

Bahamian excursion firms hit foreign tax 'imbalance'

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BAHAMIAN excursion operators are again accusing foreign charter vessels of failing to pay their fair share in taxes and leaving them at a competitive disadvantage.

Adoni Lisgaris, the Bahamas Excursion Operators Association's president, told Tribune Business that foreign charters pay a reduced four percent flat rate compared to their Bahamian rivals who face the combined burden of VAT, business license fees, port department fees and National Insurance Board (NIB) contributions on behalf of staff.

Asserting that Bahamian operators face a far greater tax burden than their overseas rivals, Mr Lisgaris charged: "Not only do you have the issues with the tax imbalance, but they also have a competitive advantage over us from a price standpoint because they only tacking on four percent to their rates.

"The provisions in the Act really seem to be trying to facilitate a temporary transient vessel, but you have a reality where some of these vessels are here for sometimes ten months out of the year."

The Boat Registration Act that governs the charter industry prohibits any foreign operator from soliciting business in The Bahamas unless approved to do so by the minister for transport.

Mr Lisgaris, though, said foreign charter boats have been "getting away with" boarding passengers within The Bahamas.

"We have these foreign registered boats here currently that are turning over the four percent, but they shouldn't be eligible for this category because they're effectively operating out of The Bahamas all year round," Mr Lisgaris added.

He estimated that foreign charter boats make well over the \$100,000 registration threshold required to pay business license fees, with some earning upwards of \$250,000 per day for a charter.

Mr Lisgaris said the law must be changed to reflect what Parliament was really trying to achieve, which was to ensure foreign boats only pass through Bahamian waters on their way to another location and do not stay in Bahamian waters for an indefinite period of time.

"What has happened is that every foreign vessel has now registered under that four percent category, and really shouldn't because they are doing business in The Bahamas," he explained.

"For some reason, on the yacht side, these vessels are just allowed to be here essentially year-round and their crew have no work permits. This is just a complete 180 degree turn from the government's position on most foreign investment."

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Nicholas Pinder, Born Free Fishing Charters' general manager, said: "We are fighting against this four percent tax. Basically a foreign charter boat comes in, no matter if it is a yacht or whatever size the boat is, and they pay for a foreign charter license at \$300. Then they pay the four percent on whatever they charge the consumer."

He added that this disadvantages Bahamas-based charter and excursion operators because they pay far more in taxes, particularly the 12 percent VAT plus additional service charges to the government. Mr Pinder said foreign charters typically bring their own provisions with them, while local rivals spend money in the Bahamian economy to obtain these.

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