



Ministry of Finance

Requirement for Provisional VAT Invoice

GUIDANCE NOTE #20

THE DEPARTMENT OF INLAND REVENUE





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INTRODUCTION

This Guidance Note is intended to set out new requirements for conveyances of real property made pursuant to the Conveyancing and Law of Property (Amendment) Act, 2025 ("the Amendment") that amends the Conveyancing and Law of Property Act ("the CLPA").

This Guidance Note should be read in conjunction with the CLPA, the Value Added Tax Act ("the VATA"), the Value Added Tax (Supply of Real Property)(General) Rules, 2023 ("the VAT Supply RP Rules") and the Value Added Tax Regulations ("the VATR"), all of which can both be found on the website of the Department of Inland Revenue ("the DIR"). If there is a discrepancy between this Guidance Note and the CLPA, the VATA, VAT RP Rules, or VATR, the provisions of the Acts, Rules, and Regulations will prevail

BACKGROUND

Section 40 has been amended to require the reporting of changes in the beneficial ownership of real property in The Bahamas. Where the beneficial ownership of a real property is to be conveyed from a vendor to a purchaser, an invoice must be obtained before that conveyance is executed. Where the beneficial ownership of a real property is not changing, an invoice is not required.

Pursuant to subsection 40(1), it is mandatory that an invoice, referred to as the Provisional VAT Invoice, be obtained from the DIR **before** any conveyance of any real property in The Bahamas is executed.

The terms 'real property' and 'conveyance' have the same meanings as defined in the VATA.

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PROVISIONAL VAT INVOICES

A. PROCEDURE FOR OBTAINING A PROVISIONAL VAT INVOICE

A request for a Provisional VAT Invoice can be made **at any time prior** to the execution of the document conveying real property. The request is made by completing a Conveyance Request Form available on the DIR website.

¹You can find the Amendment at: laws.bahamas.gov.bs/cms/images/LEGISLATION/BILLS/2025/2025-0061/2025-0061.pdf

² You can find the CLPA at: laws.bahamas.gov.bs/cms/images/LEGISLATION/PRINCIPAL/1909/1909-0007/1909-0007_1.pdf

To complete the Conveyance Request Form, follow these steps -

Step 1

- Click on this link [VAT Invoice for Conveyance Request Form](#)

Or

- Visit the DIR website at inlandrevenue.finance.gov.bs
- Select 'Value Added Tax' and scroll down and select 'Forms-VAT'
- Under 'Forms-VAT' select '2025' and then select 'VAT Invoice for Conveyance Request Form' ("the Request Form")

Step 2 The Request Form should now open up on your computer

Step 3 Go through the Request Form and enter the information.

- Where a fillable box has an asterisk (*), this indicates an answer must be given.

Step 4 Once you have completed the Request Form and signed it electronically, click 'Submit'

- If all the fillable boxes have been filled out, the Request Form will close and a new screen will appear saying "Thank you! Your response has been submitted".
- If after you click on Submit it stays on the Request Form, you have not filled out one or more of the fillable boxes. The boxes will be indicated in red. Fill in those boxes and click on 'Submit' again.

Step 5 An email from the DIR will be sent to the Vendor, the Buyer, and the agent who submitted the form on their behalf. The email will state "The request below has been received and is being processed".

Step 6 A Provisional VAT Invoice will be generated within 24 hours and sent by email to the email addresses provided for the Vendor, the Buyer and to any agent who submitted the form on their behalf.

B. THE PROVISIONAL VAT INVOICE DOES NOT HAVE TO BE PAID

The Provisional VAT Invoice is your guideline of what VAT will have to be paid to DIR when the conveyance is reported to the DIR. **It is not final and is not to be paid.**

As the Provisional VAT Invoice is solely based on the information provided by the person filling out the Request Form, the DIR is required to review the conveyance and supporting documentation. When you submit the conveyance to the DIR, the DIR will make its assessment of the VAT payable on the conveyance. **This is referred to as the VAT Assessed.**

You are required to pay the VAT Assessed.

It is important to note that the VAT Assessed by the DIR might be more or less than what was stated as payable on the Provisional VAT Invoice.

You may find further information for the procedure for the assessment of VAT on real property transfers by visiting the DIR website at inlandrevenue.finance.gov.bs/other/VAT-stamp/

C. CHANGES OR CANCELLATION OF CONVEYANCE

If the conveyance is extended past the date put on the Conveyance Request Form, please send an update on the new conveyance date to the DIR at this email address: Stampinquiries@bahamas.gov.bs.

If the conveyance is cancelled, please send an email to DIR that it has been cancelled at this email address: Stampinquiries@bahamas.gov.bs.

D. DEADLINE FOR PAYMENT OF VAT INVOICED

Pursuant to subsection 40(2) of the CPLA, the VAT Assessed must be paid in full within one hundred and eighty calendar days of the execution of the conveyance.

Please note that pursuant to subsection 3 of the VAT Supply RP Rules, the time of supply of real property can be earlier in limited circumstances. Please consult your lawyer to see if these limited circumstances apply to the contemplated conveyance.

E. CONVEYANCE MUST BE SUBMITTED FOR MANDATORY REGISTRATION OF DEEDS

Pursuant to subsection 40(4) of the CPLA, every deed conveying real property must be submitted for recording at the Registry of Records within 180 calendar days of its execution.

3 RESPONSIBILITY OF PARTIES TO ENSURE VAT ASSESSED IS PAID

Pursuant to subsection 40(3) of the CPLA, the buyer, the vendor, their attorneys, and their real estate agents/ brokers have a responsibility to ensure the VAT Assessed is paid to the DIR. If any of these entities discover that the VAT Assessed has not been paid after the 180-day deadline has expired, they must notify the Comptroller of Inland Revenue immediately by email to Stampinquiries@bahamas.gov.bs.

4 REQUIREMENTS ON FINANCIAL INSTITUTIONS, LENDERS, VENDOR

Under subsection 40(5) of the CPLA, any entity providing funds for the purchase of real property in The Bahamas must verify that a Provisional VAT Invoice has been issued by the DIR. This applies to loans, mortgages, or refinancing of an existing loan if those funds are to be used to purchase a real property or to develop a real property that is to be purchased.

Subsection 40(5) does not apply to situations where the person already owns the property.

Example 1: If a person already owns real property and they wish to obtain an 'equity take-out' loan secured by a legal mortgage, then a Provisional VAT Invoice is not required to be obtained nor is the financial institution/ lender required to verify that one has been issued.

Example 2: If a property owner has a mortgaged property and intends to transfer or switch between financial institutions (by way of mortgage transfer, or by a satisfaction of the existing mortgage and then grant of new mortgage), they are not required to obtain a Provisional VAT Invoice (even if the loan being 'switched' was initially for purchase financing or construction financing) nor is the financial institution/ lender required to verify that one has been issued.

Example 3: If a person already owns a vacant parcel of real property and is looking to develop it, they are not required to get a Provisional VAT Invoice nor is the financial institution/ lender required to verify that one has been issued.

Pursuant to subsection 40(6) of the CPLA, if a person disburses funds for the prospective purchase of the real property or for the development of the prospective purchase of the real property without verifying that a Provisional VAT Invoice has been obtained, they can be liable for penalty equal to the unpaid VAT Assessed.

5**PRIORITY FOR PAYMENT OF VAT ASSESSED**

Pursuant to subsection 40(8) of the CPLA, the payment of the VAT Assessed on the conveyance of the real property takes priority over the payment of all other security interests, proprietary rights, and claims affecting the property.

The payment of the VAT Assessed also takes priority over the payment of any amounts arising out of the conveyance such as the payment of real estate agent fees or commissions or legal fees paid to attorneys on the conveyance.

CONTACT US

Help Desk: 1-242-225-7280

Email: taxinquiries@bahamas.gov.bs

Department of Inland Revenue
Central Revenue Administration
P.O. Box N 13
Nassau, N.P., Bahamas
www.inlandrevenue.finance.gov.bs