel Licensing Authority (a division of the Ministry of Tourism) for a Hotel Licence which **must** be renewed annually.

In addition, a rental tax at the rate of 10% of the rental income is payable on all owner-occupied homes which are rented. The annual fee for a Hotel Licence is \$3.00 per bedroom. However, owner-occupied rental homes on the family islands are exempt from payment of this annual fee where they have fewer than 25 bedrooms but not exempt from the payment of the rental tax on rental income.

Renting out an owner-occupied home without a Hotel Licence is an offence subject to a fine of up to \$500.00 per day, which can lead to prosecution.

You are therefore urged to comply with the Act.

Ms. Gaynell Rolle
Chief Finance & Revenue Officer
Business License & Valuation
Ministry of Finance – Abaco Office
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GR/