



Ministry of Finance

Condo-Hotel Tax

GUIDANCE DOCUMENT



DEPARTMENT OF
INLAND REVENUE
Central Revenue Administration

THE DEPARTMENT OF INLAND REVENUE

INTRODUCTION

This guide is intended to provide administrators and owners of units within condo-hotels and hotel rental pools with information about the condo-hotel tax. It should be read in conjunction with the Hotels (Amendment) Act 2022, the Hotels Act (Ch. 288), the Real Property Tax Act (Ch. 375) and the Value Added Tax Act 2014, all of which can be found on the website of the Department of Inland Revenue.

Enforcement

Effective 31 January 2023, all condo-hotels and properties within a hotel rental pool will be required to pay a tax called a Condo-Hotel Tax to the Chief Valuation Officer by 31 January each year. (During the initial year of 2023 this deadline has been extended to 31 March). Payment of this tax is required in order for the hotel's licence to be renewed. The Condo-Hotel Tax only applies to units within either a condo-hotel or other hotel rental pool that do not report net VAT in excess of the Condo-Hotel Tax. Therefore, where the net VAT paid in respect of a particular unit exceeds the Condo-Hotel Tax applicable for that unit, no Condo-Hotel Tax would be payable on that unit.

Condo-Hotel & Hotel Rental Pool

DIR considers a condo-hotel to be a condo that operates like a hotel: a property with several individuals owning each unit sharing amenities.

Hotel rental pool means any collective rental arrangement by which properties not owned by a hotel form part of a hotel's bedroom inventory.

Who Should Read This

This concerns hotel owners, operators and administrators as well as unit owners of condo-hotels and hotel rental pools. The administrator is the hotel operator or other person responsible for the administration of a condo-hotel or hotel rental pool. The administrator and each unit owner are both responsible for payment of the Condo-Hotel Tax and the filing of the return.

Tax Rate

The Condo-Hotel Tax has a rate of 75% of the rate of tax applicable to residential property under the Real Property Tax Act on the value assessed by the Chief Valuation Officer of each property that forms a part of the condo-hotel or hotel rental pool up to a maximum amount of \$150,000 per unit. However, during the first year unit owners and administrators will only be required to pay half of this charge.

The current rate of tax for residential property under the Real Property Tax Act is 0.625% of the value of the property.



Applicability

The Condo-Hotel Tax applies to units within either a condo-hotel or other hotel rental pool that do not report net VAT in excess of the Condo-Hotel Tax. If the unit owner or administrator files a return by 31 January showing that the net VAT paid in the previous year is an amount greater than the Condo-Hotel Tax due, the Condo-Hotel Tax assessment will not be payable. If the net VAT paid is an amount less than the Condo-Hotel Tax due, the difference between the Condo-Hotel Tax amount and the net VAT amount will be payable.

Working Out Net Vat

Output VAT: portion of the total VAT actually collected by a VAT registered condo-hotel from hotel guests that relates to the rental of a specific unit.

Input VAT: portion of the total VAT paid by a VAT registered condo-hotel that is apportioned to a particular unit based on the proportion of rentals for that unit. For example, VAT paid on utilities.

$$\text{Net Vat} = \text{Output VAT} - \text{Input VAT}$$

For the first year the relevant net VAT will be based on net VAT paid for the period 1 July – 31 December 2022.

Please note: the filing period will revert to the calendar year (January - December) for subsequent filings.

Process

DIR will issue an assessment with the value of each unit that falls within a condo-hotel or hotel rental pool by 31 December of each year. The total Condo-Hotel Tax will be applied to this value. All administrators and unit owners are required to file a return in the form prescribed by DIR by 31 January of the following year.

The following are to be included in the return submitted by the administrator:

- Total listing of all properties in the rental pool
- Whether or not a particular unit was rented
- Rental rate
- Total revenue from rentals
- Amount of output VAT charged per unit
- Amount of input VAT apportioned per unit
- TIN

Unit owners and administrators should contact DIR to register and receive an assessment as a matter of priority if their properties have not yet been declared.

Payment

Individual unit owners can settle payment of their Condo-Hotel Tax online in a process similar to the payment of Real Property Tax by visiting the DIR's website. Unit owners should email a copy of the payment confirmation along with their return to condohoteltax@bahamas.gov.bs

Administrators can pay through their online tax account under their registered TIN. Payment confirmation should be submitted by email to condohoteltax@bahamas.gov.bs along with a list of properties to which the payment relates.

Practical Example

Shoreline Luxury Resort and Residences (SLRR) is a condo-hotel with 24 units. SLRR made a payment of \$964,000 to DIR representing net VAT for the units within this pool that participated in its rental program during 2022.

Linda, Henry and Oscar each own units at SLRR and have all received assessments from DIR in December 2022 being charged at the standard condo-hotel rate, applying 75% of the rate applicable to residential properties under the Real Property Tax Act (currently 0.625%).

LINDA

VALUE \$9.2M
ASSESSED TAX ~~\$43,125~~

The portion of the net VAT received from SLRR that was attributed to Linda amounted to \$48,342.60

Linda's net vat paid exceeds the amount of the Condo-Hotel Tax. She is exempt from paying the tax.

HENRY

VALUE \$16.5M
ASSESSED TAX ~~\$77,343.75~~

The portion of the net VAT received from SLRR that was attributed to Henry amounted to \$54,972.36

Because Henry's net VAT paid is less than the Condo-Hotel Tax amount, he will pay the difference of \$22,371.39

ADJUSTED TAX \$22,371.39

OSCAR

VALUE \$32.4M
ASSESSED TAX \$150,000*

*The actual amount at the rate of 0.46875% is \$151,875. So Oscar is being charged at the threshold.

Oscar's unit was not rented during 2022.



Grandfathering In Of Existing Condo Units

DIR does not differentiate between contracts entered into before and after 1 July 2022. Additionally the Condo-Hotel Tax applies to all condo-hotels and other hotel rental pools regardless of when they were opened.

Potential Conflict With The Hotels Encouragement Act

The Condo-Hotel Tax is applicable regardless of any provision to the contrary in the Hotels Encouragement Act.

Deduction Of Tax From Rental Proceeds

Since the administrator and owner are jointly and severally liable for the payment of the Condo-Hotel Tax, they have the option of determining between themselves how they intend to ensure that the tax is paid. However, the tax may also be deducted from rental proceeds. The government intends to propose legislation in the 2023-2024 fiscal year that will expressly empower administrators to recover the tax from unit owners.

Disputes

Owners that disagree with the Chief Valuation Officer's assessment of the value of their units may object and appeal against the assessments by utilizing the appeal provisions under the Real Property Tax Act.

Law

Hotels Act, Section 15A
Hotels Encouragement Act (Ch. 289)
Real Property Tax Act (Ch. 375) Section 11
Value Added Tax Act, 2014 (No. 32 Of 2014) Section 46
Tax Appeal Commission Act, 2020 (No. 3 Of 2020) Section 5



CONDO-HOTEL TAX UNIT OWNER RETURN

SECTION A - Taxpayer Information

Unit Owner Name: _____

Hotel TIN: _____ Unit Assessment Number: _____

Hotel Name: _____

Declaration Period: From: _____ To: _____

SECTION B - Assessed Condo-Hotel Tax

DIR Assessed Unit Value:

1 \$

DIR Condo-Hotel Tax Estimate:

2 \$

SECTION C - VAT Payment Summary

Was the unit rented during the declaration period?

☐ yes

☐ no

If Yes:

Total number of nights unit was rented
during the declaration period

3

Total revenue earned during
the declaration period

4

\$

Total VAT charged to guests
during the declaration period

5

\$

Total Input VAT apportioned to the
unit during the declaration period

6

\$

Net VAT PAID = (L5 - L6)

7

\$

SECTION D - Condo-Hotel Tax Payable

DIR Condo-Hotel Tax Estimate (Same as L2):	<div>\$</div>
Net VAT Paid (Same as L7)	<div>\$</div>
Adjusted Condo-Hotel Tax (L2 - L7):	<div>8 \$</div>

DECLARATION

I hereby declare that this return contains a full, accurate and true account of the required particulars.

Name

Date

Signature



CONDO-HOTEL TAX ADMINISTRATOR RETURN

SECTION A - Condo-Hotel Information

Hotel Name: _____

Hotel TIN: _____ Unit Assessment Number: _____

Declaration Period: From: _____ To: _____

SECTION B - Administrator Details

Administrator Name: _____ Phone: _____

Postal Address: _____ Email: _____

SECTION C - Rental Pool Summary (If additional space is required a spreadsheet may be attached to this form)

Unit Assessment Number	Unit	Rented Yes/No	Total VAT Charged During Period	Input VAT Apportioned During Period	Total Revenue Earned During Period

Unit Assessment Number	Unit	Rented Yes/No	Total VAT Charged During Period	Input VAT Apportioned During Period	Total Revenue Earned During Period

DECLARATION

I hereby declare that this return, including any attached spreadsheet, contains a full, accurate and true account of the required particulars.

Name

Date

Signature



Contact Us

1-242-225-7280

condohoteltax@bahamas.gov.bs

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<https://inlandrevenue.finance.gov.bs>