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REAL PROPERTY TAX (AMENDMENT) BILL, 2015

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REAL PROPERTY TAX (AMENDMENT) BILL, 2015

A BILL FOR AN ACT TO AMEND THE REAL PROPERTY TAX ACT

Enacted by the Parliament of The Bahamas

1. Short title and commencement.

- (1) This Act, which amends the Real Property Tax Act (Ch.375), may be cited as the Real Property Tax (Amendment) Act, 2015.
- (2) This Act shall come into operation on the 1st day of July, 2015.

2. Amendment of section 2 of the principal Act.

Section 2 of the principal Act is amended by inserting in the appropriate alphabetical order the following new definitions —

“**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;”.

3. Amendment of section 3 of the principal Act.

Section 3 of the principal Act is amended—

- (a) in subsection (2), by deleting the word “2013” and substituting thereafter the word “2016”;
- (b) in subsection (2)(a)(i), by deleting the words “three quarters” and substituting the words “five-eighths”;
- (c) by inserting therefor immediately after subsection (2)(b) the following new paragraph—

“(bb) in respect of residential property —

- (i) where the assessed value does not exceed seventy-five thousand dollars, a tax of three hundred dollars;
 - (ii) where the assessed value exceeds seventy-five thousand dollars, a tax payable at the rate of five eighths of one per centum per annum on the assessed value of the property;”
- (d) in subsection (2)(c)(i) by deleting the word “one” and substituting the words “three quarters of one”.

4. Insertion of new section 20A into the principal Act.

The principal Act is amended by inserting immediately after section 20 the following new sections —

“20A. Tax reduction for pensioners.

- (1) Subject to subsection 3, every person who satisfies the Chief Valuation Officer that he is—
 - (a) a citizen of The Bahamas; .and
 - (b) entitled to a retirement benefit under the National Insurance Act (*Chapter 350*) or has attained the age of sixty-five years; and
 - (c) the beneficial owner of property which is occupied by him exclusively as his dwelling house and that he qualifies for owner occupier exemption under this Act,is entitled to receive a reduction of fifty percent on the balance of the annual tax payable on such owner-occupied property after the deduction of the owner-occupier exemption.
- (2) The reduction provided for in subsection (1) is limited to the tax payable in respect of the first one million dollars of the assessed value of such owner-occupied property and the person described in subsection (1) shall be liable for the entire amount of the tax payable on that part of the assessed value of the property which exceeds one million dollars.
- (3) Every person seeking a tax reduction under subsection (1) shall furnish proof of his entitlement to the Chief Valuation Officer and shall return to the Chief Valuation Officer in the prescribed form a declaration that he is the beneficial owner in occupation of the property.

20B. Tax reduction for current accounts.

Notwithstanding any provision of this Act prescribing the rates at which taxes shall be charged, levied, collected and paid, if any tax and any surcharge relating thereto is paid in full on or before March 31st in any year, there shall be deducted therefrom a sum equal to ten per centum of the tax due and payable.”.

5. Insertion of new section 21C into the principal Act.

The principal Act is amended by inserting immediately after section 21B the following new section—

“21C. Waiver of surcharge for standing orders.

- (1) At any time during the period beginning 1st July 2015 and ending 31st December 2015, a person registered as the owner of residential property or owner-occupied property may enter into an agreement for not more than seven years with the Chief Valuation Officer for the payment of tax and tax arrears, by salary deduction or standing order to the Chief Valuation Officer and upon entering into such agreement, the Chief Valuation Officer shall waive any surcharge payable on the tax.
- (2) Notwithstanding subsection (1) if the property being the subject of the agreement is sold during the period of the waiver, the entire tax including the surcharge shall become due and payable.”.

6. Amendment of section 25A of the principal Act.

Section 25A of the principal Act is amended by—

- (a) deleting the words “unimproved property”—
 - (i) in subsection (1) where they first occur, and substituting the words “property not beneficially owned by a Bahamian” therefor and where they occur next substituting the words “said property,”;
 - (ii) in subsection (6), and substituting the words “property referred to in subsection (1)”;
 - (iii) in subsection (7) where they first occur, and substituting the words “property not beneficially owned by a Bahamian” and where they occur next substituting the words “said property”;and
- (b) inserting immediately after subsection (14), the following new subsection—

- “(15) Subsection (1) shall not apply where the Chief Valuation Officer is satisfied that the property—
- (aa) is owner-occupied;
 - (bb) is occupied by the owner for not less than eleven consecutive months in a calendar year; and
 - (cc) does not comprise a multi-purpose building.”.

7. Amendment of section 42 of the principal Act.

Section 42(1) of the principal Act is amended by inserting immediately after paragraph (a) a new paragraph as following—

- “(aa) property owned by a non-profit company incorporated for the purpose of promoting religious objects which is exclusively for, or the profits (if any) and other income of which is applied to promoting or facilitating religious objects.”.

OBJECTS AND REASONS

Clause 1 of the Bill sets out the short title and commencement.

Clause 2 of the Bill seeks to provide for a new definition for “residential property”.

Clause 3 of the Bill seeks to provide for a rate of a fee of three hundred dollars for property valued under seventy-five thousand dollars and a rate of five-eighths of the property value on property over seventy-five thousand dollars. The property tax rate for commercial properties is also reduced and provides for a fifty percent reduction on real property tax.

Clause 4 of the Bill seeks to provide a fifty percent reduction of real property tax for Bahamian pensioners in respect of properties valued under one million dollars. This clause also seeks to allow for a ten percent discount on real property tax applicable to accounts that are current and paid in full before March 31st.

Clause 5 of the Bill provides the waiver of surcharge payable on tax.

Clause 6 of the Bill seeks to replace 'unimproved property' with 'property not beneficially owned by a Bahamian' in section 25A of the Act.

Clause 7 of the Bill seeks to provide for a new category of property, i.e., property owned by a non-profit company incorporated for promoting religious objects, that will be exempt from real property tax.