

# **IMPORTANT NOTICE TO OWNERS/OPERATORS OF RENTAL HOMES IN THE COMMONWEALTH OF THE BAHAMAS**

## **EFFECTS OF AMENDMENTS TO THE HOTELS ACT, THE REAL PROPERTY TAX ACT AND THE INTERNATIONAL PERSONS LANDHOLDING ACT**

Recent amendments to the Hotels Act, Ch. 288, effective July 13, 2009 and August 5, 2009, have introduced the new definition of "owner-occupied rental home" and, along with recent amendments to the Real Property Tax Act, Ch. 375 and the International Persons Landholding Act, Ch. 140, owners are being afforded a number of benefits and incentives.

Under the Hotels Act and Real Property Tax Act and International Persons Landholding Act, respectively, owner-occupied rental home and owner-occupied property are defined as "property occupied by a person who being the owner in fee simple or a mortgagor in possession, occupies and resides in such property exclusively as a dwelling house on a permanent or seasonal basis".

Owners wishing to benefit from these amendments must apply for a licence to operate their premises by completing an Application for Licence to Operate under the provisions of the Hotels Act.

## **BENEFITS OF THESE AMENDMENTS**

(i) Real Property Taxes on licensed owner-occupied rental homes will be calculated as follows:

- (a) the first \$250,000 of the market value of the property shall be exempt;
- (b) properties exceeding \$250,000 but are not in excess of \$500,000 will be taxed at a rate of  $\frac{3}{4}\%$  per annum of the market value, as compared to the commercial rate of 1%
- (c) properties exceeding \$500,000 but are not in excess of \$5 million will be taxed at a rate of 1% per annum of the market value, as compared to the commercial rate of 2%
- (d) properties exceeding \$5 million will be taxed at a rate of  $\frac{1}{4}\%$  per annum of the market value, as compared to the commercial rate of 2%

### **Revival of Surcharge**