



DEPARTMENT OF
INLAND REVENUE
Central Revenue Administration

DIR DICTIONARY

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DEFINING TERMS USED BY THE DEPARTMENT OF INLAND REVENUE

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Annual Business Licence

/ˈænjʊəl ˈbɪznəs ˈlaɪsəns/

This is a licence that is renewed annually and can include, but is not limited to, the following businesses:

1. Retail/Wholesale sales
2. Professionals
3. Barber/Beauty Shops
4. Banking
5. Etc

It is granted to applicants who regularly carry on a business activity.

Assessment Number

/ə'sɛsmənt 'nʌmbər/

This is a unique number assigned to a parcel by the Real Property Tax section to record or identify a property.

Assessed Value

/ə'sɛst 'væljʊ/

The dollar value assigned to a property for tax purposes by the government. The value is placed on a piece of property; whether it's vacant land or land with improvement that has been assessed.

Family Office

/ˈfæməli ˈɒfəs/

A business that produces revenue only to manage the assets of related parties and is either wholly owned or operated for their benefit.

Example:

The Taylor family establishes a family office to manage their investments, oversee their charitable giving, and coordinate their financial affairs across generations.

Financial Statement

/fə'nænfəl 'stetmənt/

This is a formal record of the financial activities and position of a business, person, or other entity for a specified period. It typically includes an income statement, balance sheet, and cash flow statement.

Example:

McClay Industries has applied for a 2024 business license. Its annual actual for 2023 is \$7,000,000.00; The company's financial statement submitted reflects its revenue, expenses, assets, liabilities, and equity for the previous year 2023.

First Home Exemption

/fɜrst hoʊm ɪg'zɛmpʃən/

This is a VAT Duty Exemption that applies to any Bahamian age 18 or older. First time homeowners can apply for exemption on both their conveyance and mortgage instruments. This can either be a Full Exemption which is a VAT ZERO Rating exemption or a Partial Exemption which is VAT taxable on a percentage.

No Arms Length

/noʊ armz lɛŋkθ/

This refers to transactions between parties who have a close relationship, such as family members or business associates. These transactions may not be conducted at fair market value.

Example:

Danny Sells a piece of property to Anishka his cousin for (\$150,000.00) a price significantly below its market value (\$280,000.00).

Occasional Business Licence & Public Entertainment

/ə'keɪʒənəl 'bɪznəs 'laɪsəns & 'pʌblɪk ˌentər'teɪnmənt/

This is a licence that allows you to conduct business in the short term. The period for conducting business must not exceed seven days. This licence can be granted for a maximum of four (4) times per year. Business ventures that require an Occasional Business Licence include:

- To carry on a sales business.
- To act as a traveling salesman (non-resident individual).
- To stage a business event at any place or premise of public dancing singing, music, or other such public entertainment.
- To stage a trade show or expo.
- To vend at regattas, farmers' markets, or national/community events.

Power of Sale

/ˈpaʊər ʌv seɪl/

This means that the Department of Inland Revenue can sell real property if the tax is unpaid for 7 months. Applies to all real property (commercial, residential, and foreign-owned vacant land) except Bahamian Owner-Occupied property.

Example:

John Doe has not paid their real property tax since 2010. Therefore, under the Real Property Tax Act Section 25A the department can initiate power of sale action.

Short Term Rental

/ʃɔrt tɜrm 'rentəl/

Properties that are rented out for shorter durations usually fewer than 30 days; are referred to as short-term rentals. These rentals are frequently in demand in vacation spots or on websites like VRBO, Home Away, and Airbnb.

Example:

Renting out a beach house for a weekend getaway or listing a spare room in your house on Airbnb for travelers to stay for a few nights.

Tax Compliance Certificate

/tæks kəm'plaiəns sər'tifikət/

A document issued by tax authorities (The Department of Inland Revenue) confirming that an individual or business has met all their tax obligations and is compliant with the Bahamas' tax laws and regulations.

Example:

Joe McClay of McClay Industries wants to place a bid for a school repair contract offered by the Government of the Bahamas. He ensures that all of his taxes are fully paid, and then applies for a Tax Compliance Certificate; he then submits this document along with his bid.

TIN

/tɪn/

This is your Tax Identification Number. Having a TIN means you are officially recognized and registered with the Government of the Bahamas and authorized to do business with them. You can apply for a TIN only or use it as a step to obtaining a business licence or registering for VAT.

Once approved, you will no longer be issued a TIN certificate, but a letter of registration.

Now you must remember that you can only have one TIN, but you may have multiple businesses under that TIN or change your registered or "trading as" names, as frequently as desired.

Trade Name

/treɪd neɪm/

This refers to the name under which a business operates or conducts its business activities. A trade name is mandatory for applying for a business licence for the first time.

Turnover

/ˈtʊr.noʊvər/

This represents the total revenue before any expenses are taken into account. It is money and money's worth accruing to a person from his business activities in or from within The Bahamas during the year of assessments. This is without any deductions on account of the cost of property sold, the cost of materials used, the cost of services used, labor costs, taxes, royalties paid in cash or in kind or otherwise, interest or discount paid, or any other deductions whatsoever.

Example:

John Doe's Bakery operates a bakery business in The Bahamas. Throughout the year 2023, the company generated revenue from the sale of various baked goods to customers within The Bahamas.

DURING THE YEAR OF 2023

Total revenue from sales of baked goods - \$500,000

Calculation of Turnover:

Total revenue from sales of baked goods - \$500,000

Total Turnover (Revenue) - \$500,000

In this example, the turnover for John Doe's Bakery for the year 2023 is \$500,000. This represents the total revenue accrued from the company's bakery activities in or from within The Bahamas during the year, without deducting any expenses such as the cost of materials used, labor costs, taxes, royalties, interest, or any other deductions.

Value

/ˈvælju/

This refers to different aspects depending on the type of property. For unimproved property, it is the average amount over time that The Department of Inland Revenue (DIR) deems fair, based on what the property would sell for in an open market by a willing seller, free from debts or restrictions, to a reasonably well-informed buyer. For improvements, it is the cost to replace the improvements at the time of assessment by DIR. For improved property, it is the combined value of the unimproved property and the replacement cost of the improvements at the time of assessment by DIR.

VAT Stamp

/væt stæmp/

This is the combination of VAT and Stamp Duty on business and property transactions, and other documents required to be stamped. The amount payable is calculated based on the market value of the property or transaction value or a flat amount outlined in the law and is collected by the VAT Stamp Unit of the Department of Inland Revenue. A stamp is affixed by the Department to the document upon submission after payment of any VAT or stamp duty due on the transaction.