

**DISASTER RECONSTRUCTION AUTHORITY  
(SPECIAL ECONOMIC RECOVERY ZONE)  
(RELIEF) ORDER, 2021**

**Arrangement of Order**

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**Order**

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## **DISASTER RECONSTRUCTION AUTHORITY ACT, 2019**

### **(NO. 36 OF 2019)**

## **DISASTER RECONSTRUCTION AUTHORITY (SPECIAL ECONOMIC RECOVERY ZONE) (RELIEF) ORDER, 2021**

**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) Order, 2021.
- (2) This Order shall come into operation on the 1<sup>st</sup> day of July, 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 Schedule, for the period commencing on the 1st day July, 2021 and ending on the 31st day of December, 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—

- (a) Customs Management Act, 2011 (*No. 30 of 2011*);
- (b) Excise Act, 2018 (*No. 22 of 2018*); and
- (c) 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 Schedule for the period commencing 1st day of July, 2021 and ending the 31<sup>st</sup> day of December, 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 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 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 SERVICES

### 7. VAT zero rating on construction services.

Within a SERZ, subject to conditions stipulated by the Ministry of Finance, the supply of construction services shall be zero rated under the Value Added Tax Act, 2014 (*No. 32 of 2014*), provided that the services are —

- (a) invoiced by the registrant supplier by the 31<sup>st</sup> day of December, 2021; and
- (b) paid for in full by the recipient by the 31<sup>st</sup> day of March, 2022.

### 8. Exemption on building permits.

Within a SERZ, for the period commencing the 1<sup>st</sup> day of July, 2021 and ending the 31<sup>st</sup> day of December, 2021, the fees payable for a building permit shall be exempt notwithstanding the Buildings Regulation (General) Rules<sup>1</sup>.

## TAX ON SALE OF REAL PROPERTY

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

- (1) For the period commencing on the 1<sup>st</sup> day of July, 2021 and ending on the 1<sup>st</sup> day of December, 2022, on the sale of any real property not exceeding two hundred and fifty thousand dollars, where the purchaser satisfies one of the conditions specified in paragraph (2) and —
  - (a) is a Bahamian, the sale of real property shall be zero rated for the purposes of the Value Added Tax Act, 2014 (*32 of 2014*);
  - (b) is a non-Bahamian, the concession on the sale of real property shall be in accordance with the following scale —

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

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<sup>1</sup>*S. I. No. 92 of 1971.*

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- (2) A purchaser will be eligible for discount or zero rating 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 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 or zero rating 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.

**10. Repeal.**

The Disaster Reconstruction Authority (Special Economic Recovery Zones) (Relief)(No. 2) Order, 2020 is repealed.

**SCHEDULE**

(order 3)

**GOODS**

Household furniture, furnishings and appliances

Hardware Supplies

Building Materials

Electrical fixtures and materials

Plumbing fixtures and materials

**Made this day                      of May, 2021**

**MINISTER OF FINANCE**