



HALSBURY CHAMBERS BULLETIN



STAMP DUTY AND ITS EFFECT ON TRANSACTIONS

Stamp Duty is a tax that is levied on certain documents and transactions inclusive of, inter alia, conveyances, mortgages, cheques, marriage licences, memorandum and articles of association and on the sale of shares/change in beneficial ownership in a company/business.



The rates of stamp duty vary as to the nature of the instrument or transaction.

In The Bahamas, stamp taxes are administered by the Public Treasury, a department in the Ministry of Finance, in accordance with a series of Stamp Duty Acts. Certain exemptions are however afforded by the relevant legislation.

Land Transactions:

For typical transactions in land, such as the buying and selling of a residential house, payment is required to be made to the Public Treasury at the completion of such transactions. The amount payable to the Public Treasury is determined by the value of the real property, as follows:-

- Up to \$20,000: 4%
- from \$20,001 to \$50,000: 6%
- from \$50,001 to \$100,000: 8%
- from \$100,001 to \$250,000: 10%
- over \$250,000: 12%

In the case of Mortgages and or Debentures, the rate is 1%.

Stamp duty is paid on the whole value of a property, so if you buy property costing \$100,000 you would pay \$8,000 in stamp duty. This means the total amount to be paid can be \$108,000.

Business/Corporate Transactions:

Generally speaking, on a direct or indirect change in the beneficial ownership in a company or a business the same is subject to the payment of stamp duty at rates depending upon the value of the transaction.

Documents and Transactions subject to stamp duty include the following:

1. Conveyances & Mortgages: Transfer of real property (land and buildings);
2. Transfer/Sale of Shares or Business;
3. Lease or Agreement for Lease of Real Property;
4. Applications for registration or transfer of a motor vehicle; and
5. Insurance Policies.

A few Stamp Duty Exemptions:

If you are a first-home buyer and have purchased a vacant piece of land or home below the requisite threshold, that is \$500,000, you **may** not have to pay stamp duty. In this instance, an application for Stamp Duty Exemption is made to the Financial Secretary in the Ministry of Finance (Stamp Duty Exemption Department).

Persons eligible for stamp duty exemption must declare (i) to be first time home buyers (ii) never previously owned any occupied dwelling house or (iii) never applied for and been granted exemption previously. Also, the total value of the transaction(s) must not exceed \$500,000 (inclusive of conveyance and mortgage or one only).

This exemption is available in respect to the following types of transactions:

1. the purchase of a dwelling house and/or financing;
2. the purchase and financing of a dwelling house combined with other-

domestic loans;

3. the financing for the construction of a dwelling house;
4. the financing for the construction of a dwelling house combined with other domestic loans;
5. the purchase of vacant land for the construction of a dwelling house;
6. the financing of the purchase of vacant land and construction of a dwelling house; and
7. the transfer between licenced lending institutions of a home mortgage or of a home mortgage combined with other domestic loans.

Additionally, in the case of a sale of a company/business, viz-a-viz, a change in beneficial ownership, if (i) the entity is non-resident for Bahamian Exchange Control purposes or (2) if the entity is resident for Bahamian Exchange Control but its turnover (as defined in The Business Licence Act) is less than \$500,000, then no stamp duty is payable on such a change.



Also, no stamp duty is payable on (a) transfers to charitable bodies and (b) transfers to beneficiaries under the estate of a deceased person.

The information stated above is not intended to be construed as legal advice in any way.

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