

**DISASTER RECONSTRUCTION AUTHORITY
(SPECIAL ECONOMIC RECOVERY ZONE)
(RELIEF) ORDER, 2022**

Arrangement of Orders

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DISASTER RECONSTRUCTION AUTHORITY ACT, 2019

(NO. 36 OF 2019)

DISASTER RECONSTRUCTION AUTHORITY (SPECIAL ECONOMIC RECOVERY ZONE) (RELIEF) ORDER, 2022

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, 2022.
- (2) This Order shall be deemed to have come into operation on the 1st day of January, 2022.

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); and

“VAT” means value added tax.

TAX ON GOODS

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

- (1) The importation into a SERZ of goods specified in the *Schedule*, for the period commencing on the 1st day of January, 2022 and ending on the 1st

day of December, 2022, subject to conditions stipulated by the Ministry of Finance, shall be exempted from any taxes and fees under—

- (a) Customs Management Act, 2011 (No.30 of 2011);
 - (b) Excise Act, 2018 (No. 22 of 2018);
 - (c) Tariff Act, 2018 (No. 21 of 2018); and
 - (d) Value Added Tax Act, 2014 (No. 32 of 2014).
- (2) A person desirous of importing goods into a SERZ under paragraph (1) must make application to the Minister of Finance to do so within 90 days of the commencement of this Order and any approval granted shall be valid until the 1st day of December, 2022.

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

Within a SERZ, the local wholesale or retail sale of any goods specified in the *Schedule* for the period commencing 1st day of January, 2022 and ending the 1st day of December, 2022, shall, subject to conditions stipulated by the Ministry of Finance, 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 who has been granted an approval under paragraph (3) —
- (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 sells goods specified within the *Schedule* and ships 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.
- (3) A person desirous of purchasing goods outside of a SERZ under paragraph (1), must make application to the Minister of Finance to do so

within 90 days after the commencement of this Order and any approval granted shall be valid until the 1st day of December, 2022.

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 be 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 —

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

8. Exemption on building permits.

Within a SERZ, for the period commencing the 1st day of January, 2022 and ending the 1st day of December, 2022, notwithstanding the Buildings Regulation (General) Rules¹, the fees payable for a building permit shall be exempted provided the building—

- (a) does not exceed 900 square feet;
- (b) is built for residential use; and
- (c) is Bahamian owned.

TAX ON SALE OF REAL PROPERTY

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

- (1) Subject to paragraph (2), for the period commencing the 1st day of January, 2022 and ending the 1st day of December, 2022, on the sale of any real property within a SERZ, not exceeding two hundred and fifty

¹S. I. No. 92 of 1971.

thousand dollars, the VAT discount on that sale, 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

- (2) Notwithstanding paragraph (1), for the period commencing the 1st day of January, 2022 and ending the 31st March, 2022, where the purchaser is a Bahamian, the sale of real property within a SERZ, not exceeding two hundred and fifty thousand dollars, shall be zero rated for the purposes of the Value Added Tax Act, 2014 (32 of 2014).

10. Repeal.

The Disaster Reconstruction Authority (Special Economic Recovery Zones) (Relief) Order, 2021² 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 5th day of January, 2022


MINISTER OF FINANCE

²(S.I. No.56 of 2021)