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HOW ARE PROPERTY TAXES ASSESSED ON A HOME IN THE BAHAMAS?

Everything you need to know about fees for owner-occupied homes in the country

The Bahamas is attractive for its tax-friendly laws, especially for foreign investors. Citizens and permanent residents of the tropical hot spot are not subject to taxes on personal income, inheritance, gifts or capital gains.

Property taxes are assessed based on value and for single-family residences, the first \$250,000 on owner-occupied property is tax-exempt. For owner-occupied homes between \$250,000 and \$500,000, the property tax rate is 0.625%, while owner-occupied residences valued between \$500,000 and \$5 million incur a tax of 1% of the property's value, with a cap of \$50,000.

Property taxes are paid annually and can be made in quarterly installments. The island also has a transfer tax for big-ticket transactions, which is 10% of the property purchase price for transactions over \$1 million split between the buyer and the seller.

As an owner of a property valued at \$250,000, you can apply for annual residency. An owner of a property valued at \$750,000 or greater qualifies you to apply for Economic Permanent Residency and accelerated consideration is given to applicants with investments in excess of \$1.5 million.

“A lot of people move to the Bahamas from other countries, make it their main residence and don't have to pay income tax,” said John Christie, president and managing broker at H.G. Christie in the Bahamas. “Another one of the main advantages is that we also don't have estate taxes; and if you do your estate planning here, there is no need to pay any

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money to the government when you pass away, so your loved ones can easily inherit money and property without tax implications.”

Foreign investors are also allowed to acquire residential properties in the Bahamas of up to 5 acres without prior government approval, though they must be registered in accordance with the International Persons Landholding Act. Another perk is that property taxes are not reassessed often, allowing rates to stay the same for many years.

“Historically, property tax values are generally a fair bit lower than the actual value of the house, which is a good thing,” Mr. Christie explained. “In places like Florida and a lot of other states, someone goes into a computer and checks to see if your property’s value has gone up, which results in a higher tax rate. That doesn’t happen here, so you can count on keeping the same property tax rate year after year.”

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