



BUSINESS LICENCE BILL, 2023: IMPLICATIONS FOR FINANCIAL SERVICES ENTITIES

DEPARTMENT OF INLAND REVENUE
Legal & Policy Unit

The Government of the Bahamas



BLB, 2023: FSEs

BUSINESS LICENCE BILL, 2023

Consolidates and amends law relating
to business licences from 2010 to 2022

Repeals the Business Licence Act, 2010



DEPARTMENT OF
INLAND REVENUE
Central Revenue Administration

BUSINESS



- A trade, profession, vocation, venture or undertaking;
- The provision of personal services, or technical and managerial skills, and any adventure or concern in the nature of trade that does not include employment;
- The provision by a club, association or organization, for a subscription or other consideration, of the facilities or advantages available to its members;
- The admission, for consideration of persons to any premises, save and except for fairs, sporting & charitable events;
- The exploitation of tangible or intangible property for the purpose of obtaining income on a continuing basis from such property.



REQUIREMENTS FOR A BUSINESS LICENCE

- Anyone carrying on a business in or from within The Bahamas

EXCEPTIONS:

- An investment fund regulated under the IFA
- The carrying out of activities as a pure equity holding entity



FSE DEFINITION



- A business that is subject to the payment of a licensing or other fee and is regulated in accordance with: Banks and Trust Companies Regulation Act, 2020 (BTCRA); Securities Industry Act, 2011 (SIA); Financial and Corporate Services Providers Act, 2020 (FCSPA); Investment Funds Act, 2019 (IFA); Digital Assets and Registered Exchanges Act, 2020 (DARE)
- Insurers regulated under the Insurance Act or External Insurance Act
- Co-operative credit unions under the Bahamas Co-operative Credit Unions Act, 2015 (BCCUA)
- Carbon Credit Trading Act, 2022 (CCTA)registrants



BLB, 2023: FSEs

Type of financial services entity	Annual tax
Authorized Dealers	2.25% of total revenues net of interest expenses
Authorized Agents under the BTCRA	\$10K or 1.25% of turnover (whichever is greater). \$100K max
Other Public Banks and Trust Companies	\$25K or 1% of turnover (whichever is greater). \$100K max
Non-bank Money Transmission Businesses (MTBs)	\$10K or 1.25% of turnover (whichever is greater). \$100K max
CCTA, DARE, IFA & SIA registrants or licensees	2.25% of turnover from operations in the domestic market* 0.25% of turnover from operations outside of the domestic market. \$100K max
Moneylenders	2.25% of turnover
Other financial services entities	\$2.5K or 1.25% of turnover (whichever is greater). \$100K max



OPERATIONS IN THE DOMESTIC MARKET

- Dealing in BSD denominated instruments
- Dealing in BISX products
- Providing products or services to Bahamian residents for exchange control purposes



FSE TAX

- Where an FSE carries on:
 - more than one category of financial services
 - other activities that are not financial services

Tax will be calculated at the highest of the applicable rates



BL TAXES OTHER BUSINESSES



Turnover	Tax rate
Greater than \$100K up to \$500K per annum	0.5% of turnover
Greater than \$500K up to \$5M per annum	0.75% of turnover
Greater than \$5M per annum	1.25 % of turnover



IBCs

- Revenue attributable to operations outside The Bahamas
 - \$2,500 for revenue up to \$1M
 - 0.25% up to \$100K if revenue exceeds \$1M
- Revenue attributable to operations within The Bahamas
 - Refer to FSE schedule



IBCs cont'd

- IBC revenue derived from the following is deemed to be from operations within The Bahamas
 - Sale of or commercial benefit from property registered or located in the Bahamas
 - Export of goods
 - Sale or provision of services to persons within The Bahamas or resident* in The Bahamas
 - Professional services

Where there is a mix of turnover derived from activities partly within and partly outside The Bahamas, the IBC is required to allocate and apportion the turnover between the activities for the purposes of calculating tax payable.



PROPRIETARY TRADING

- \$15K or 0.25% of revenues derived from proprietary trading up to a maximum of \$100K (whichever is greater)
- On all revenues derived from activities other than proprietary trading, refer to FSE schedule



FAMILY OFFICES

- \$10K or 0.25% of turnover up to a maximum of \$100K (whichever is greater)





END

