

Business Licence Act 2023



On July 1, 2023, the Government of The Bahamas passed the Business Licence Act, 2023. This legislative measure signified the formal repeal and replacement of the pre-existing business licence legislation, thereby effecting comprehensive changes to the regulatory framework governing business licenses within the jurisdiction. Subsequently regulations and guidance notes were issued by the Department of Inland Revenue (“DIR”).

Turnover less than \$250,000 per annum:

- Requirement for independent accountant certification letter to the Secretary is no longer required.
- Requirement to renew, obtain the annual business license remains. In addition, entities with turnover in excess of \$100,000 per annum, tax will still be payable based on the applicable rate in effect.
- Requirement to maintain a full set of books and records in either a paper or electronic format for a minimum of 5 years.
- The Secretary also has the power to request documents or information.

Turnover between \$250,001 and \$4,999,999 per annum:

- Requirement to obtain an independent accountant’s review report prepared in accordance with International Standards on Review Engagements (ISRE 2400 revised).

Turnover \$5,000,000 and greater per annum:

- Must obtain an independent accountant’s audit report prepared in accordance with International Standards on Auditing (ISA).

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| <p>2023</p> <p>YEAR END FISCAL \ CALENDAR</p> <hr/> <p>Management reports provided to BICA Licensee</p> | <p>2024</p> <p>PAYMENT MARCH 31</p> <hr/> <p>Turnover \$250K to under \$5M</p> <ul style="list-style-type: none"> • (1) Reviewed return, and (2) Review Report are due. <p>Turnover in excess of \$5M</p> <ul style="list-style-type: none"> • (1) Audited Return, (2) Audited Financial Statements, and (3) Audit Report are due. <p>Payment due based on estimated turnover.</p> <p>Automatic filing extension granted by DIR to April 30</p> | <p>AUTOMATIC EXTENSION APRIL 30</p> <hr/> <p>Automatic extension ends April 30 and Taxpayer may formally request additional extension to June 30, 2024</p> <p>Filing extension request required by DIR to June 30</p> | <p>FINAL EXTENSION JUNE 30</p> <hr/> <p>Additional extension ends June 30, 2024, and penalties may be applied by the Department of Inland Revenue (“DIR”)</p> <p>DIR penalties may apply if reporting is incomplete</p> |
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The required disclosures for companies that must obtain an independent review or audit report have been expanded. The new disclosures include:

- Details of each revenue stream of the business and a breakdown for each business unit,
- A list of any deductions by the business against turnover,
- Disclosure of all related party transactions, and a determination if these transactions are at an ‘arm’s length’.
- Details of the accounting policies adopted in recognizing revenue.
- Reconciliation of turnover between the VAT Act, the Business License Act, and International Financial Reporting Standards (if applicable).

If a business has a financial year other than the calendar year, a separate report must be prepared to reconcile the turnover from the review or audit of the financial statements on the fiscal year to the business license calendar year. No changes have been made to the rates of tax for regular Bahamian companies for which no special provision has been made in the Act.

IBCs and financial services entities that do not have domestic operations and which are reporting the maximum tax of \$100,000 may submit audited financial statements prepared by an independent auditor from another jurisdiction and are not required to submit an audited return on turnover.

A Statement of Turnover is a review report or audit report prepared by an independent practitioner who is a Bahamas Institute of Chartered Accountants (“BICA”) licensee. The practitioner must hold a valid licence issued by BICA and must be authorized to issue the type of Statement of Turnover being submitted.

“ In response to the recently legislated Business Licence Act, 2023, and its corresponding Regulations, the Bahamas Institute of Chartered Accountants (BICA) has been actively engaged with the Government and tax authorities, championing the need for a balanced and strategic implementation of the new regulatory framework.



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