



MINISTRY OF FINANCE
THE DEPARTMENT OF INLAND REVENUE

THE BAHAMAS

GENERAL BUSINESS LICENCE GUIDE



DEPARTMENT OF
INLAND REVENUE
Central Revenue Administration

Introduction

This Business Licence (BL) guide aims to provide a general understanding of who needs a business licence, the types of business licences, requirements for a business licence and associated tax payments and penalties. Additional information can be found in the Business Licence Act, 2010 as amended.

A Business licence is a grant or approval to conduct a business activity (whether a sales or service business) within The Bahamas. A “**business**” may be defined as a profession, calling, vocation, occupation, trade, manufacture or undertaking of any kind, an adventure or concern in the nature of trade with the view of generating a turnover or making money.

Who needs a business licence?

All persons conducting business within The Bahamas must be granted a licence in accordance with the requirements of the “Act”.

Types of Business Licences

There are three types of business licences:

- A) **Annual Business Licences** are licences that are renewed annually and can include but are not limited to the following businesses: retail/wholesale sales, professionals, barber/beauty shops, banking, etc. It is granted to applicants who regularly carry on a business activity.
- B) **Temporary Business Licences** are licences that are granted to foreign individuals/companies for a job in respect of a specific contract for a specified period of not more than three years, (e.g. Contract workers on special projects).
- C) **Occasional Business Licences** are licences that are granted to an applicant to carry on a business activity at an event or another short term purpose. They may be granted for a period not exceeding seven (7) days and may be applied for up to four times per year. An Occasional Business Licence is required for the following activities:

- 1) To carry on a sales business at a regatta, farmer’s market or other national

Disclaimer: Business Licence Guidance Notes do not supersede the Business Licence Act, 2010 as amended

- 2) or community event;
- 2) To act as a traveling salesman (*non-resident individual*);
- 3) To stage a trade show or expo;
- 4) To stage a business event at any place or premises of public dancing, singing, music or other such public entertainment...

Note: Non-profit organizations/ entities are also considered businesses.

All Business Licences expire on the 31st day of December annually - with the exception of temporary and occasional business licences.

Requirements

The requirements for a new Business Licence are:

- Proof of Bahamian citizenship (*copy of valid passport*) or a permanent resident with a right to work (*permit from the Immigration Department*) in The Bahamas
- Approval by the Bahamas Investment Authority for foreign persons/companies
- A copy of the certificate of incorporation (*with copies of the shareholder's passports*) and a current annual company registration fee payment receipt (*where applicable*)
- National Insurance Board (*NIB*) registration number and current letter of good standing (*for the business*); personal NIB card for individual applicants and partnerships
- Lease or rental agreement for the business location or proof of ownership (*copy of conveyance*) along with approvals from:
 - a) Department of Physical Planning (*zoning*)
 - b) Ministry of Works/ Building Control (*inspection*)
 - c) Department of Environmental Health Services (*sanitation*)
 - d) Royal Bahamas Police Force/ Licencing Section (*if alcoholic beverages are being sold and/ or music and dancing*)
- For a regulated business (*accountant, architect, medical professionals, electrician etc.*) a grant of approval in writing (*licence or permit*) under the other law regulating that business.

- Where the property or premises on which a business is located and the applicant is the owner of the property or premises, Real Property Tax must be paid.
- Where the business is a VAT registrant payment of Value Added Tax, Section 4(d) Business Licence (Amendment) Act, 2017

Certain activities are exempt from the licence requirements: *Section 13- Business Licence Act, 2010*

1. Where liquor:-

a. is sold, exposed or offered for sale by virtue of any legal process or any law authorizing the sale;

b. forms part of the estate of a deceased person if the Secretary authorizes the sale or it is sold by a licenced auctioneer under conditions approved by the Secretary;

c. is sold on board any ship calling at The Bahamas and lying outside the limits of any port, and is to be consumed on the ship; or

d. is sold to passengers only on board any ship calling at The Bahamas and lying within the limits of any harbour for a period of not more than 24 hours and is to be consumed on the ship.

2. Where any goods or articles of merchandise are sold by virtue of any legal process or any law authorizing the sale.

3. A fair shall not be regarded as a business. (e.g. Red Cross Fair)

4. Charges for admission to witness or to participate in sporting or charitable events, or for the provision of refreshments to patrons who witness those events, shall not be regarded as a business.

Business Licence Tax Rates

Business licence tax payable for a new business is \$100.00; except in cases of

*temporary business licences, ** occasional business licences and ***non-resident companies.

For most businesses, taxes are calculated based on gross turnover; and calculated at \$100.00 for a petty business and at a rate of 0.50% to 1.25% on turnovers ranging from \$50,001 to greater than \$5 million per annum.

Business Turnover	\$25	\$100	0.5%	0.75%	1.25%	1.5%
\$0.00-\$50,000		✓				
\$50,001-\$500,000			✓			
\$500,001-\$5,000,000				✓		
Over \$5,000,000					✓	
Temporary Business Licence (<i>Per contract value</i>)						✓
Occasional Business Licence	✓					

Figure 1: Chart indicating the fixed rate or percentage of turnover to calculate taxes owed

Note: The tax rate for business turnover in excess of \$50,000,001 has recently been changed. See Paragraph 11, Business Licence (Amendment) Act, 2017

The taxes for gas stations range between \$1,000 where total revenue does not exceed \$500, 000 and up to \$35,000 where total revenue is over \$15 million.

Business Turnover	Tax
Up to \$500,000	\$1,000
\$500,001-\$1,000,000	\$1,500
\$1,000,001-\$1,500,000	\$2,500
\$1,500,001-\$2,000,000	\$3,500

\$2,000,001-\$2,500,000	\$4,500
\$2,500,001-\$3,000,000	\$5,500
\$3,000,001-\$3,500,000	\$6,500
\$3,500,001-\$4,000,000	\$7,500
\$4,000,001-\$4,500,000	\$8,500
\$4,500,001-\$5,000,000	\$9,500
\$5,000,001-\$5,500,000	\$10,500
\$5,500,001-\$6,000,000	\$11,500
\$6,000,001-\$6,500,000	\$12,500
\$6,500,001-\$7,000,000	\$13,500
\$7,000,001-\$7,500,000	\$14,500
\$7,500,001-\$8,000,000	\$15,500
\$8,000,001-\$8,500,000	\$16,500
\$8,500,001-\$9,000,000	\$17,500
\$9,000,001-\$9,500,000	\$18,500
\$9,500,001-\$10,000,000	\$19,500
\$10,000,001-\$10,500,000	\$20,500
\$10,500,001-\$11,000,000	\$21,500
\$11,000,001-\$11,500,000	\$22,500
\$11,500,001-\$12,000,000	\$23,500
\$12,000,001-\$12,500,000	\$24,500
\$12,500,001-\$13,000,000	\$25,500
\$12,500,001-\$13,000,000	\$26,500
\$13,500,001-\$14,000,000	\$27,500
\$14,000,001-\$14,500,000	\$28,500
\$14,500,001-\$15,000,000	\$29,500

Over \$15,000,000	\$35,000
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Figure 2: Chart indicating the fixed rate taxes owed for gas stations not on the family islands

A tax rate of .75% of turnover will apply to gas stations on the Family Islands where owners are not importers of fuel.

Where the business is a bank or trust company licenced under the Bank and Trust Companies Regulation Act, as an authorized dealer (*e.g. commercial banks*) tax is at a rate of 3% of the turnover.

Businesses that are involved in telecommunication services (*e.g. providers of: the internet, telephone, and broadcasting -radio, cable television, telex*) are taxed at a rate of 3% of turnover.

Where the business is a registered insurer under the Insurance Act, the business licence tax payable is, three per cent of the gross premiums collected in each quarter of the previous year or the sum of twenty-five (\$25) dollars - whichever amount is higher. This amount is, however, paid directly to the Insurance Commission and proof of payment must be submitted to the Department of Inland Revenue (DIR).

Business Type	\$300	0.75%	3%
Non-Resident Companies that are NOT IBCs	✓		
Agriculture and animal husbandry/mixed farming		✓	
Fishing/Fish Farms		✓	
Food/Meat/Fruit Processing		✓	
Gasoline stations on Family Islands (Not owned by importers of fuel)		✓	
Telecommunication Services			✓
Insurance Companies (Gross Premium)			✓

Figure 3: Chart indicating the fixed rate taxes or percentage of turnover owed for other business types

If the turnover is one hundred thousand (\$100,000) dollars or more, certification by a person who is a qualified public accountant licenced to practice under the Public Accountants Act and who has no interest in the business to which the certificate relates must accompany the application (*Business Licence Regulations, (Amendment) 2015/Regulation 5*)

***Temporary business licences** are taxed at a rate of 1.5% of the value of the contract *Section 5(2), Business Licence Act, 2010*

****Occasional business licences** are taxed at a rate of \$25.00 each. *First Schedule Part 1paragraph (8), Business Licence Act, 2010*

*****Non-resident companies (except IBCs)** pay a business licence tax of \$300.00. (*First Schedule Part 1paragraph (7)*),

Non-resident companies are companies that do business from within The Bahamas, as designated by the Central Bank of The Bahamas in accordance with the Exchange Control Regulations Act.

Certain categories of businesses are exempt from payment of annual business licence taxes, such as, but not limited to:

- a person who carries out his/ her vocation as a minister of religion;
- religious, charitable or cultural institutions or organizations registered as non-profit entities within The Bahamas;
- clubs or commissaries of any foreign state operating under a special agreement with the Government;
- a regulatory body established by the Government or a Government body/entity wholly funded by the Government where the business carried on is solely in the service of the Government;

- a business licenced under the Lotteries and Gaming Act; or
- businesses licenced under the Banks and Trust Companies Regulation Act which are not authorized dealers (*which cannot do business with residents/locals*) and has satisfied this office that they have paid the bank fees at the Central Bank of The Bahamas.
- IBCs designated as non-resident by the Central Bank of The Bahamas

Filings and Submissions

Filings and submissions of renewal applications are due on or before the 31st day of January of the succeeding year. Notification must be submitted to the DIR within fourteen days where the business becomes inactive or has ceased to operate.

Note: A business that has become inactive or ceased to operate will still be required to file a renewal application, where the DIR was not notified by December 31st of the year the licence was issued.

Taxes for annual business licences must be paid by the 31st day of March of each year.

Licensees who fail to file and submit by the aforementioned deadline shall be liable to pay late payment fees as outlined below:

- 1) \$100.00 fee for late filing/submission of renewal application; and
- 2) \$100.00 fee for late filing/advisement of inactive or closed businesses
- 3) Liable to pay a fee for late business licence tax payment; calculated at 10% of the tax liability.
- 4) 5% interest rate per annum on tax liability overdue 30 days or more

Assessments and Audits

The Secretary may proceed to make an assessment to determine the correct amount of tax payable:

- within three years of the issue date of an annual business licence and

- within two weeks of the completion of the project for a temporary business licence
- where the owner did not advise that the business was inactive
- no money has been submitted for the renewal of an annual business licence or
- in any other case where the Secretary has reason to believe that a person is liable to pay taxes under the “Act.”

The Secretary may audit the books of the business for the purpose of making an assessment. After the assessment has been made, the Secretary shall issue a notice of the assessment to the licensee for additional payment or to issue a refund depending on the case.

The audit function can be outsourced to a public accountant firm or to any public Accountant licenced to practice under the Public Accountants Act at a cost to the business.

Notice of Objection to Secretary’s Assessment

Any licensee who disagrees with the assessment of the tax payable for a licence, may within twenty-one days after the receipt of the notice of assessment, apply to the Secretary, by a written notice of objection for a review and revision of the assessment; stating the grounds of the objection along with the total tax amount payable.

As soon as possible the Secretary will consider the objection and may give the licensee an opportunity to produce any evidence that he may have that is relevant to the objection. The Secretary will then make a decision and communicate it by written notice of the decision. *See Section 11 of the Business Licence Act, 2010 for further details.*

Appeals

Persons unhappy with the Secretary’s decision to disallow an objection or to refuse the grant of a licence or to dismiss an application or to suspend, revoke, amend, cancel or restrict a licence may, within twenty-one days after receiving the notice of the decision, appeal to the Review Board against that decision by serving on the Secretary a notice of his/ her intention to appeal and the grounds of the appeal.

The Review Board will set a date to hear the appeal and inform the parties concerned. Upon hearing the appeal, the Review Board may make whatever decision it considers just in the circumstances.

For the purposes of an appeal, the burden of proving that an assessment is excessive or a decision is unfair or unjust shall be upon the person making the appeal.

Offenses and Penalties: *Section 26 - Business Licence Act, 2010*

There are various offences and penalties, but common offences include licensees who:-

- Carry on a business without a valid business licence and without lawful excuse.
- Change the name of and carries on an existing business without the prior written approval of the Secretary.
- Makes a statement which he/she knows to be false on an important item or recklessly makes a statement which is false on an important item.
- Concerned with, or in the process of taking steps toward the evasion of any tax payable under this “Act”.
- Permits his/her licence to be used by another.

A person who disobeys or fails to fulfill any condition of this “Act” commits an offence and shall be liable on conviction to imprisonment, revocation or the cancellation of the business licence and fines ranging from one thousand dollars (\$1,000) to ten thousand dollars (\$10,000).

Contact Us

Further information can be obtained from the Taxpayer Services help desk: 1-242-225-7280

Or you can contact us by email: taxinquiries@bahamas.gov.bs

Or you can write to:

Department of Inland Revenue
Central Revenue Administration
P.O. Box N 13
Nassau, N.P., Bahamas

<http://inlandrevenue.finance.gov.bs/business/licence/>