Real Property Tax Changes Affecting Non-Bahamian Property Owners in The Bahamas

By GT Partners Erica Paine and Sydney Rolle

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In recent years, The Bahamas has become an increasingly popular destination for non-Bahamians purchasing additional residential properties, whether as a second home or as part of a broader portfolio. As property owners, these purchasers are generally liable to pay real property tax annually, unless their property enjoys a specific exemption, such as certain properties within a hotel rental arrangement and benefiting from concessions under the Hotels Encouragement Act.

Real property in The Bahamas is subject to different rates of taxation depending on the use, assessed value and classification of the property. Historically, many non-Bahamian owners sought to have their properties classified as "owner-occupied property" on the basis that they occupied their homes seasonally. This classification provided a more favourable rate of taxation.

An amendment introduced in 2025, however, required an owner to occupy the property for at least

90 days in a calendar year in order to qualify for the "owner-occupied property" classification. This requirement created uncertainty for many non-Bahamian property owners who use their Bahamian homes only seasonally.

The 90-day occupancy requirement has now been removed by the Real Property Tax (Amendment) Act, 2026, which came into force on 1 July 2026. The removal of the requirement appears, in part, to recognise the practical difficulties associated with administering and verifying the number of days for which an owner occupies a particular property.

In place of the previous arrangement, the Government has introduced a new category of "foreign owner-occupied property".

New Classification for Non-Bahamian Owners

Going forward, a non-Bahamian property owner will not qualify for the established "owner-occupied property" classification unless the owner holds a permanent residence certificate with the right to work.

However, a non-Bahamian who holds a residence permit, an annual work permit or a Home Owner Resident Permit may qualify for the new "foreign owner-occupied property" classification, provided that the property is occupied and used exclusively by the owner as a dwelling house, whether on a permanent or seasonal basis.

Where a non-Bahamian owner does not fall within the new "foreign owner-occupied property" classification—for example, because the owner holds a permanent residence certificate without the right to work, or does not hold a residence permit, annual work permit or Home Owner Resident Permit, —the property will generally be classified as "commercial property" for real property tax purposes.

These classifications are significant because different rates of real property tax apply to each category.

Applicable Tax Rates

The applicable tax rates for each classification of property are as follows:

OWNER-OCCUPIED PROPERTY	
First $300,000.00 of value of the home	Exempt from RPT
On that part of the value of the home which is above $300,000 but does not exceed $500,000	5/8 of 1% per annum
On that part of the value of the home which exceeds $500,000	1% per annum
Annual Tax ceiling	$150,000

FOREIGN OWNER-OCCUPIED PROPERTY	
On that part of the value of the home which does not exceed $1,000,000	5/8 of 1% per annum
On that part of the value of the home which exceeds $1,000,000	1% per annum
Annual Tax ceiling	$200,000

COMMERCIAL PROPERTY	
On that part of the value of the property which does not exceed $500,000	3/4 of 1% per annum
On that part of the value of the property that exceeds $500,000 but does not exceed $2 million	1% per annum
On that part of the value of the property that exceeds $2 million	1½% per annum

Illustrative Annual Tax

The practical effect of these changes is that properties which previously qualified as "owner-occupied property" but now fall within either the "foreign owner-occupied property" or "commercial property" classification will attract a higher annual tax liability where the property has a value of less than $1 million.

The following table illustrates the annual tax payable at various property values:

As illustrated, once a property reaches a value of $1 million, there is no difference in the tax payable between an "owner-occupied property" and a "foreign owner-occupied property", as both are effectively taxed at 1% on the value above the applicable threshold.

The tax payable under the "owner-occupied property" classification will remain subject to the $150,000 ceiling, which is reached when the property has a value of $15.375 million or more. By contrast, the "foreign owner-occupied property" classification is subject to a higher $200,000 ceiling, which is reached at

Property Value	Owner-Occupied Property	Foreign Owner-Occupied Property	Commercial Property
$300,000	$0	$1,875	$2,250
$500,000	$1,250	$3,125	$3,750
$800,000	$4,250	$5,000	$6,750
$1,000,000	$6,250	$6,250	$8,750

a property value of $20.375 million or more.

There is no corresponding tax ceiling for commercial property. Accordingly, the annual tax liability for a property classified as commercial will continue to increase as the value of the property increases.

Conclusion

The recent amendments represent a significant change in the way real property owned by non-Bahamians may be classified for tax purposes. In particular, the introduction of the "foreign owner-occupied property" category provides a specific classification for certain non-Bahamian owners who occupy their Bahamian property on either a permanent or seasonal basis.

At the same time, the new classifications may result in increased real property tax liabilities for owners whose properties no longer qualify for the more favourable "owner-occupied property" classification.

As the classification of real property and the calculation of the resulting tax liability continue to become more complex, property owners should consider obtaining professional advice to determine the classification applicable to their particular circumstances and to ensure that they are benefiting from the most favourable tax treatment available to them.

This article is intended for general information purposes only and should not be regarded as legal or tax advice. Property owners should obtain professional advice in relation to their individual circumstances.