



CARIBBEAN TAX SERVICE DESK · NORTHERN CARIBBEAN AND ATLANTIC

The Bahamas

Tax Guide

A guide to corporate, personal and indirect taxes in The Bahamas

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FOREWORD

The Bahamas levies no income tax on individuals and no general corporate income tax, yet its tax system asks a good deal of the businesses that operate there.

Revenue comes mainly from value added tax, business licence tax on turnover, customs and excise duties, real property tax and stamp duty, alongside National Insurance contributions. Since 2024 large multinational groups have also faced a 15% domestic minimum top-up tax, and the Department of Inland Revenue is moving filings online.

This guide explains the main taxes on companies and individuals in plain language, current to October 2026 and including the 2026/27 Budget measures. It is written for investors, finance teams and individuals with interests in The Bahamas.

Tax matters are handled by Dawgen Global's Caribbean Tax Service Desk, managed from Kingston. We would be glad to help you plan, comply and resolve issues with confidence.

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

Executive Chairman, Dawgen Global

How to use this guide

This guide summarises the main taxes that apply to companies and individuals in The Bahamas. It is general information, current to October 2026, and is not a substitute for advice on your circumstances. Rates and rules change; speak to us before you act. Our companion Doing Business guide covers set-up, employment and regulation.

FOUNDATIONS

01 Investment basics

The Bahamian dollar is fixed at par to the US dollar, exchange control applies and companies report under IFRS. Domestic taxes are administered by the Department of Inland Revenue (DIR).

CORPORATE INCOME TAX**None**

15% top-up tax for groups with €750m+ revenue

VALUE ADDED TAX**10%**

Registration at BSD 100,000 of taxable supplies a year

PERSONAL INCOME TAX**None**

No tax on employment, business or investment income

BUSINESS LICENCE TAX**0.5% to 1.25%**

On turnover; 1.5% above BSD 175 million from 1 July 2026

NATIONAL INSURANCE**6.65% employer**

4.65% employee, to BSD 830 a week

WITHHOLDING TAX**None**

No capital gains, inheritance or wealth tax

Currency and exchange control

The Bahamian dollar (BSD) is pegged 1:1 to the US dollar. Exchange control applies: the Central Bank approves non-resident investment, and loans, dividends and capital repatriation need its approval beyond limits that authorised dealers may handle. Stamp duty can apply when Bahamian dollars are converted for payment abroad.

Accounting and audit

Companies report under IFRS. Business licence renewals need audited financial statements where turnover is BSD 5 million or more. Regulated entities file accounts with their regulator.

Principal business entities

Company (Companies Act)

International Business Company

Foreign company

Partnership

Foundation or ICON

Sole trader

With no income tax, the choice of vehicle turns mainly on business licence rates, VAT, exchange control and regulation.

The tax system

VAT, business licence tax, real property tax, stamp duty and the top-up tax are administered by DIR. Customs and excise are collected by Bahamas Customs, and contributions by the National Insurance Board (NIB).

BUSINESS TAX

02 Corporate taxation

There is no general corporate income tax. The main business tax is business licence tax on turnover, and large multinational groups pay a 15% domestic minimum top-up tax.

Scope and basis

Anyone doing business in or from The Bahamas needs a business licence under the Business Licence Act, 2023. Tax is charged on turnover, being aggregate revenue from business in or from The Bahamas in the year, not on profit. Residence does not change the basis; the rate depends on the activity.

Corporate income tax: current status

- ◆ No general corporate income tax has been enacted
- ◆ A May 2023 Green Paper consulted on options for one; none was adopted
- ◆ The 15% top-up tax applies to large groups only
- ◆ The 2026/27 Budget states that no new taxes are intended

Business licence tax (annual)	Rate
Turnover below BSD 100,000	Nil
BSD 100,000 to BSD 500,000	0.5%
Above BSD 500,000 to BSD 5 million	0.75%
Above BSD 5 million	1.25%
Above BSD 175 million (2026/27 Budget, from 1 July 2026)	1.5%
IBCs on revenue from outside The Bahamas	BSD 2,500 to BSD 1 million; 0.25% above, capped at BSD 100,000
Authorised dealers and money lenders	2.25%
Other banks, trust companies and financial services	Percentage of turnover with minimums, mostly capped at BSD 100,000
Foreign entity on a contract of up to three years	1.5% of contract value (temporary licence)

Domestic minimum top-up tax

The Domestic Minimum Top-up Tax Act, 2024 charges a 15% minimum tax, calculated under the OECD GloBE rules, on Bahamian entities of groups with consolidated revenue of €750 million or more in two of the last four years. It is deemed in force from 1 January 2024 and generally applies to fiscal years starting on or after 1 January 2025. Top-up tax is credited against business licence tax.

BUSINESS TAX

03 Corporate taxation (continued)

Dividends

Dividends are not taxed and there is no withholding tax. Paying dividends to non-residents needs Central Bank exchange control approval, and stamp duty of 5% applies when dividends of BSD 500,000 or more are converted to foreign currency and remitted to a related party abroad.

Capital gains

There is no capital gains tax. Transfers of land bear VAT, and transfers of shares stamp duty; a transfer of shares in a land-owning company is treated as a transfer of its land for VAT.

Losses and foreign tax credit

With no tax on profits, there are no loss rules or foreign tax credits. Losses matter only in calculating the top-up tax under the GloBE rules.

Holding companies and groups

No participation exemption is needed. IBCs pay business licence tax at their own rates, and pure holding entities are generally outside the licence regime. There is no group relief, but related entities may register as a VAT group.

Tax incentives in brief

Incentive	Main benefit
Hotels Encouragement Act	Duty concessions on materials and furnishings, and real property tax relief, for approved hotels
Family Island Development Encouragement Act	Duty-free building materials for approved Family Island businesses
Industries Encouragement Act	Duty-free machinery and materials and property tax relief for approved manufacturers
Hawksbill Creek Agreement	Concessions for Grand Bahama Port Authority licensees; confirm the current position
Free trade zones	Relief from import and export duties and VAT on qualifying transactions

Concessions are granted case by case, often through the Bahamas Investment Authority, and carry conditions. Top-up tax incentives were introduced alongside the minimum tax for large groups.

CROSS-BORDER PAYMENTS

04 Withholding taxes and tax treaties

The Bahamas levies no withholding tax. Payments abroad are shaped instead by exchange control and stamp duty.

Payment	Resident	Non-resident company	Non-resident individual	Treaty rate
Dividends	None	None	None	No treaties
Interest	None	None	None	No treaties
Royalties	None	None	None	No treaties
Management and service fees	None	None	None	No treaties
Branch profits	None	No branch remittance tax		No treaties

Payments abroad need exchange control approval where they exceed authorised dealer limits. Stamp duty applies to large dividend remittances to related parties and can apply to other conversions of Bahamian dollars. Imported services may bear VAT under the reverse charge.

Tax treaties

The Bahamas has no comprehensive double tax treaties. It is not a party to the CARICOM double taxation agreement. Relief for tax paid abroad is a matter for the investor's home country.

Information exchange agreements

Tax information exchange agreements are in place with more than 30 jurisdictions, including the United States, the United Kingdom and Canada. Automatic exchange under CRS and FATCA is covered in section 05.

Home-country tax

Because The Bahamas does not tax profits, investors should expect their home country's rules on foreign subsidiaries, branches and dividends to apply in full. Groups in scope of the top-up tax pay it locally, which may reduce top-up taxes elsewhere.

INTERNATIONAL RULES

05 Anti-avoidance and international rules

The Bahamas has no transfer pricing, thin capitalisation or CFC rules, but meets international standards on substance, transparency and the minimum tax.

Transfer pricing

There is no transfer pricing legislation and advance pricing agreements are not available. Country-by-country reporting applies under the Multinational Entities Financial Reporting Act, 2018 to groups with consolidated revenue of USD 850 million or more; constituent entities must notify DIR.

Interest limits, CFC rules and anti-avoidance

There are no thin capitalisation, CFC, anti-hybrid, exit tax or general anti-avoidance rules.

Economic substance

The Commercial Entities (Substance Requirements) Act, 2023 requires entities carrying on relevant activities (banking, insurance, fund management, financing and leasing, headquarters, distribution and service centres, shipping, intellectual property and holding business) to show substance in The Bahamas. Registered agents file an annual report within nine months of year-end, with penalties for non-compliance.

Pillar Two

The 15% domestic minimum top-up tax is in force for large groups, as set out in section 02. There is no income inclusion rule or undertaxed profits rule. In-scope entities notify DIR, register on its portal, pay and file. Amendments from 1 July 2026 introduce instalment payments and a return whether or not tax is due.

Information exchange

- ◆ **FATCA:** Model 1 agreement with the United States
- ◆ **CRS:** under the Automatic Exchange of Financial Account Information Act, 2016; returns due by 30 June after the reporting year
- ◆ **2026 amendments:** registration of all financial institutions, nil returns and fines up to BSD 300,000
- ◆ **Beneficial ownership:** held on the secure register through registered agents

CORPORATE COMPLIANCE

06 Compliance for corporations

Business compliance centres on the annual business licence, VAT returns and, for large groups, the top-up tax. DIR is moving filings to its One Tax Bahamas portal.

Tax year and returns

The business licence year is the calendar year, and licence tax is based on turnover for the year. Each entity holds its own licence and there are no consolidated returns, although related entities may form a VAT group.

1

Licence renewal

File the renewal application for the new year.

31 JAN

2

Turnover statement and tax

Declare turnover and pay; audited accounts at BSD 5 million or more.

31 MAR

3

Top-up tax

Return within 15 months of year-end (18 months for the first year).

IN-SCOPE GROUPS

Penalties and interest

Late filing and payment of business licence tax, VAT and real property tax attract penalties, surcharges and interest set by law. Trading without a valid licence is an offence.

Audits, records and rulings

DIR may audit returns and turnover statements. Keep accounting and VAT records for at least five years. Advance rulings are provided for under the top-up tax rules; ask DIR about its approach for other taxes.

Objections and appeals

Object to DIR first. Unresolved disputes go to the Tax Appeal Commission, then the Supreme Court, the Court of Appeal and the Privy Council. Disputed tax must generally be paid or secured pending appeal.

Practical points

Reconcile turnover declared for business licence tax with VAT returns and the audited accounts. Keep your licence current, since banks, regulators and government agencies ask for it, and register on the DIR portal early. Answer DIR queries in writing within the time stated.

BEYOND INCOME TAX

07 Other taxes on corporations

Tax	Rate and base	Who pays
National Insurance	Employer 6.65%, employee 4.65%, on earnings up to BSD 830 a week (from 1 July 2026)	Employer, plus employee share
Other payroll taxes	None	—
Real property tax	Annual, on assessed market value, at banded rates by category: commercial, owner-occupied, other residential and foreign-owned vacant land	Owner of the property
VAT on land transfers	10% where any party is foreign; 2.5% to 10% by value for Bahamians; 1% on mortgages	Parties as agreed, often shared
Stamp duty	Flat or percentage rates on share transfers, sales of a business, other personal property and some financial instruments	Parties to the instrument
Stamp duty on remittances	5% on dividends of BSD 500,000 or more converted and sent to related parties abroad; can apply to other conversions	Payer
Business licence tax	On turnover; see section 02	All businesses
Capital duty and transfer tax	None	—
Excise tax	On alcohol, tobacco, petroleum products and other listed goods	Importers, manufacturers
Environmental levy	On certain imported items, to fund their disposal	Importers
Condo-hotel tax	75% of the applicable real property tax rate	Owners of condo-hotel units

Banks, insurers and other financial services firms pay business licence tax at special rates. Life insurance, annuities and dwelling rentals are exempt from VAT; most other services are taxable.

INDIVIDUALS

08 Personal taxation

The Bahamas does not tax the income of individuals, whether they are resident or not, and whatever the source of the income.

Basis of taxation

- ◆ **Residents:** no income tax on worldwide income
- ◆ **Non-residents:** no income tax on Bahamian income
- ◆ **Domicile and remittance:** not relevant, as there is no income tax

Residence

Residence matters for immigration, exchange control, real property tax and VAT on land purchases, not for income tax. Annual and permanent residence permits are granted by the Department of Immigration.

Filing status

There are no personal income tax returns, so no individual or joint filing elections arise.

Income	Bahamian tax
Salary and benefits	None; NIB applies
Business and professional profits	None; business licence tax applies
Rental income	None; business licence and VAT may apply
Dividends and interest	None
Pensions	None
Capital gains	None

Allowances

With no income tax, there are no personal allowances or thresholds. Owner-occupiers receive real property tax relief, and first-time homeowners receive VAT and real property tax relief.

Home-country tax

Citizens of countries that tax worldwide income, such as the United States, and individuals who keep residence elsewhere remain taxable there.

INDIVIDUALS

09 Personal taxation (continued)

Capital gains

There is no capital gains tax. VAT applies when land changes hands, including transfers of shares in land-owning companies, and stamp duty applies to transfers of other personal property.

Deductions and reliefs

- ◆ First BSD 300,000 of an owner-occupied home exempt from real property tax
- ◆ Relief for first-time homeowners on VAT and real property tax
- ◆ Certain transfers within families are wholly or partly relieved from VAT
- ◆ Duty concessions for approved projects

Pensions and employment benefits

Pensions and benefits in kind are not taxed. NIB provides retirement, sickness, maternity and other benefits funded by contributions.

Tax	Position for individuals
NIB (employee)	4.65% of earnings up to BSD 830 a week
NIB (self-employed)	10.3% of insurable income
VAT on land purchases	2.5% to 10% by value for Bahamians; 10% for non-Bahamians
Stamp duty	On transfers of personal property and certain instruments
Real property tax (owner-occupied)	Nil to BSD 300,000; 0.625% to BSD 500,000; 1% above; capped
Real property tax (other)	Banded rates for other residential and foreign-owned property
Inheritance and gift tax	None
Net wealth tax	None
Capital acquisitions tax	None

The 2026/27 Budget announced a new owner-occupied category for foreign owners using a home as their residence, at 0.625% capped at BSD 200,000 a year, and a higher first-time homeowner threshold of BSD 600,000. Confirm how they apply with DIR.

INDIVIDUAL COMPLIANCE

10 Compliance for individuals

Individuals file no income tax returns. Their obligations come from employment, property ownership and any business they carry on.

Employees

There is no PAYE. Employers deduct the employee's NIB contribution and pay it with their own share by the 15th of the following month. Employees should check that their NIB record is complete.

Self-employed and property owners

When	What
Monthly	NIB self-employed contributions
31 January and 31 March	Business licence renewal, then tax on turnover
31 March	Real property tax for the year
21 days after each period	VAT returns where registered

DIR is issuing real property tax bills electronically, so owners should keep their contact details up to date.

Non-residents and expatriates

- ◆ Foreign staff need a work permit from the Department of Immigration
- ◆ Work permit holders working in The Bahamas pay NIB contributions
- ◆ No Bahamian income tax applies to salary, wherever it is paid
- ◆ Foreign owners renting out property need a business licence, and vacation rentals must register for VAT whatever their turnover
- ◆ Purchases of land by non-Bahamians bear VAT at 10% and may need a permit
- ◆ Bahamian bank accounts are reported under CRS and FATCA

Home-country filing

Expatriates should take advice on their home-country residence and filing obligations before and during an assignment.

INDIRECT TAXES

11 VAT and customs

Value added tax (VAT) is the main tax in The Bahamas, charged on most goods and services, on imports and on transfers of land.

Rate	Applies to
10% standard	Most goods, services, imports and hotel stays
5%	Certain essential non-food items and medicines
Land transfers	2.5% to 10% for Bahamians by value; 10% where a party is foreign; 1% on mortgages
Zero-rated	Exports and temporarily imported goods
Exempt	Unprepared food in food stores (from 1 April 2026), certain education, dwelling rentals, life insurance and annuities

Registration and returns

Registration is required once taxable supplies reach BSD 100,000 a year, and is voluntary below. E-commerce providers and vacation rentals must register whatever their turnover. Returns are monthly at BSD 5 million turnover or more, otherwise quarterly, with payment within 21 days after the period (earlier for designated large taxpayers).

VAT on property

VAT replaced stamp duty on land transfers. It is charged on the higher of the price and appraised value; the parties usually share it by agreement.

Input tax recovery

Registered businesses credit VAT on business purchases and imports against output tax. VAT grouping is allowed. Some public bodies withhold VAT, a regime widened from 1 July 2026.

Imported and digital services

Foreign suppliers of digital and e-commerce services to Bahamian consumers must register and charge VAT. Business customers generally account for VAT on imported services under the reverse charge.

Customs and excise

Import duty is charged on CIF value under the tariff schedules, at rates among the highest in the region, plus VAT, excise and environmental levies where they apply. The 2026/27 Budget reduced duty on some household and health items.

ADMINISTRATION

12 Tax calendar and administration

Main tax laws

Value Added Tax Act, 2014; Business Licence Act, 2023; Real Property Tax Act; Stamp Act; Domestic Minimum Top-up Tax Act, 2024; Customs Management Act, 2011; Excise Act; National Insurance Act; Commercial Entities (Substance Requirements) Act, 2023; Automatic Exchange of Financial Account Information Act, 2016; Multinational Entities Financial Reporting Act, 2018; Tax Appeal Commission Act, 2020.

Authorities

DIR administers domestic taxes; Bahamas Customs collects duties; NIB collects contributions. Appeals go to the Tax Appeal Commission, then the Supreme Court.

Recent and upcoming changes

- ◆ **2024:** 15% top-up tax for large groups, deemed from 1 January
- ◆ **2026:** unprepared food VAT-exempt (1 April); CRS amendments; NIB ceiling BSD 830 a week (1 July)
- ◆ **2026/27 Budget (from 1 July):** 1.5% licence tax above BSD 175 million; top-up tax instalments; foreign owner-occupied property category; wider VAT withholding; stamp duty on business sales to include cash

When	What
15th monthly	NIB contributions for the previous month
21 days after each period	VAT return and payment (monthly or quarterly)
31 January	Business licence renewal
31 March	Business licence tax and turnover statement; real property tax
30 June	CRS and FATCA reporting for the previous year
1 July	Start of the fiscal year; most budget measures take effect
9 months after year-end	Economic substance report
15 months after year-end	Top-up tax and GloBE returns for in-scope groups

When a date falls on a weekend or public holiday, check with DIR whether it moves to the next working day.

YOUR PARTNER

13 How Dawgen Global helps

Our Caribbean Tax Service Desk, managed from Kingston, supports companies and individuals with every Bahamian tax, from registration to dispute.

Tax compliance

Business licence renewals, turnover statements, real property tax and filing calendars.

Corporate tax advisory

Structuring, licence categories, exchange control and transactions.

International tax and transfer pricing

Top-up tax, GloBE returns, country-by-country reporting and substance.

Indirect taxes (VAT and customs)

VAT registration, returns, refunds, property transfers and customs reviews.

Payroll and employment taxes

NIB registration, monthly contributions and payroll reviews.

Tax disputes and authority engagement

DIR audits, objections, the Tax Appeal Commission and settlement of arrears.

Incentives and investment planning

Hotel, Family Island and industry concessions and BIA applications.

Private client and expatriate tax

Property purchases, home-country tax, CRS and FATCA, and assignees.

Tax technology and reporting

Tax calendars, portal registration, data and reporting processes.

Start with a conversation

Tell us about your plans or your tax question in The Bahamas, and we will set out the steps and timeline 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 Bahamas

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

- Department of Inland Revenue (inlandrevenue.finance.gov.bs)
- Ministry of Finance (bahamasbudget.gov.bs)
- Bahamas Customs and Excise Department (bahamascustoms.gov.bs)
- National Insurance Board (nib-bahamas.com)
- Central Bank of The Bahamas (centralbankbahamas.com)
- Registrar General's Department (bahamas.gov.bs)
- Bahamas Investment Authority, Office of the Prime Minister (opm.gov.bs)
- Securities Commission of The Bahamas (scb.gov.bs)

