



EXTRAORDINARY
OFFICIAL GAZETTE
THE BAHAMAS
PUBLISHED BY AUTHORITY

NASSAU

31st December, 2020

(B)

**DISASTER RECONSTRUCTION AUTHORITY
(SPECIAL ECONOMIC RECOVERY ZONE)
(RELIEF)(NO. 2) ORDER, 2020**

Arrangement of Orders

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**MINISTRY OF DISASTER PREPAREDNESS MANAGEMENT
AND RECONSTRUCTION**

S.I. No. 198 of 2020

**DISASTER RECONSTRUCTION AUTHORITY ACT, 2019
(NO. 36 OF 2019)**

**DISASTER RECONSTRUCTION AUTHORITY (SPECIAL
ECONOMIC RECOVERY ZONE) (RELIEF)(NO. 2) ORDER,
2020**

WHEREAS the Prime Minister has by Order dated the 4th day of December, 2019, designated the Islands of Abaco, the Abaco Cays, Grand Bahama Island, Sweetings Cay, Deep Water Cay and Water Cay, to be special economic recovery zones pursuant to section 22(1) of the Disaster Reconstruction Authority Act, 2019 (*No. 36 of 2019*);

NOW THEREFOR the Minister of Finance, in exercise of the powers conferred by section 22(2) of the said Act, makes the following Order:

1. Citation and commencement.

- (1) This Order may be cited as the Disaster Reconstruction Authority (Special Economic Recovery Zone)(Relief)(No. 2) Order, 2020.
- (2) This Order shall come into operation on the 1st January, 2021.

2. Interpretation.

In this Order —

“**SERZ**” means a special economic recovery zone as designated by the Prime Minister under section 22(1) of Disaster Reconstruction Authority Act 2019 (*No. 36 of 2019*);

“**VAT**” means value added tax.

TAX ON GOODS

3. Relief on taxes on goods imported into the SERZ.

The importation into a SERZ of goods specified in the *First Schedule*, for the period commencing on the 1st day January, 2021 and ending on the 30th day of June, 2021, subject to conditions stipulated by the Ministry of Finance, shall be zero rated under the Value Added Tax Act, 2014 (*No. 32 of 2014*) and exempted from any taxes and fees under—

- (i) Customs Management Act, 2011 (*No.30 of 2011*);

- (ii) Excise Act, 2018 (*No. 22 of 2018*); and
- (iii) Tariff Act, 2018 (*No. 21 of 2018*).

4. VAT zero rating on local wholesale and retail sales of goods.

Within a SERZ, the local wholesale or retail sale of fuel and any goods specified in the *First Schedule* for the period commencing 1st day of January, 2021 and ending the 30th June, 2021, subject to conditions stipulated by the Ministry of Finance, shall be zero rated under the Value Added Tax Act, 2014 (*No. 32 of 2014*).

5. VAT zero rating and relief from import taxes on goods purchased outside of SERZ.

- (1) In accordance with conditions stipulated by the Ministry of Finance, where goods specified within the *First Schedule* are sold by a VAT registrant within The Bahamas but outside of a SERZ and shipped into a SERZ by the registrant, to a customer for use within a SERZ —
 - (a) the sale shall be zero rated under the Value Added Tax Act, 2014 (*No. 32 of 2014*); and
 - (b) the importation of such goods into The Bahamas shall be zero rated under the Value Added Tax Act, 2014 (*No. 32 of 2014*) and exempted from import tax under the —
 - (i) Customs Management Act, 2011(*No. 30 of 2011*);
 - (ii) Excise Act, 2018 (*No. 22 of 2018*); and
 - (iii) Tariff Act, 2018 (*No. 21 of 2018*).
- (2) Where a VAT registrant operating outside of a SERZ has sold goods specified within the *First Schedule* and shipped the goods into a SERZ to a customer free of import tax in accordance with this Order he may apply to the Customs Department for a refund of the import tax.

6. Conditions for tax relief on goods.

- (1) Any person who seeks to remove tax exempted and VAT zero rated goods valued in aggregate in excess of \$500 from the SERZ to locations inside The Bahamas outside the SERZ or to export these goods outside The Bahamas, must report the intended movement of the goods to the Customs Department and make the payment of VAT and other taxes and fees to the Customs Department that would otherwise be applicable.
- (2) Any person who fails to report and make payment as outlined herein will subject to the seizure of the goods and the payment of fines as prescribed by the Minister of Finance.

TAX ON SALE OF REAL PROPERTY

7. Discount on value added tax on the sale of certain real property.

- (1) For the period commencing on the 1st day of January, 2021 and ending on the 30th day of June, 2021, on the sale of any real property, the purchaser may receive discount on the VAT that is due as a result of that sale, in accordance with the scale below, if the purchaser satisfies one of the conditions specified in paragraph (2) —

VAT DISCOUNT ON REAL PROPERTY PURCHASES

VALUE OF CONSIDERATION: FROM	VALUE OF CONSIDERATION: TO	VAT VALUE	DISCOUNT GRANTED CONDITIONALLY
Zero	\$100,000	Up to \$2,500	50% Max \$1,250
\$100,001	\$250,000	\$1,000 to \$25,000	35% Max \$8,750
\$250,001	\$500,000	\$25,001 to \$50,000	20% Max \$10,000

- (2) A purchaser will be eligible for discount on the value added tax due upon the sale of real property if he demonstrates —
- (a) that the property is fully habitable;
 - (b) where the property is not fully habitable he has plans to make repairs and can start the repairs within 75 days of closing; or
 - (c) where the property is vacant, he has plans showing that he intends to undertake material commercial or residential development of the property.
- (3) Where a property was subject of the tax discount under this Order and the purchaser has not started construction, or repairs within 75 days of closing of the sale that tax becomes payable as if this Order was not in force.

8. Transitional.

The importation into a SERZ of goods specified in the *Second Schedule* shall be zero rated under the Value Added Tax Act, 2014 (*No. 32 of 2014*) and exempted from any taxes and fees under—

- (i) Customs Management Act, 2011 (*No.30 of 2011*);
- (ii) Excise Act, 2018 (*No. 22 of 2018*); and
- (iii) Tariff Act, 2018 (*No. 21 of 2018*),

Provided that, in accordance with conditions stipulated by the Ministry of Finance, such goods are —

- (a) purchased and shipped by the 31st December, 2020;
- (b) approved by the Ministry of Finance for importation under the provisions of the Disaster Reconstruction Authority (Special Economic Recovery Zones) (Relief) Order, 2020 by the 31st December, 2020; and
- (c) landed into The Bahamas by the 30th April, 2021.

9. Repeal.

The Disaster Reconstruction Authority (Special Economic Recovery Zones) (Relief) Order, 2020¹ is repealed.

FIRST SCHEDULE

(order 3)

GOODS

Household furniture, furnishings and appliances
Hardware Supplies
Building Materials
Electrical fixtures and materials
Plumbing fixtures and materials

SECOND SCHEDULE

(order 8)

Replacement Motor Vehicles

Made this 31st day of December, 2020

Signed
HUBERT MINNIS
Minister of Finance

¹S.I. No.84 of 2020.