

One of our most significant recent tax initiatives was the provision of relief on the transfer of real property by persons during their lifetime to children, spouses, parents and remoter issue free of taxes that were previously levied as 10 percent of the property value,

The mischief:

Many persons are living longer lives post retirement and that meant that

- a) They held in many instances valuable real property that they may have acquired by purchase or inheritance.
- b) To convey such property to a spouse, child, grand child or parent would have required a cash outlay for Stamp tax among other expenses
- c) Stamp tax is levied as a transfer tax of 10 percent of the value of the property. Such a tax could be onerous especially to persons on a fixed income post retirement.
- d) Because of the Tax burden, many Bahamian families were forced to dispose of such properties in many instances to non-Bahamians to assist their younger loved ones with educational or small commercial ventures.
- e) A large percentage of such properties are on the lesser developer islands occasioned by the migration of persons over the recent decades to the Capital

The Initiative

On July 1st 2019 Parliament enacted changes to our tax system that made tax free *inter-vivos* gifts of real property between any person and their spouse, children. Grandchildren or parents with some conditions attached limiting disposal thereafter.

Family Island development is predicated on the involvement of returning residents, retirees and their children spawning family ventures such as small resorts, aquaculture and agricultural pursuits. It is anticipated that such undertakings would:

- 1) Enhance and diversify our tourism product by creating and catering to a burgeoning market niche that is attracted to a more rustic unspoiled vacation experience
- 2) Reverse the migration of family islanders to the capital which is considered by most to be overcrowded with over 257K persons living on a 21x7 miles island
- 3) Provide new opportunities for the development of family businesses utilizing the skills of young retirees partnering with their children and grandchildren.
- 4) Improve the generation of revenues from property that would have been sitting dormant that is now being used in the generating of taxable activities.
- 5) Forego onetime lump sum revenues in favor of a policy that would create a revenue stream to the treasury.
- 6) Provide Bahamian families the option to retain property that may have otherwise been disposed of.