VALUE ADDED TAX (AMENDMENT) (NO. 2) BILL, 2026

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VALUE ADDED TAX (AMENDMENT) (NO. 2) BILL, 2026

A BILL FOR AN ACT TO AMEND THE VALUE ADDED TAX ACT

Enacted by the Parliament of The Bahamas

1. Short title and commencement.

(1) This Act, which amends the Value Added Tax Act (*Ch. 370A*), may be cited as the Value Added Tax (Amendment) (No. 2) Act, 2026.

(2) This Act shall come into force on the 1st day of July, 2026.

2. Amendment of section 23A of the principal Act.

Section 23A of the principal Act is amended by the insertion, immediately after subsection (10), of the following as new subsections (11) and (12) —

"(11) Notwithstanding any law to the contrary, where the Government has entered into a contract for the supply of goods or services, the Government entity responsible for payment of the supplies under that contract is deemed to be the withholding agent for the VAT payable on that contract.

(12) The Government entity as withholding agent is required to withhold the full VAT to be paid or payable under the contract and remit it to the Comptroller as specified under this Act and in VAT Rules.".

3. Amendment of section 56 of the principal Act.

Section 56 of the principal Act is amended by the insertion, immediately after subsection (7), of the following as new subsections (7A) and (7B) —

"(7A) A non-profit organisation duly registered under the Non-Profit Organisations Act, 2019, may apply to the Comptroller to claim a refund under this section.

(7B) A claim for a refund under subsection 7A may be permitted where the input VAT was incurred by the registrant and not a donor and the input VAT was incurred in pursuance of —

(a) providing taxable supplies;

(b) carrying out the core activities of the organisation; or

(c) directly relate to the premises which is occupied and used by the organisation.”.

4. Amendment of the Second Schedule to the principal Act.

Part I – Exempt Supplies of the *Second Schedule* to the principal Act is amended —

(a) by the deletion of item (16) and the substitution of the following as a new item (16) —

“(16) The process of transferring goods, other than fuel, that have not been entered for home consumption, between vessels or other modes of transport, where the port of origin and the port of destination are outside The Bahamas, in accordance with procedures prescribed in VAT Rules, including services relating to the use of terminal or berthing facilities by commercial vessels in respect of such goods.”;

(b) by the insertion, immediately after item (16), of the following as a new item (16A) —

“(16A) The process of transferring fuel, that has not been entered for home consumption, where such fuel remains in continuous transit and is present within The Bahamas solely for the purpose of facilitating its transfer to an onward vessel, whether by ship-to-ship transfer or other means of conveyance for export, provided that such fuel is not added to, blended with, or mixed with any other fuel so as to alter its chemical composition, grade or specification, except where such treatment is undertaken solely to reduce viscosity for the purposes of transport prior to, or as part of, its export;

(a) For the purposes of this item, “**continuous transit**” means the uninterrupted movement of fuel under valid Customs documentation during which —

(i) the fuel arrives in The Bahamas from a place outside The Bahamas and is destined for export to a place outside The Bahamas;

(ii) the fuel remains in The Bahamas for a period not exceeding seven days from the time of its entry; and

(iii) the fuel remains at all times under Customs or port control, and may be temporarily stored in bonded facilities.”.

5. Amendment of the Third Schedule to the principal Act.

The *Third Schedule* to the principal Act is amended in item (3), by the deletion of the figure “$500,000” and the substitution of the figure “$600,000”.

OBJECTS AND REASONS

Clause 1 of this Bill sets of the short title and commencement.

Clause 2 of this Bill inserts new subsection (11) of section 23A to require the relevant Government ministry, department or agency to be the deemed withholding agent, withhold the full VAT to be paid or payable under the contract for goods or services, and remit it to the Comptroller.

Clause 3 of this Bill allows a registrant that is registered as a non-profit organisation to apply to the Comptroller to claim a refund for a period where its input tax deductions are greater than its output tax and meet the required conditions set out in the new subsection.

Clause 4 of this Bill clarifies when a transfer of fuel is an exempt supply under Part I of the Second Schedule.

Clause 5 of this Bill increases benefits relating to first time home acquisition by increasing the maximum value of property from $500,000 to $600,000 to which the lower rate of 4% applies.