*EXTRAORDINARY*

# OFFICIAL GAZETTE
# THE BAHAMAS

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# BUSINESS DEVELOPMENT INCENTIVES PROGRAMME ACT, 2025

## Arrangement of Sections

**Section**

**No. 49 of 2025**

# BUSINESS DEVELOPMENT INCENTIVES PROGRAMME ACT, 2025

**AN ACT TO ESTABLISH A BUSINESS DEVELOPMENT INCENTIVES PROGRAMME TO PROVIDE FINANCIAL INCENTIVES TO ELIGIBLE LICENSEES FOR THE PURPOSES OF ENCOURAGING AND SUPPORTING INVESTMENT ACTIVITIES THAT CONTRIBUTE TO THE ECONOMIC WELL-BEING OF THE BAHAMAS; TO ENHANCE THE GLOBAL COMPETITIVENESS OF THE BAHAMAS AS A BUSINESS HUB AND A SOURCE OF GOODS AND SERVICES; AND FOR CONNECTED PURPOSES**

[Date of Assent 27th June, 2025]

**Enacted by the Parliament of The Bahamas**

## PRELIMINARY

### 1. Short title.

This Act shall be cited as the Business Development Incentives Programme Act, 2025.

## INTERPRETATION

### 2. Interpretation.

In this Act, unless the context otherwise requires —

**“eligible licensee”** means a licensee that carries on a business with annual turnover greater than B$50 million;

**“licensee”** means a holder of a licence issued under the Business Licence Act, 2023 (*No. 13 of 2023*);

**”Minister”** means the Minister of Finance;

**"Programme"** means the Business Development Incentives Programme established under section 3;

**"tax"** means tax payable under —

(a) section 34 of the Business Licence Act, 2023 (*No. 13 of 2023*); or

(b) section 5 of the Domestic Minimum Top-Up Tax Act, 2024 (*No. 58 of 2024*);

**"turnover"** has the meaning assigned by section 32 of the Business Licence Act, 2023 (*No. 13 of 2023*).

## OPERATION OF PROGRAMME

### 3. Establishment and purpose of the Programme.

The Business Development Incentives Programme is established, the purpose of which is to provide financial incentives to eligible licensees in order to encourage and support investment activities that contribute to the economic well-being of The Bahamas and its inhabitants by enhancing the global competitiveness of The Bahamas as a business hub and a source of goods and services.

### 4. Qualifying investment activities and incentives.

(1) Under the Programme, an eligible licensee may be awarded financial incentives for engaging in qualifying investment activities as set out in the following table —

| Column 1: Qualifying Investment Activity | Column 2: Basis of Financial Incentive |
|---|---|
| A. Adding capacity or increasing efficiency for the production of goods or services in The Bahamas through capital investment in plant or equipment | a1. A maximum of 5% of expenditures on capital property (other than land) used in the production of goods or services in The Bahamas |
| B. Increasing the number of full-time equivalent employees located in The Bahamas | b1. A maximum of 20% of the incremental increase in expenditures due to the hiring and remuneration of additional full-time equivalent employees located in The Bahamas |
| C. Developing and advancing the level of knowledge and skills of employees located in The Bahamas | c1. A maximum of 20% of expenditures related to the training and development of employees located in The Bahamas |

| | |
|---|---|
| D. Adopting, maintaining or expanding the use of The Bahamas as the situs of senior management functions and decision-making, or of centres of excellence | d1. A maximum of 20% of expenditures related to the relocation to The Bahamas of a senior officer of the licensee, or an employee that can reasonably be regarded as having advanced expertise in their field<br><br>d2. A maximum of 1% of the aggregate turnover of the licensee from supplies to purchasers not resident in The Bahamas, provided that the situs of executive authority in respect of the supplies is The Bahamas |
| E. Increasing reliance on goods or services sourced from suppliers located in The Bahamas | e1. A maximum of 15% of the incremental increase in expenditures related to an increased use by the licensee of goods or services obtained from suppliers located in The Bahamas |
| F. Carrying on scientific research and development or other innovation activities in The Bahamas | f1. A maximum of 10% of expenditures related to the carrying on of scientific research or other innovation activities in The Bahamas |
| G. Investing in the commercialization of Bahamian artistic or cultural products | g1. A maximum of 20% of expenditures incurred in The Bahamas related to an investment in the commercialization of Bahamian artistic or cultural products |
| H. Implementing measures for decarbonisation or the reduction of greenhouse gas emissions | h1. A maximum of 10% of expenditures incurred in The Bahamas related to the implementation of measures for decarbonisation or the reduction of greenhouse gas emissions |

(2) The Minister may establish the manner or means for determining an incremental increase for the purposes of items b1. and e1. in the table in subsection (1).

(3) Subject to any regulations made under this Act, for the purposes of item d2. in the table in subsection (1), the situs of executive authority in respect of a supply is The Bahamas if the agreement for the supply is entered into on behalf of the eligible licensee by an officer resident in The Bahamas who has been delegated general authority to enter into agreements of that nature.

(4) A financial incentive may only be based on expenditures incurred or turnover earned by an eligible licensee after 2023.

(5) A financial incentive shall not be awarded under this Act to an eligible licensee that receives or benefits from an exemption, concession, relief or other benefit under —

(a) section 3 or 4 of the Family Islands Development Encouragement Act (*Ch. 328A*);

(b) section 4, 5, 6 or 19 of the Hotels Encouragement Act (*Ch. 289*);

(c) section 9 or 13 of the Industries Encouragement Act (*Ch. 326*);

(d) Chapter 98 of the Tariff Act, 2023 (*No. 27 of 2023*); or

(e) section 7 or 15 of The Bahamas Investment Incentives Act (*Ch. 328*).

## 5. Application by an eligible licensee.

(1) An eligible licensee may submit an application to the Minister for a financial incentive in respect of a qualifying investment activity described in section 4.

(2) An application must describe in detail the nature of the qualifying investment activity, the amount of each relevant expenditure that was or would be incurred, or of the turnover that was or would be earned or derived, in relation to the investment activity and the expected impact of the investment activity on The Bahamas, and include any other information required by the Minister.

## 6. Decision by Minister.

(1) If the Minister is of the opinion that an investment activity undertaken or proposed by an eligible licensee is a qualifying investment activity as set out in Column 1 of the table in subsection (1) of section 4, he may award the licensee a financial incentive as described in Column 2 of the table that corresponds to the activity, subject to the applicable limits so described and any other constraints under this Act.

(2) In setting the rate or specific amount of financial incentive to be awarded, the Minister shall consider the following factors —

(a) the nature of the qualifying investment activity and its anticipated impact (including potential multiplier effects) on the economy of The Bahamas;

(b) the extent to which the qualifying investment activity will promote development of, or provide benefits to, the Family Islands;

(c) the degree of international competition to attract business activity of the type, or in the industry or sector, carried on by the eligible licensee;

(d) the extent to which the qualifying investment activity fits the economic and social priorities of The Bahamas;

(e) the connection and historical contributions of the eligible licensee to the economy of The Bahamas and the extent to which the qualifying investment activity would preserve or deepen the relationship; and

(f) any other factor that the Minister considers relevant and appropriate.

(3) A financial award may cover a period that does not exceed five fiscal years of an eligible licensee but the Minister may extend it to cover up to two more years without a new application by the licensee.

(4) The Minister may attach to an award any terms and conditions that he considers appropriate and that must be fulfilled by the eligible licensee before the licensee can claim the award.

(5) The Minister may enter into an agreement with an eligible licensee in order to facilitate the understanding of the parties of their respective obligations and commitments but no term or condition contained in the agreement is binding on the Minister to the extent that it is inconsistent with this or any other Act, or any international convention or other agreement to which The Bahamas is a signatory.

### 7. Receiving incentive award.

(1) An eligible licensee that is awarded an amount of financial incentive that is not subject to any terms or conditions that must be fulfilled by the licensee before receipt of the incentive shall receive, on one or more dates to be set by the Minister, a credit for that amount that can be used to offset any tax for which the licensee becomes liable during the four-year period after each date.

(2) An eligible licensee that is awarded an amount of financial incentive that is subject to terms or conditions that must be fulfilled by the licensee shall notify the Minister that they have been fulfilled.

(3) If the Minister accepts that the eligible licensee has fulfilled the terms or conditions, the licensee shall receive, on one or more dates to be set by the Minister, a credit for the corresponding amount of financial incentive that can be used to offset any tax for which the licensee becomes liable during the four-year period after each date.

(4) The Minister may set any date after 2023 for the receipt of a credit under subsection (1) or (3).

(5) If an eligible licensee has not fully utilized the amount of a credit during the four-year period, the remaining balance of the credit shall be payable to the licensee in cash or cash equivalent before the end of the period.

## 8. Information received by Minister.

The Minister is not required to keep confidential any information received by him relating to an award of a financial incentive under this Act, or to the eligible licensee that received the award, and may publish or release any information if required to do so by law or if it is in the public interest to do so.

## 9. Guidelines.

The Minister may from time to time publish guidelines in order to clarify, explain, illustrate, or illuminate any procedure, process, or matter in respect of the application, administration or enforcement of this Act or the regulations.

## 10. Maintenance of records.

(1) Every eligible licensee that is awarded a financial incentive, or any other person that the Minister may require, must maintain within The Bahamas all records that are relevant to their application for the financial incentive until the later of —

(a) the end of five years after they receive a credit for the amount of financial incentive awarded; or

(b) if the financial incentive is under dispute, the end of two years after the dispute is finally resolved.

(2) A person may apply in writing to the Minister for permission to dispose of records required to be maintained under this section prior to the expiration of the period referred to in subsection (1) and the Minister may, if satisfied that the records are not likely to be required for any purpose related to this or any other Act, grant such permission in writing.

## 11. Investigation by Minister.

The Minister may conduct an investigation or audit for the purpose of verifying the information provided in respect of an award of financial incentive and, in doing so, may require any person to —

(a) furnish all information, documents or other records that the Minister considers relevant to the investigation or audit;

(b) provide the Minister with access to the premises used or occupied by the person, or where books of account are kept, in order to examine the records or books of account, or any other documents in the possession or control of the person, that may be relevant to the award of a financial incentive; or

(c) attend at the time and place specified by the Minister to be examined under oath.

## 12. Cancellation and repayment of an incentive.

(1) If the Minister believes that an eligible licensee provided false or misleading information in respect of an application for a financial incentive, or that an eligible licensee has not fulfilled a term or condition of an award of a financial incentive, the Minister may cancel any award made to the licensee.

(2) An eligible licensee that has benefited from an award before it was cancelled shall repay the amount of the benefit to The Government of The Bahamas.

## 13. Report to Parliament.

The Minister shall, within six months after the end of each financial year of The Government of The Bahamas, submit a report to the House of Assembly that identifies every recipient and amount of an award made during the year under this Act and includes a description of the reasons for the award as well as any other information that the Minister considers necessary in the public interest.

## 14. Regulations.

(1) The Minister may from time to time make regulations for carrying out all or any of the purposes of this Act in accordance with the powers and duties conferred or imposed on the Minister by this Act.

(2) The Minister may make regulations —

(a) defining or limiting the scope of any qualifying investment activity described in section 4 by reference to the geographic region, industry or sector in which the activity takes place;

(b) defining or limiting the type, class, nature or amount of any expenditure in respect of which a financial incentive may be awarded under section 4;

(c) establishing or varying the criteria for determining the situs of executive authority for the purposes of item d2. in the table in subsection (1) of section 4 and of subsection (3) of section 4;

(d) establishing any process, procedure or requirement in respect of an application for a financial incentive;

(e) prescribing any fees that may be payable by a person in respect of an application for a financial incentive in order to recover administrative costs that are related to the processing of the application; and

(f) prescribing any penalty or interest payable by a person in respect of an amount owed by the person under this Act.