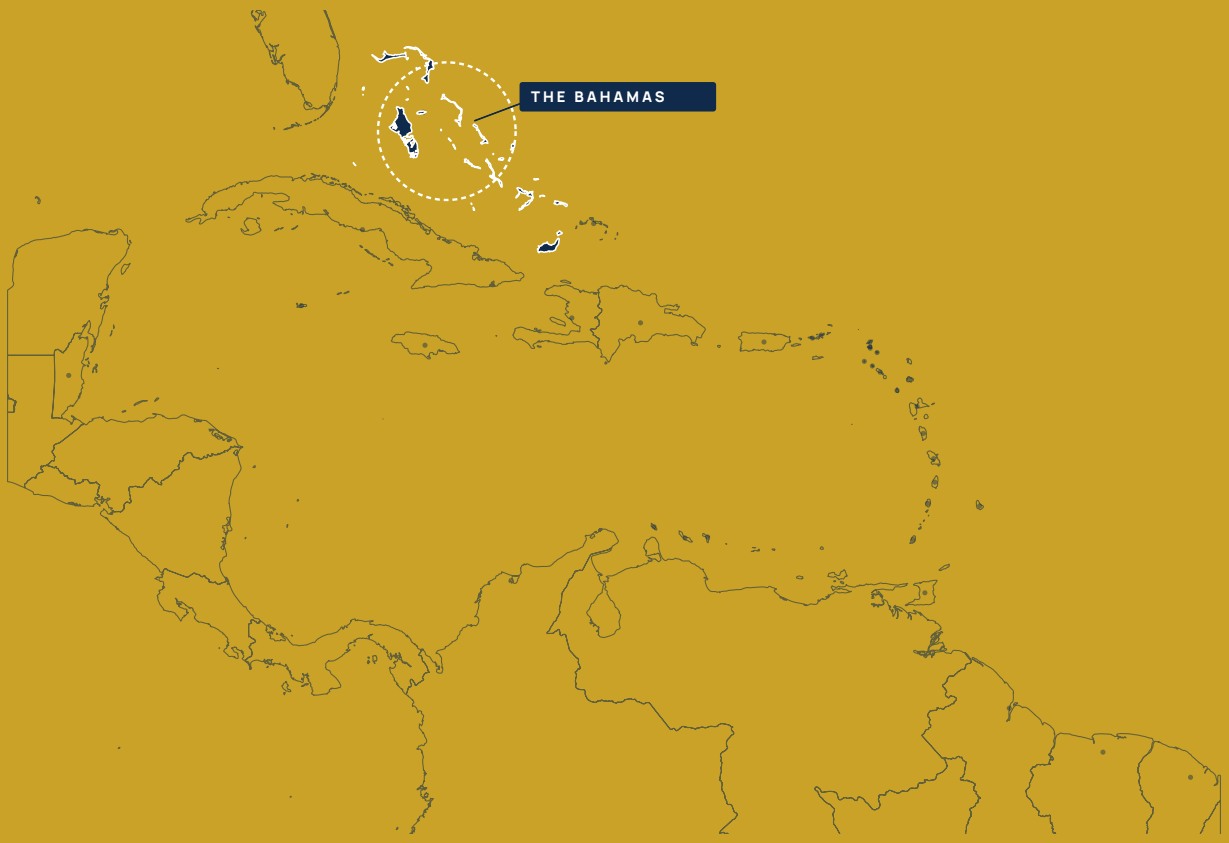


TOTAL BUDGET
BSD 4.14 billion
Expenditure estimates, 2026/27

FISCAL BALANCE
+1.2% of GDP
Projected surplus of BSD 223.1m

PUBLIC DEBT
BSD 12.5 billion
Central government, end-June 2026

CARIBBEAN TAX SERVICE DESK · NORTHERN CARIBBEAN AND ATLANTIC

The Bahamas Budget Review 2026/27

What the 2026/27 Budget means for businesses and individuals

CONTENTS

01	Budget at a glance	3
02	Economic context	4
03	Fiscal framework	5
04	Tax measures for businesses	6
05	Tax measures for individuals and households	7
06	Indirect taxes, customs and other revenue	8
07	Spending priorities and capital programme	9
08	Debt, financing and fiscal rules	10
09	What it means for your sector	11
10	Action points and key dates	12
11	How Dawgen Global helps	13

FOREWORD

The 2026/27 Budget is a consolidation budget. It projects a surplus, states that no new taxes are intended, and asks the largest businesses to contribute more.

The Budget relies on the 15% minimum top-up tax for large multinational groups, a higher business licence rate for the very largest businesses and stronger collection, alongside relief on food, homes and household items. Most measures were set to take effect from 1 July 2026, the start of the fiscal year.

This review sets out the figures, the tax measures and their status, and what they mean for each sector. It should be read with our Doing Business in The Bahamas guide and The Bahamas Tax Guide.

The Bahamas is served through Dawgen Global's Caribbean Service Desk, managed from our headquarters in Kingston, with tax matters handled by our Caribbean Tax Service Desk. We would be glad to help you work through the impact on your business.

Dr. Dawkins Brown, Ph.D., MCMI, ACFE

Executive Chairman, Dawgen Global

How to use this guide

This review summarises the 2026/27 Budget and what it means for businesses and individuals in The Bahamas. It is general information, current to October 2026; measures may change as they pass into law. Our companion Doing Business and Tax Guides give the wider picture. Speak to us before you act.

OVERVIEW

01 Budget at a glance

The Minister of Finance, Hon. Michael Halkitis, tabled the 2026/27 Budget Communication in the House of Assembly on 27 May 2026, under the theme "A Budget that Builds on Progress". It covers the fiscal year from 1 July 2026 to 30 June 2027.

TOTAL EXPENDITURE
BSD 4.14 billion
Recurrent BSD 3.7 billion; capital BSD 415.8 million

REVENUE
BSD 4.36 billion
Tax revenue BSD 3.8 billion; up 6.9%

FISCAL BALANCE
+1.2% of GDP
Projected surplus of BSD 223.1 million

DEBT RATIO
59.9% of GDP
Government projection for 2026/27, from 64.6%

TOP-UP TAX
BSD 350.1 million
15% minimum tax on large groups, from BSD 130.1 million

CAPITAL SPENDING
BSD 415.8 million
Up 10.5% on the 2025/26 budget

Five key messages

- **A surplus budget.** Revenue is budgeted to exceed spending, after a revised surplus of BSD 32.7 million in 2025/26.
- **No new taxes intended.** Revenue growth comes mainly from the minimum top-up tax, VAT and business licences.
- **More from the largest businesses.** A 1.5% business licence rate applies to turnover above BSD 175 million.
- **Relief for households.** VAT was removed from unprepared food in April 2026, with relief on homes and selected household goods.
- **Digital administration.** One Tax Bahamas and a Bahamas Identification Number for taxpayers.

ECONOMY

02 Economic context

The economy is growing on the strength of tourism and foreign-investment construction, though inflation has picked up with fuel prices.

VISITORS
12.5 million
2025, up more than 11%

INFLATION
4.2%
Average, April–June 2026, from 0.2% a year earlier

UNEMPLOYMENT
8.7%
Fourth quarter of 2025, from 9.0% a year earlier

EXTERNAL RESERVES
BSD 3.26 billion
End-June 2026; about 31 weeks of imports

CREDIT RATINGS
Ba3 / BB–
Moody's upgrade in April 2026; Fitch BB–, stable

CURRENCY
BSD 1 = US$1
Fixed peg, backed by exchange control

Activity

The Central Bank reports that growth continued through mid-2026, supported by tourism and foreign-investment construction. Arrivals to May 2026 were up 13.9% at 5.0 million, led by high-value stopovers and cruise visitors, while hotel capacity remained tight.

Prices

Higher world oil prices lifted inflation in the first half of 2026, with transport and restaurant and hotel prices rising fastest.

Outlook

The Central Bank expects growth to move towards the economy's medium-term potential. Reserves have risen with foreign currency inflows from tourism and investment.

Labour market

Youth unemployment was 18.2% at the end of 2025. The minimum wage remains BSD 260 a week.

PUBLIC FINANCES

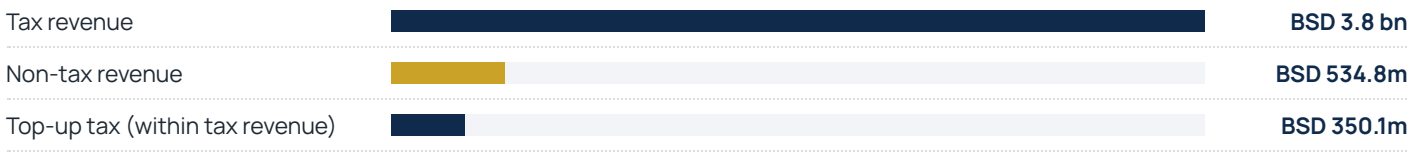
03 Fiscal framework

Revenue is budgeted to grow faster than spending, widening the surplus.

BSD	2025/26 budget	2025/26 revised	2026/27 budget
Revenue	3.9 billion	4.08 billion	4.36 billion
of which tax revenue	—	3.6 billion	3.8 billion
of which non-tax revenue	—	475.5 million	534.8 million
Expenditure	3.8 billion	—	4.14 billion
of which recurrent	3.4 billion	3.6 billion	3.7 billion
of which capital	376.3 million	—	415.8 million
Fiscal balance	+75.5 million	+32.7 million	+223.1 million

The 2026/27 surplus equals 1.2% of GDP. The 2024/25 outturn was a deficit of BSD 84.7 million.

Where the money comes from, 2026/27



Value added tax is the largest single tax. Business licence tax, real property tax, customs and excise duties, departure taxes and stamp taxes make up most of the rest.

Outturn so far in 2025/26

In the nine months to March 2026, revenue was BSD 2.5 billion (65.3% of the full-year target) and spending BSD 2.7 billion, a deficit of BSD 157.5 million, or 0.9% of GDP, with a primary surplus of BSD 294.5 million. Business licence receipts rose 49% to BSD 211.7 million. The revised estimate for the full year is a small surplus.

BUSINESS TAX

04 Tax measures for businesses

There is still no general corporate income tax. The changes fall on the largest businesses and on how tax is collected. The amending bills were tabled with the Budget; until each Act is confirmed in force, treat these measures as proposed.

Measure	What changes	Effective	Who is affected
Business licence tax	A 1.5% rate on turnover above BSD 175 million, from 1.25%. A consultation on the Business Licence Act is planned.	1 Jul 2026 (proposed)	The largest businesses
Top-up tax amendments	Instalment payments; a return whether or not tax is due; notification requirements; changes to advance rulings	1 Jul 2026 (proposed)	Groups with €750m+ revenue
VAT withholding	Wider regime for VAT withheld by public bodies on payments to suppliers	1 Jul 2026 (proposed)	Suppliers to Government
Stamp duty on business sales	Cash to be included in the value of a business sold	1 Jul 2026 (proposed)	Buyers and sellers of businesses
One Tax Bahamas	A new tax portal and Bahamas Identification Number (BIN), starting with top-up tax entities	Phased	All taxpayers in time
Tax representatives	Tax representatives to be authorised or licensed accounting firms	To be set	Advisers and their clients

Unchanged

No corporate income tax for most businesses; business licence rates of 0.5% to 1.25% below BSD 175 million; VAT at 10%; no withholding tax.

Top-up tax revenue

The 15% minimum tax for large groups is budgeted at BSD 350.1 million in 2026/27, up from BSD 130.1 million, and is credited against business licence tax.

INDIVIDUALS

05 Tax measures for individuals and households

There is no personal income tax. Household measures centre on food, homes and National Insurance.

Homes and property

- **Proposed:** first-time homeowner real property tax exemption raised from BSD 500,000 to BSD 600,000
- **Proposed:** wider VAT relief for first-time homeowners
- **Proposed:** a two-tier real property tax for Bahamian and foreign owners. Foreign owners using a home as their residence would pay 0.625%, capped at BSD 200,000 a year, with a residence test replacing the 180-day rule

Household costs

VAT was removed from unprepared food in food stores from 1 April 2026, and certain essential items and medicines bear VAT at 5%. Duty-free and reduced duty rates apply to selected household and health items.

National Insurance	Employee	Employer
Employed persons	4.65%	6.65%
Self-employed	10.3% of insurable income	

Contribution rates are unchanged. From 1 July 2026 the insurable wage ceiling rose to BSD 830 a week (BSD 3,597 a month), from BSD 810.

Public service pensions

Proposed: the non-contributory public service pension would become contributory, with employees paying 3% and Government 5%. A white paper and draft law are out for consultation.

The minimum wage remains BSD 260 a week.

INDIRECT TAXES

06 Indirect taxes, customs and other revenue

VAT is the largest source of revenue. The changes give relief on essentials and tighten collection.

Measure	Change	Effective
VAT on unprepared food	Unprepared food sold in food stores is exempt. Prepared and restaurant food stays at 10%.	1 April 2026
VAT at 5%	Certain essential non-food items and medicines	1 April 2026
VAT for first-time buyers	Relief for first-time homeowners widened	Proposed
VAT withholding	Wider withholding by public bodies	1 July 2026 (proposed)
Customs duty	Duty-free or reduced rates on selected household and health items	2026/27
Stamp duty	Cash included in the value of businesses sold	1 July 2026 (proposed)
Real property tax	Two-tier system for Bahamian and foreign owners; higher first-time homeowner threshold	Proposed

Revenue trend

VAT receipts rose 6.6% to BSD 1.1 billion in the nine months to March 2026. Gaming taxes and business licences also grew, while property and financial transaction taxes fell.

Administration

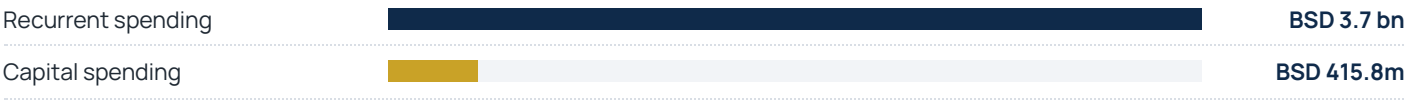
DIR is moving filings to One Tax Bahamas and is changing how real property tax bills are notified. Owners should keep their contact details current with DIR.

SPENDING

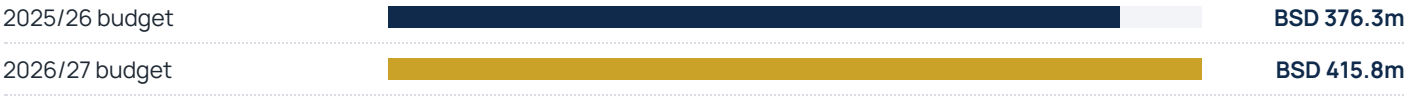
07 Spending priorities and capital programme

Recurrent spending rises to BSD 3.7 billion and capital spending by 10.5%, with health facilities in the Family Islands and New Providence among the projects.

Where it goes: expenditure BSD 4.14 billion



Capital spending, budget



Recurrent spending covers public service pay, goods and services, interest, subsidies and transfers to public bodies, and social assistance.

Health projects

- BSD 11.6 million to build and upgrade clinics in several Family Islands
- About BSD 20 million initial investment in a new hospital in New Providence

Reform

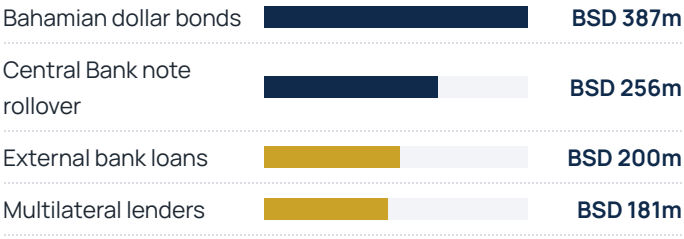
- A phased move to an Oracle-based public financial system
- Contributory public service pensions (proposed)
- One Tax Bahamas and the BIN

DEBT

08 Debt, financing and fiscal rules

Government plans to reduce debt relative to GDP, using surpluses and limiting borrowing to refinancing.

Gross financing needs 2026/27: BSD 1.02 billion



All of the borrowing is to repay maturing debt. Multilateral funding includes about BSD 100 million of new policy-based loans. Gold bars are external sources.

Fiscal rules

The Fiscal Responsibility Act sets the framework for fiscal targets and reporting. The Government projects the debt ratio at 59.9% of GDP for 2026/27, down from 64.6%.

Debt

Central government debt was BSD 12.5 billion at the end of June 2026, 45.3% of it in foreign currency.

- No new net borrowing is planned
- No international bond is currently planned, though liability management may be used
- Scope for more Bahamian dollar financing

Risks to watch

Fitch, which rates The Bahamas BB- with a stable outlook, projects a small deficit rather than a surplus for 2026/27, and points to global shocks and high interest costs. It also notes the Government's record of beating its targets.

SECTOR IMPACT

09 What it means for your sector

Sector	What the Budget means
Tourism and hospitality	Arrivals are growing strongly and hotel capacity is tight. Foreign owners' homes face a proposed new real property tax category. Duty and VAT changes affect food and beverage costs.
Financial services	The top-up tax amendments bring instalments and mandatory returns for in-scope groups. Banks and trust companies keep their own licence rates.
Large multinational groups	Top-up tax instalments from 2026/27, and the 1.5% licence band where turnover exceeds BSD 175 million. Model the cash flow effect.
Construction and real estate	Higher first-time homeowner relief and wider VAT relief may support demand. A larger capital programme, including clinics and a new hospital. Stamp duty on business sales is to count cash.
Retail and distribution	Food stores apply the VAT-free treatment of unprepared food and 5% items. Duty falls on selected household goods. Update systems and shelf pricing.
Energy and fuel	Higher oil prices lifted inflation in 2026. Review fuel and transport costs in pricing.
Technology and digital	One Tax Bahamas and the BIN. Government is moving to a new Oracle-based financial platform, which may create supplier opportunities.
SMEs	No rate change below BSD 175 million of turnover. Suppliers to Government should plan for wider VAT withholding.
Employers generally	Apply the NIB ceiling of BSD 830 a week from 1 July 2026. Public service pension reform may change pay expectations.

ACTION PLAN

10 Action points and key dates

Businesses

- [ ] Confirm with DIR how the 1.5% band applies to 2026 turnover
- [ ] In-scope groups: plan top-up tax instalments and returns
- [ ] Food retailers: check VAT coding and input VAT recovery
- [ ] Suppliers to Government: plan for VAT withholding
- [ ] Register on One Tax Bahamas and obtain a BIN
- [ ] Update payroll for the new NIB ceiling

Individuals

- [ ] Keep contact details current with DIR for tax bills
- [ ] First-time buyers: check the new relief before closing
- [ ] Foreign owners: review the residence-based category

Date	What happens
1 April 2026	VAT removed from unprepared food; 5% items
27 May 2026	Budget tabled in the House of Assembly
1 July 2026	Fiscal year starts; NIB ceiling BSD 830 a week; most measures proposed from this date
15th monthly	NIB contributions for the previous month
31 January 2027	Business licence renewal
31 March 2027	Business licence tax; real property tax
30 June 2027	Fiscal year ends; CRS and FATCA reporting

Top-up tax returns are due 15 months after year-end. Check dates with DIR.

YOUR PARTNER

11 How Dawgen Global helps

Our Caribbean Tax Service Desk, managed from Kingston, helps businesses and individuals in The Bahamas turn the Budget into a plan.

Budget impact assessment

Modelling the measures against your costs, prices, cash flow and tax position.

Tax planning and restructuring

Top-up tax, business licence categories, group structure and transactions.

Compliance updates and payroll changes

VAT coding, licence filings, NIB ceilings, the BIN and portal registration.

Incentives and concessions

Hotel, Family Island and industry concessions, and homeowner relief.

Cash flow and pricing reviews

Top-up tax instalments, VAT withholding, repricing and working capital.

Engagement with the tax authority

Rulings, objections, audits and correspondence with DIR and Customs.

Start with a conversation

Tell us how the 2026/27 Budget affects your plans, and we will set out the steps for your situation. Some regulated services are performed by affiliated firms; we will advise you of the arrangements when you make a request. Fees are tailored to each client's circumstances and set out in an engagement letter. Email **bahamas@dawgen.com** or **info@dawgen.global**, or call (876) 926-5210.

Talk to the Caribbean Tax Service Desk about the 2026/27 Budget

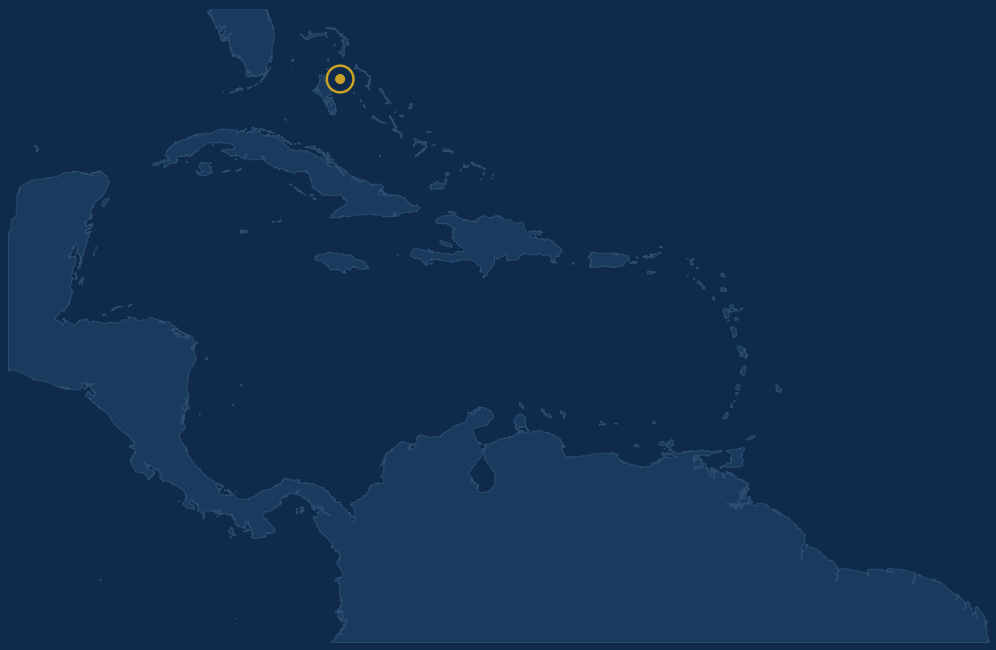
Contact

bahamas@dawgen.com

Dawgen Global, Dawgen Towers
47-49 Trinidad Terrace, Kingston 5, Jamaica
(876) 926-5210 · (876) 630-2011
(876) 929-3670 · (876) 929-3870
US toll free 855-354-2447
info@dawgen.global · dawgen.global

Key official sources

- Ministry of Finance (bahamasbudget.gov.bs)
- Office of the Prime Minister (opm.gov.bs)
- Parliament of The Bahamas (bahamas.gov.bs)
- Department of Inland Revenue (inlandrevenue.finance.gov.bs)
- Bahamas Customs and Excise Department (bahamascustoms.gov.bs)
- Central Bank of The Bahamas (centralbankbahamas.com)
- National Insurance Board (nib-bahamas.com)
- International Monetary Fund (imf.org)



This publication contains general information only, current to October 2026, and is not professional advice. Budget figures are estimates, and measures may change as they pass into law or are implemented; confirm the current position with Dawgen Global or the relevant authority before acting. Some regulated services are performed by affiliated firms; we will advise you of the arrangements when you make a request.
© 2026 Dawgen Global Caribbean Limited. All rights reserved. Maps: Dawgen Global.