



A PLAN FOR GROWTH

ACCELERATED BAHAMAS RECOVERY PLAN

FY 2021/2022

THE ANNUAL
BUDGET
2021/2022

Ministry of Finance
Government of The Bahamas

RESILIENT BAHAMAS

TOP 5 PRIORITIES



PUBLIC HEALTH

Strengthening health infrastructure and readiness for the detection, treatment and mitigation of the virus.

SOCIAL SUPPORT

Providing food assistance to the vulnerable and direct cash support for impacted workers.



DOMESTIC ECONOMY

Keeping small businesses afloat through tax breaks, funding for small businesses and other forms of stimulus.

EXISTING EMPLOYMENT

Providing support to maintain public and private sector employment.



GOVERNMENT REFORM

Accelerating reforms to meet the need of a modern Bahamas.

DESIRED IMPACT

Protecting citizen wellbeing, maintaining economic stability and planting seeds for economic recovery.

ACHIEVEMENTS

During the Fiscal Year 2020/21 annual budget, The Bahamas was in the early stages of managing the COVID-19 pandemic while recovering after Hurricane Dorian. To face the challenge of these twin crises, the government proposed the Resilient Bahamas Plan to guide its response.

RESILIENT BAHAMAS: A PLAN FOR RESTORATION WAS ANCHORED BY THE FOLLOWING OBJECTIVES



ENGENDERING WELLBEING & CONFIDENCE



MAINTAINING ECONOMIC STABILITY



PLANTING SEEDS FOR ACCELERATED RECOVERY

EXPENDITURE UNDER THE RESILIENT BAHAMAS THROUGH MARCH 2021

\$25.9 million	to support public health and safety measures in response to the COVID-19 pandemic
\$118 million	in unemployment assistance for the unemployed and self-employed impacted by the COVID-19 economic downturn
\$32.8 million	in social assistance largely through the extensive food assistance program supported by the government and NGOs
\$44.4 million	in tax credits that allowed companies to fund payroll for more than 14,000 employees
\$53.3 million	in business continuity grants and loans for small businesses impacted by the public health crisis

While these dollar values represent the investment in a quick response to the unprecedented crises, Resilient Bahamas was a robust plan that looked beyond the immediacy of the pandemic to plant the seeds for an accelerated recovery.

The government included **thoughtful policy initiatives** to prepare the country for the aftermath of this crisis, including:

Over **\$260 million in concessions** to people in Abaco and Grand Bahama rebuilding after Hurricane Dorian under the Special Economic Recovery Zone Orders (extended to June 30, 2021)

Targets for the **continued digitization of government services** at Road Traffic, the Registrar General's Office and the Department of Immigration

Reduction of duty on fishing and agricultural materials to incentivise expansion in these areas that matched with **\$5 million** in funding to businesses via SBDC's Access Accelerator

The government invested in and executed on its promises and, in many cases, exceeded such commitments. With the success of the Resilient Bahamas plan, focus is shifting **FROM RESTORATION TO GROWTH.**

THE ACCELERATED BAHAMAS RECOVERY PLAN

FROM RESTORATION TO GROWTH

The government designed the Accelerated Bahamas Recovery Plan (“*Accelerate Bahamas*”) to boost economic growth and continue its support of the most vulnerable.

ACCELERATE BAHAMAS CORE PILLARS



JOB CREATION

Maintaining and expanding employment opportunities through tax credits for businesses that are hiring and expanded duty concessions for small businesses.



TOURISM DEVELOPMENT

Enhancing the Bahamian tourism product to allow for homeporting while increasing SMEs participation in the sector.



SMALL BUSINESS DEVELOPMENT

Supporting small and medium-sized business (SME) growth through increased financing and new tax free zones.



PUBLIC & PRIVATE SECTOR INVESTMENT

Improving the country's national investment framework by transforming public sector financing and updating the national investment scheme.



HEALTHCARE IMPROVEMENTS & VACCINATIONS

Continuing public healthcare support with historic investments in public health infrastructure and targeted vaccination initiatives.



DIGITIZATION & INNOVATION

Continuing to accelerate the digitization of government services to improve accessibility, service delivery and revenue collection.



FISCAL RESPONSIBILITY

Maintaining a focus on fiscal reform while ensuring responsible debt management and focusing on new areas of revenue generation.





JOB CREATION: CREATING OPPORTUNITIES FOR EMPLOYMENT

GOVERNMENT EMPLOYMENT INCENTIVE PROGRAM

Through this new program businesses can pump tax savings back into their payrolls, covering the salaries of **up to 10 new employees**. The allowable VAT Tax credit under Accelerate Bahamas will be **up to \$400 per week per employee**.

SMALL BUSINESS TAX CONCESSION & RELIEF PROGRAM

To level the playing field, Accelerate Bahamas provides small and medium-sized Bahamian businesses access to **tax incentives** like foreign investors currently have, including new **duty free concessions** to help start or expand a small business.

\$40 million
in foregone revenue

250 businesses
estimated to participate

2,500 jobs
to be newly created

DUTY-FREE
FIRST STOCK OF INVENTORY
FOR STARTUP BUSINESSES

SMALL BUSINESS DEVELOPMENT: INCREASING FINANCING & CONCESSIONS

\$250 million
in financing over 5 years

\$35 million
in FY2021/22 budget for SBDC

\$4 million
to support BDB over 2 years

To spur investment and boost economic development in the southern islands, Accelerate Bahamas creates **tax free zones** for residential and business development projects on **11 Family Islands** with amendments to the Family Island Development Encouragement Act (FIDEA).

**TAX FREE ZONES
FOR SOUTHERN
ISLANDS**

0% VAT
on conveyance transactions under \$500,000

\$4 million
in estimated savings from tax breaks for Bahamians

Duty and VAT concessions on the full range of construction materials. Tax breaks on business license fees and real property tax.



HEALTHCARE IMPROVEMENTS

The government will continue its support for the public healthcare system by making a **\$100 million investment** to improve physical health infrastructure. This investment represents the largest investment in healthcare in the modern Bahamas. Through targeted initiatives, the government will continue to encourage all who are able to become vaccinated. Universal access to the public health system will be augmented by the advancement of telemedicine.

ADVANCING THE NATIONAL HEALTH INSURANCE PROGRAM

Accelerate Bahamas affirms the government's belief in universal access to quality health care. The new plan will help the National Health Insurance (NHI) program to advance significantly. Under the expansion, all Bahamians will have access to public and private doctors for primary care and related services.



\$1 MILLION

for telemedicine initiative to expand specialist care throughout the Family Islands



\$19 MILLION

to begin the new multi-story tower for the Rand Memorial Hospital



\$70 MILLION

in reserve account to fund new state of the art expansion to Princess Margaret Hospital

TOURISM DEVELOPMENT

FORMULATING A PLAN TO LEVERAGE HIGH DEMAND

As the global economy begins to rebound, the government is supporting a more **diversified approach** to the cruise industry: one that engages more small ships and premium/luxury lines, especially for sailings to lesser trafficked locations in the Family Islands. The initiation of **homeporting** and **Bahamas-centered itineraries** will support the early restart of cruise activity, the expansion throughout the islands, and the growth of linkages for local supply chains.



PUBLIC PRIVATE & SECTOR INVESTMENT

IMPROVING THE
FRAMEWORK FOR
PUBLIC SECTOR &
QUALITY DOMESTIC
& FOREIGN DIRECT
INVESTMENT



\$31 MILLION
in renewable and
resilient energy projects

Investment spending, both public and private, plays an important role in getting the economy back on track and laying the foundation for future economic growth. Through Accelerate Bahamas, the government is committed to funding **new public infrastructure projects** including housing developments to promote Bahamian home ownership. It has also prioritized setting up a new public infrastructure investment fund and launching **InvestBahamas** —a new national investment promotion agency.



\$3 MILLION
allocated for Family
Island Clean-Up
Program

INVESTBAHAMAS: ATTRACTING AND MANAGING QUALITY DOMESTIC AND FOREIGN DIRECT INVESTMENT

The government is updating its 20-year-old national investment framework by launching a new investment promotion agency: InvestBahamas. This agency will attract quality both domestic and international investment in sectors where there are opportunities for growth.



\$7.5 MILLION
for Ragged Island
multi purpose
center, clinic, and
police station



\$15.4 MILLION
to support Family
Island airport
repairs and
rebuild projects



\$4 MILLION
to repair and install proper
drainage in low-lying areas
throughout New Providence



\$3.3 MILLION
in funding for the Inagua
Comprehensive School
\$1.9 MILLION
in funding for the
East Grand Bahama
Comprehensive School

DIGITIZATION & INNOVATION

ACCELERATING THE PACE OF DIGITAL TRANSFORMATION

KEY OBJECTIVES

- ✓ INCREASE THE EFFICIENCY OF REVENUE COLLECTION
- ✓ IMPROVE GOVERNMENT SERVICE DELIVERY
- ✓ EXPAND ACCESS TO SERVICES OUTSIDE THE CAPITAL

Broad digital transformation has been a core tenet of this administration's commitment to making public services **more efficient and accessible to all**. The digitization of government services will continue to be a top priority under Accelerate Bahamas.

TAX INCENTIVES FOR PRIVATE SECTOR

Accelerate Bahamas will support the digital transformation of the private sector by eliminating the duty on digital transformation hardware, software and services.

\$900,000

in estimated savings for private sector participants

DIGITIZATION BEYOND

The government will further its modernization efforts with an increased allocation for **upskilling and training** the workforce in technology, supporting the expansion of the Central Bank's **Sand Dollar ecosystem**, and the implementation of a **Cyber Security Response Team**.



THE MOST HON. DR. HUBERT MINNIS

Prime Minister & Minister of Finance



CIRCUMSTANCES BEYOND OUR CONTROL MAY HAVE SHIFTED OUR IMMEDIATE PRIORITIES AND RELATED INITIATIVES, BUT OUR ECONOMIC VISION FOR THE NATION REMAINS THE SAME: AN ECONOMY THAT IS **RESILIENT, INCLUSIVE, DYNAMIC AND SUSTAINABLE**.

MYGATEWAY EXPANSION TO CONTINUE

The Bahamian public can expect to see the continued expansion of the MyGateway platform, the centralized, safe and secure way to request and pay for government services.

6,000

citizens already registered on the MyGateway platform

40

new services to go online by December 2021



FISCAL RESPONSIBILITY

REVENUE FROM SOVEREIGN AIRSPACE

The government recently completed the agreement to take control of the country's sovereign airspace. **Up to \$30 million** per year in revenue will be used to offset the costs to operate the Civil Aviation Authority and related agencies.

DEBT MANAGEMENT PLAN

The government passed legislation which mandates a **debt management strategy** published to the public. The government will resume using sinking funds to assist in offsetting government debt.

Accelerate Bahamas also proposes new ways for the government to increase revenue and offset losses from its various tax concessions. The plan will standardize tax rates and tap into new revenue streams.



\$31 million

in new revenue from vacation home rental taxes

\$4 million

in increased revenue from VAT on realty transactions over \$2 million

14,000

new properties added to real property tax roll, adding \$9 billion taxable properties

DORIAN RELIEF

SERZ ORDER EXTENDED



The government will extend its Special Economic Recovery Zone Order (SERZ) for Grand Bahama and Abaco for building materials, furniture and appliances to the end of **December 2021**.

COVID-19 SUPPORT

UNEMPLOYMENT ASSISTANCE CONTINUES

As part of its ongoing efforts to help Bahamians throughout the pandemic, the government will extend its unemployment assistance **until the end of September 2021**.

SOCIAL ASSISTANCE GETS A BOOST

The Department of Social Services will receive a **\$20 million increase** for social services benefits, allowing for more support to individuals still struggling due to the effects of the pandemic.

ADDED TAX RELIEF

Accelerate Bahamas features incentives and concessions to ease the lives of Bahamians.

DUTY-FREE CONCESSIONS

Disinfectants, supporting efforts to maintain hygiene and sanitation

Construction and repairs to churches and religious buildings (by application)

Sporting equipment to encourage exercise and fitness

VAT-FREE

Baby and adult diapers, and hygienic pads and tampons for women

DUTY DECREASES

Excise tax on microbreweries from \$5/gallon to \$2/gallon and can sell outside of premises

Duty on building supplies to 20% and 25% to encourage construction

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