



THE COMMONWEALTH OF THE BAHAMAS

MINISTER'S STATEMENT

**EXTENSION OF THE DISASTER RECONSTRUCTION AUTHORITY
(SPECIAL ECONOMIC RECOVERY ZONE) (RELIEF) (NO. 2) ORDER,
2020**

BY

**SENATOR J. KWASI THOMPSON
MINISTER OF STATE FOR FINANCE**

ON

WEDNESDAY DECEMBER 9, 2020

Madam President,

As I rise today, I want to begin by thanking the Most Honourable Dr. Hubert Alexander Minnis, Prime Minister and Minister of Finance for my appointment as Minister of State in the Ministry of Finance. I am humbled to be chosen for this position and thank God for the privilege to continue serving my country at such a time as this. Since my appointment I have received many well wishes and prayers, and I take this time to express my gratitude for the support. I will serve to the best of my ability by the grace of God.

Madam President,

Government finances are under tremendous strain at the moment due to the coronavirus pandemic, and the still lingering affects of Hurricane Dorian. The country cannot afford any interruption to the steady and focused implementation of this

Administration's Resilient Bahamas fiscal and economic plan. As such, I have wasted no time in embracing my new responsibilities as Minister of State and have already been fully engaged with the competent team of experts and professionals at the Ministry of Finance who have been providing policy advice and administrative support throughout this administration and long before.

Today, I am happy to advise this Chamber of the Government's decision to extend a number of tax concessions under the Disaster Reconstruction Authority (Special Economic Recovery Zone) Relief Order, 2020 to June 2021.

Members would recall, Grand Bahama and the Abacos were designated as Special Economic Recovery Zones (or SERZ) immediately following the catastrophic impact of Hurricane Dorian. The tax relief measures administered by the Ministry of Finance and its agencies under the SERZ have provided vital

support to the local communities ever since the islands were devastated. Many of the provisions were set to expire on December 31, 2020. However, to further assist persons and businesses who are still recovering, and are now grappling further with COVID-19, the Government has agreed to extend a number of tax relief measures to June 2021.

Madam President,

Despite the fact that government revenues are down by as much as 50 percent, this Administration is ensuring that we still do as much as possible to cushion the economic blow for communities experiencing hardship. The reality of our fiscal situation means that we cannot do or have everything on our wish list. However, the Government will continue to deliver tax relief in critical areas.

- We recognize the need for concessionary fuel pricing while the work to rebuild the power grid continues. For that reason, the local sale of fuel will continue to be tax free, given the ongoing need to run portable generators as electricity restoration continues in some communities.
- We recognize that rebuilding takes time, and the reconstruction of damaged homes continues. For that reason, the local sale and importation of household furniture, furnishings and appliances will continue to be tax free;
- We recognize that many ordinary Bahamians are still looking to buy and sell properties for regular residential development. For that reason, we are extending the opportunity to receive a discount on the VAT payable on the sale of real property for transactions valued up to \$500,000

- We recognize as well that vehicles that have been ordered may not arrive in the country by the end of December. Accordingly, the government will honor the current tax concession on replacement vehicles, provided that there is documentary evidence that it has been shipped by December 31st 2020, and provided that it arrives by April 30, 2021.

The Government would like to thank the Abaco Chamber of Commerce and other community stakeholders in Grand Bahama and Abaco – with whom the Ministry of Finance has had the opportunity to consult. Their views and suggestions have informed the decisions of the government to extend those items critical to the recovery and restoration.

Certainly, we appreciate the views expressed by some that all current measures should be continued. That sentiment however had to be weighed against the reality of a very challenged fiscal

situation brought about by the current economic reality. Nonetheless, the Government is demonstrating that it is fully committed to supporting the ongoing Hurricane Dorian recovery process that continues within the SERZ. The work is not over, and we plan on leaving no one behind.

For clarity, the relief provisions from business licence and real property taxes and from VAT and import taxes on consumables, clothing, equipment, and other replacement items other than those referred to above will be discontinued at December 31st as per the current order and the originally agreed schedule.

Madam President,

As we navigate our way through these challenging times, the country remains in a vulnerable position. However, the timely and decisive actions of the Government have helped the

country to maintain fiscal stability, investor confidence and minimum levels of domestic consumption as we mitigate the economic fallout. The Government's prioritization of citizen welfare has meant a focus on feeding programs, income replacement, employment retention and small business development, even as we have had to cut back in many areas. The public can be assured that the Government will continue to focus on these critical areas.

As Minister of State for Finance, I intend to ensure that the revitalization, development and full recovery of Grand Bahama and the Family Islands as a part of our National Recovery Strategy are at the forefront. In addition, the use of innovation and new technologies will be prioritized to drive the expansion of our economy, including the Government's Digital Transformation, Cashless Initiatives, Ease of Doing Business, digitization of the investment process, promotion of the Digital Economy, and E-Commerce Development.

As I close this statement, I want to express confidence in the work of the Ministry of Finance and assure the public that we will continue to implement the robust and transparent fiscal and economic policies of the Government.

Under the capable leadership of my predecessor, the Honourable Member of Parliament for East Grand Bahama K. Peter Turnquest, the Ministry of Finance institutionalized new standards of fiscal transparency and accountability, passing landmark legislation like the Fiscal Responsibility Act, 2018, and laying the foundation for the tabling of other marquee pieces of transformative fiscal legislation.

Prior to being faced with two unprecedented external shocks, the country was on a transformative fiscal trajectory. The Government was able to reduce the deficit to historic lows for the first time in some ten years. This was a clear demonstration that it is possible to put our fiscal house in order. The Ministry

of Finance made a habit of engaging in broad consultation with stakeholders through public education and other forms of direct engagement. It also distinguished itself as a leader in the public service when it comes to government communications with its first of a kind budget website, quarterly fiscal snapshots and regular engagement through social media and other public forums.

As the new Minister of State, we will continue to engage the public and consult broadly with business stakeholders, civil society, consumer groups and the general public to ensure the policy positions of the Government reflect the realities on the ground and are responsive to the needs of our citizenry. The public can feel free to write the Ministry, engage on social media, and provide the policy feedback that will be vital as we move towards recovery. I will have more to say on the state of the economy and the way forward when the 2020 Fiscal Strategy Report is released shortly.

I remain Grateful to God for the opportunity to serve and humbly ask for your support and prayers. I will serve to the best of my ability by the grace of God.

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