



GLOBAL  
EMPLOYER  
GUIDE

**BAHAMAS**





## Basic Country Facts

### Full name

- Commonwealth of The Bahamas

### Internet domain

- .bs

### Capital

- Nassau

### International dialing code

- +1242

### Main Languages

- English
- Bahamian English
- Bahamian Creole

### Currency

- Bahamian dollar

### Population

- 393,244

### Monetary unit

- Bahamian dollar



# STATUTORY LABOR REQUIREMENTS

## Probation Period

- The probationary period is between 6 to 12 months

## Annual Leave

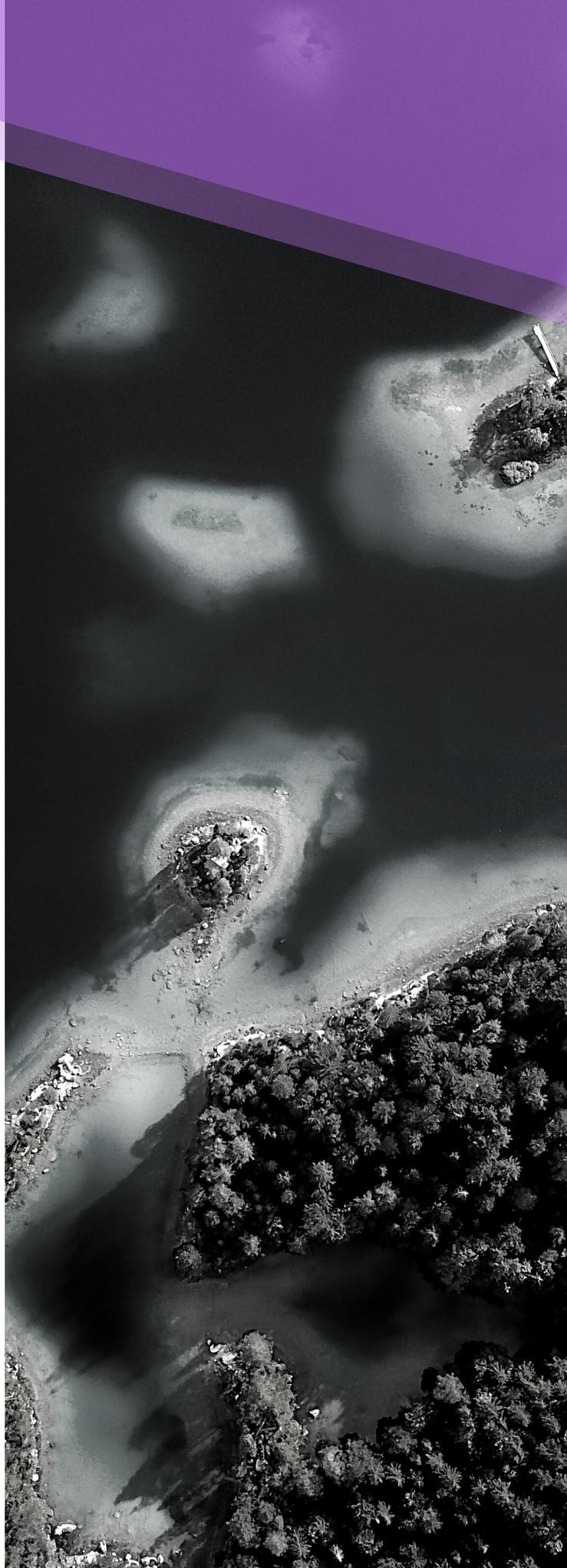
- Every employer shall give a vacation of at least two weeks to each employee upon the completion of each twelve months of employment.
- The vacation given under subsection shall be extended by one day for every public holiday that occurs during the vacation.

## Public Holidays

- New Year's Day (1st January)
- Majority Rule Day (10th January)
- Good Friday (10th April)
- Easter Monday (13th April)
- Whit Monday (1st June)
- Labor Day (5th June)
- Independence Day of Bahamas (10th June)
- Emancipation Day (of Bahamas) (3rd August)
- National Heroes Day (in Bahamas) (12th October)
- Christmas Day (25th December)
- Boxing Day (26th December)

## Maternity Leave

- Except where an employee otherwise desires, maternity leave shall be for a period of not less than twelve weeks
- An employee who, after confinement, suffers any illness arising out of such confinement shall be granted, in addition to the maternity leave to which she is entitled, an additional unpaid leave not exceeding six weeks as a medical practitioner recommends.



## **Paternity Leave**

- There is no paternity leave
- However, male employees can benefit from the 'Family Leave'
- An employee who has been employed for at least six months is entitled to family leave without pay for a period not exceeding one week per annum following
  - the birth of a child; or
  - the death or illness of a child, spouse or parent.

## **Sick Leave**

- An employee who has been employed for at least six months is entitled to one-week sick leave with pay in any year where he is prevented by illness from performing his duties at his place of work:
  - Provided that no employee shall be entitled to receive payment in respect of periods of sick leave which is only one day long nor to accumulate such leave from year to year.
- Every employee shall be required to produce to his employer a medical certificate except in respect of the first day's sick leave for any period of sick leave

## **Work Hours**

- The standard work week in The Bahamas is eight hours a day or forty hours a week.



## **Overtime**

- Employees who work more than the standard forty hours per week must be paid overtime pay, with the exception of supervisors and managers.
- Overtime pay is one and one-half times the regular hourly rate, and two times the hourly rate on public holidays and days off.

## **Notice Period**

- The minimum period of notice required to be given by an employer to terminate the contract of employment of an employee shall be
  - where the employee has been employed for six months or more but less than twelve months
    - one week's notice or one week's basic pay in lieu of notice; and
    - one week's basic pay (or a part thereof on a pro rata basis) for the said period between six months and twelve months;
  - where the employee has been employed for twelve months or more
    - two weeks' notice or two weeks' basic pay in lieu of notice; and
    - two weeks' basic pay (or a part thereof on a pro rata basis) for each year up to twenty-four weeks;
  - where the employee holds a supervisory or managerial position
    - one month's notice or one month's basic pay in lieu of notice; and
    - one month's basic pay (or a part thereof on a pro rata basis) for each year up to forty-eight weeks.

## Severance

- No severance payment in case of dismissal with justified reason, which occurs when the employee has committed a fundamental breach of his contract or has acted in a manner repugnant to the fundamental interests of the employer – gross misconduct- (section 31 EA: summary dismissal)
- Redundancy Payment: -  
Employer who dismisses an employee, of at least 1-year tenure, must pay
  - 2 weeks (or a part thereof on a pro rata basis) for each year up to 24 weeks.
  - 1 month (or a part thereof on a pro rata basis) for each year up to 48 weeks for supervisory or managerial positions.
- Personal grounds severance payment: -  
Employer must pay the following severance payments
  - 1 week (or a part thereof on a pro rata basis > 6 m < 12 m.
  - 2 weeks (or a part thereof on a pro rata basis) for each year up to 24w > 12 months.
  - 1 month (or a part thereof on a pro rata basis) for each year up 48 w for supervisory or managerial positions.

## 13th Month

- 13th month pay is not mandatory





## Income Tax

- Income is not taxed in the Bahamas.

## Social Security

- All employees and employers must contribute to the social security (national insurance) scheme. Contribution rates are based on the amount of weekly or monthly wages.
- Effective from 1 July 2018, the ceiling increased to BSD670 weekly, BSD2,903 monthly or BSD34,836 annually.
- The total contribution rate is 9.8% of the employees' wages, of which 3.9% is withheld from the employee and 5.9% is paid by the employer.

Contribution	Employer	Employee
Social Security Contributions	5.9%	3.9%

## Deductible Expenses

- There is no income tax
- Hence, there are no deductible expenses.



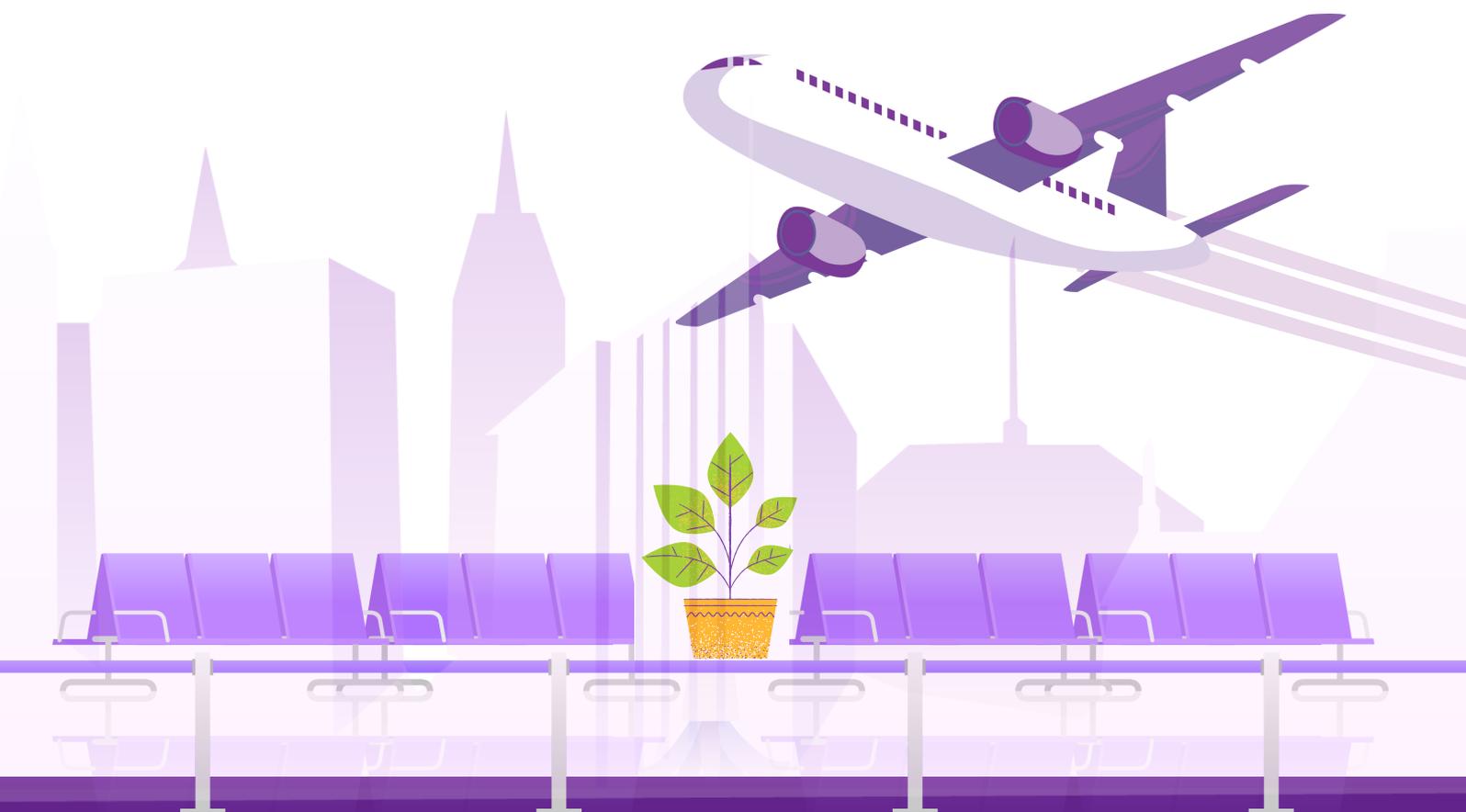
## Immigration

- The right of expatriates to work in the Bahamas is restricted and regulated by the Bahamas government through the Department of Immigration.
- The government attempts to ensure that immigrants do not create unfair employment competition for Bahamians.
- An expatriate may not be offered a position for which a suitably qualified Bahamian is available.
- No quota system exists for work permits.
- A work permit application is not considered if the employee is already in the Bahamas as a visitor.
- The Department of Immigration considers the employment of a non-Bahamian if the prospective employee would be an asset to the Bahamas, and if the following conditions are met:
  - The employer has advertised and interviewed locally and has found no suitable Bahamian to fill the position.
  - The employer has obtained a vacancy certificate stating that no qualified Bahamian is registered who might fill the position.
- Normally, it is the employer's responsibility to submit the work permit application for the prospective employee.
- This includes all necessary documentation, along with a copy of the local job advertisement, the results of interviews with local applicants and a vacancy certificate.
- Employment may commence only after the work permit is approved and the fee is paid.
- A work permit is usually issued for one year, but may be issued for a longer period for certain key positions under contract.
- Contracts should indicate that renewal is subject to obtaining immigration permission.
- Many employment contracts stipulate that the employee is expected to train or be replaced by a suitable Bahamian within a stipulated period of time.
- The Bahamas does not issue permanent work permits, but does issue permanent residence permits that grant the right to work. Work permits are issued for a specific position only.
- Changes in position within an organization require the issuance of a new work permit

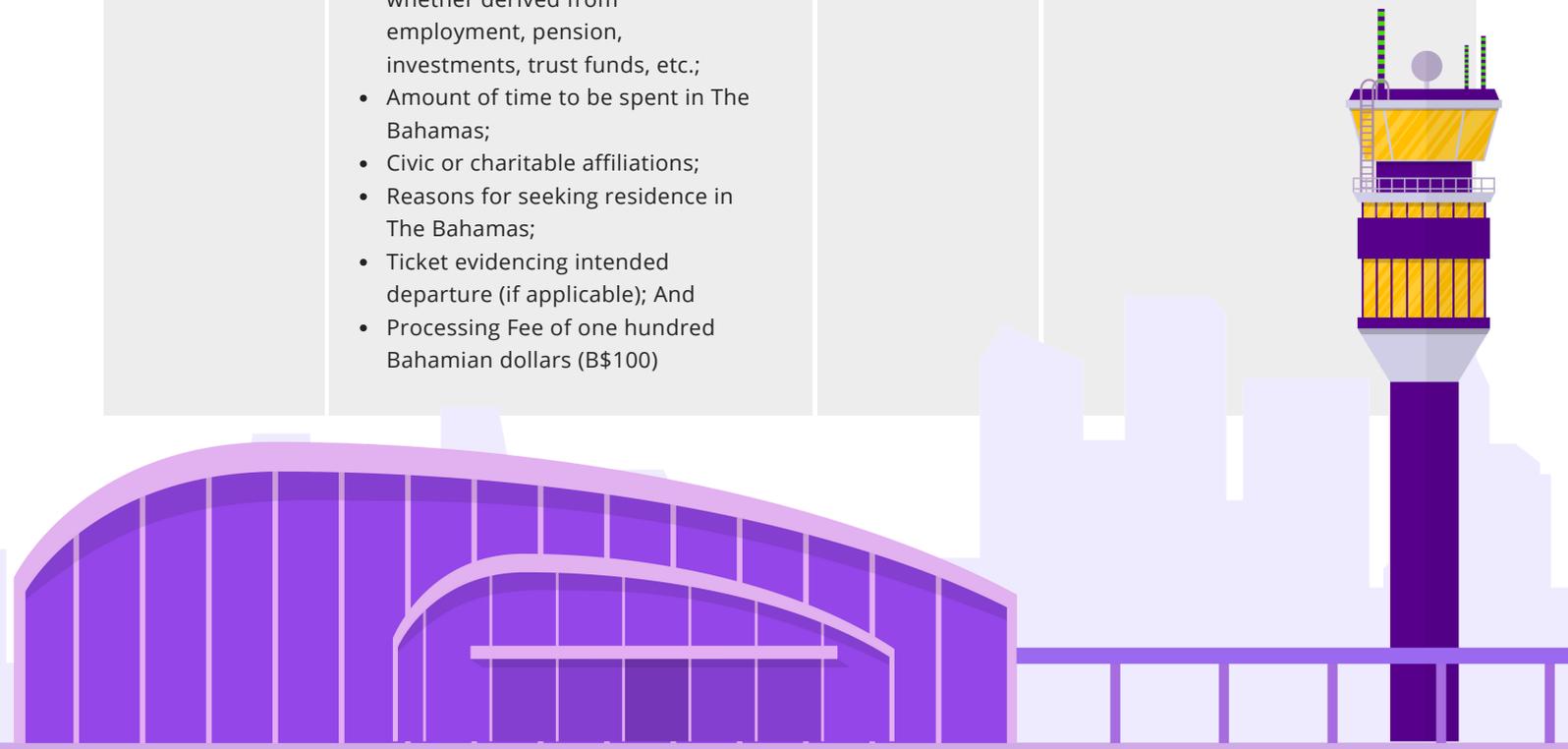
### Temporary residence

- Individuals making the Bahamas their temporary home may apply for annual residence permits.
- The annual cost of this permit is BSD2,000 for the head of a household and BSD100 for a spouse and each dependent.
- A person attending an institute of higher education in the Bahamas must pay BSD100 per year for an annual residence permit.
- Holders of annual residence permits may not work in the Bahamas under any circumstances.
- Overseas investors who acquire residential property in the Bahamas are eligible for Home Owners' Residence Cards, which are renewable annually.
- The annual cost of the card is BSD500.
- The card facilitates entry into the Bahamas and entitles the owner, spouse and minor children to remain in the Bahamas for the period covered by the card.
- This card is most appropriate for seasonal residents. Holders of the card may seek local employment.

Type of Visa/ Permits	Documentation	Validity	Eligibility
<b>Work Permit</b>	<ul style="list-style-type: none"> <li>• Letter of Request addressed to the Director of Immigration</li> <li>• Duly completed First Schedule Form 1 application</li> <li>• Applicant's original medical certificate</li> <li>• Applicant's original police certificate</li> <li>• Two (2) current passport photographs of applicant</li> <li>• Copy of the biographical data page of applicant's CURRENT passport</li> <li>• Copy of biographical data page of Employer/Sponsor's current passport</li> <li>• Labor Certificate with Notification of Vacancy from the Department of Labor-Bahamas.</li> <li>• Nationally circulated newspaper advertisements</li> <li>• Two (2) written references from previous employers</li> <li>• Letter of release from applicant's previous employer</li> </ul>	<p>Generally 1 year</p>	<ul style="list-style-type: none"> <li>• The Department of Immigration considers the employment of a non-Bahamian if the prospective employee would be an asset to the Bahamas, and if the following conditions are met: <ul style="list-style-type: none"> <li>◦ The employer has advertised and interviewed locally and has found no suitable Bahamian to fill the position.</li> <li>◦ The employer has obtained a vacancy certificate stating that no qualified Bahamian is registered who might fill the position.</li> </ul> </li> </ul>



Type of Visa/ Permits	Documentation	Validity	Eligibility
<b>Annual Residence Permit</b>	<ul style="list-style-type: none"> <li>• Immigration Form completed and notarized with a ten dollar (B\$10.00) Bahamian postage stamp affixed thereon;</li> <li>• Two (2) passport-size photographs with signature on reverse of prints;</li> <li>• Police certificate covering five (5) years residence;</li> <li>• Medical certificate dated not earlier than thirty (30) days before this application;</li> <li>• Two (2) testimonials of good character; Copy of lease or deed (if available);</li> <li>• Financial reference from a reputable bank verifying economic worth, i.e., citing a figure range;</li> <li>• Confirmation of whether or not the applicant owns a home or property in The Bahamas, and if yes, the address;</li> <li>• A statement of net worth stating a figure range and how it is comprised (asset classes);</li> <li>• Source of income including whether derived from employment, pension, investments, trust funds, etc.;</li> <li>• Amount of time to be spent in The Bahamas;</li> <li>• Civic or charitable affiliations;</li> <li>• Reasons for seeking residence in The Bahamas;</li> <li>• Ticket evidencing intended departure (if applicable); And</li> <li>• Processing Fee of one hundred Bahamian dollars (B\$100)</li> </ul>	1 year	<ul style="list-style-type: none"> <li>• Individuals making the Bahamas their temporary home may apply for annual residence permits.</li> <li>• The annual cost of this permit is BSD2,000 for the head of a household and BSD100 for a spouse and each dependent.</li> <li>• A person attending an institute of higher education in the Bahamas must pay BSD100 per year for an annual residence permit.</li> </ul>



Type of Visa/ Permits	Documentation	Validity	Eligibility
<b>Home Owners' Residence Card</b>	<ul style="list-style-type: none"> <li>• Immigration Form duly completed and notarized with a ten dollar (B\$10.00) Bahamian postage stamp affixed thereon;</li> <li>• Two (2) passport size photographs with signature on reverse of prints;</li> <li>• Police certificate covering five (5) years of residence or where these are not issued, a sworn affidavit in lieu of same;</li> <li>• Certificate from The Bahamas Investment Authority</li> <li>• Copy of valid passport</li> <li>• Proof of ownership of property and/or investment in The Bahamas in the form of copies of conveyances, deeds or contracts; and</li> <li>• Processing fee of one hundred Bahamian dollars (B\$100)</li> </ul>	1 year	<ul style="list-style-type: none"> <li>• Overseas investors who acquire residential property in the Bahamas are eligible for Home Owners' Residence Cards, which are renewable annually.</li> <li>• The annual cost of the card is BSD500.</li> </ul>



## Value Added Tax (VAT)

- The Bahamas imposes value-added tax (VAT) on the purchase of various consumer goods and services.
- The VAT rate is 12%.

VAT	
Standard Rate	12%

## Withholding Tax

- There is no withholding tax on dividends, interest, royalties, or technical services fees in the Bahamas
- Additionally, there is no branch remittance tax



## Termination

- An employer may summarily dismiss an employee without pay or notice when the employee has committed a fundamental breach of his contract of employment or has acted in a manner repugnant to the fundamental interests of the employer
  - Provided that such employee shall be entitled to receive previously earned pay.
- In normal circumstance, an employee may be dismissed with pay and notice period
- The minimum period of notice required to be given by an employer to terminate the contract of employment of an employee shall be
  - where the employee has been employed for six months or more but less than twelve months
    - one week's notice or one week's basic pay in lieu of notice; and
    - one week's basic pay (or a part thereof on a pro rata basis) for the said period between six months and twelve months;
  - where the employee has been employed for twelve months or more
    - two weeks' notice or two weeks' basic pay in lieu of notice; and
    - two weeks' basic pay (or a part thereof on a pro rata basis) for each year up to twenty-four weeks;
  - where the employee holds a supervisory or managerial position
    - one month's notice or one month's basic pay in lieu of notice; and
    - one month's basic pay (or a part thereof on a pro rata basis) for each year up to forty-eight weeks.

## Statutory Benefits

- These are mandatory benefits as postulated by law
- These include probationary period, annual leave, public holidays, sick leave, maternity leave, family leave, overtime pay, notice period, and severance pay
- Statutory benefits also include social security benefits

### Statutory Benefits

Probationary Period

Annual Leave

Public Holidays

Maternity Leave

Family Leave

Sick Leave

Overtime Pay

Notice Period

Severance Pay

Social Security Benefits





## Payments and Invoicing

- Income is not taxed in the Bahamas.

## Ease of Doing Business

- The ease of doing business index is an index created by Simeon Djankov, an economist at the Central and Eastern Europe sector of the World Bank Group.
- Higher rankings (a low numerical value) indicate better, usually simpler, regulations for businesses and stronger protections of property rights.
- According to the World Bank Bahamas ranked 119th in the World in 2019 in terms of ease of doing business.



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