



Amendments to The Stamp Act & The Real Property Tax Act



In The Bahamas when one is selling and buying property they must not only factor in the funds from the sale or the purchase price, but must consider the additional costs associated with the transaction. The purchaser would be responsible for paying some or all of the Stamp Taxes and the vendor is normally responsible for paying Real Property Taxes before completing the transaction.

Recently, both the Stamp Act and the Real Property Tax Act have been amended, which took effect on the 1st July, 2012.

Stamp (Amendment) Act, 2012

Stamp tax is levied on particular documents regarding the transfer of land which includes any conveyance, assignment, transfer or other disposition of land or chattel.

In 2010 the Stamp Duty on transactions was increased by 2% for all levels of consideration and consequently Stamp Duty payable for transactions where the consideration exceeds \$250,000.00 was 12%. However, the new Stamp Tax (Amendment) Act 2012 has reduced the maximum amount of stamp tax payable on transactions from 12% to 10%.

Instrument Consideration	Current Percentage Rate
Does not exceed \$20,000.00	4%
Exceeds \$20,000.00 and does not exceed \$50,000.00	6%
Exceeds \$50,000.00 and does not exceed \$100,000.00	8%
Exceeds \$100,000.00	10%

The effect of this change makes it less costly for those purchasing property for more than \$100,000.00.

Real Property Tax (Amendment) Act, 2012

Real property tax is an annual fee, which owners are required to pay on "real property" to the government of The Bahamas. This includes vacant land or land with any type of structure and/or other improvements erected thereon. However, there is no tax payable in respect of Bahamian-owned vacant land.

It is also important to note that Real Property Taxes are paid on all land throughout the Commonwealth of The Bahamas with the exception of land in the Port Area on the Island of Grand Bahama where both International land owners and Bahamian land owners are subject to pay an Annual Service Charge to the Grand Bahama Port Authority.

Recently, the government made an amendment by placing a real property tax cap of \$50,000.00 on the annual Real Property Tax payable in respect of owner-occupied properties. Consequently, this means that no Real Property Taxes due could exceed the amount of \$50,000.00. For instance, if the market value of the property is \$6 million, the real property tax to be applied would be \$50,000.00 and not \$60,000.00. Outlined below are the current real property tax rates on owner-occupied property:-

Market Value of Property	Real Property Tax Payable
The first \$250,000.00	Exempt
\$250,000.00 to \$500,000.00	0.75%
\$500,000.00 to \$5 million	1% (maximum of \$50,000.00)

The amendments made to both Acts were required and indeed a good move in light of the Government's efforts to stimulate economic activity, and in particular the Real Estate Market in The Bahamas.

The information stated above is not intended to be construed as legal advice in anyway.

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