# The Bahamas Institute of Chartered Accountants

BUDGET BRIEFING

# The FY2026/2027 National Budget

## "A BUDGET THAT BUILDS ON PROGRESS"

On 27 May 2026, the Hon. Michael Halkitis, Minister of Finance, tabled the Fiscal Year 2026/2027 Annual Budget Communication in the House of Assembly under the theme "A Budget that Builds on Progress." The Budget, which represents the start of the Davis Administration's second term in office, is anchored around four core priorities:

| Security | Opportunity | Affordability | Reform |
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The Budget underscores the continued growth of the economy whilst acknowledging the uncertainty of the global environment in which The Bahamas operates with increased pressures expected due to higher borrowing costs, supply chain risks, energy volatility and slower growth in major economies upon which The Bahamas relies. Despite these uncertainties, the Government is projecting a revised surplus for the 2025/2026 fiscal year of $32.7 million up from a deficit of $84.7 million record in 2024/2025.

## ECONOMIC PERFORMANCE

The Minister of Finance states that The Bahamas has moved, "from downgrade to upgrade, from emergency recovery to renewed confidence, and from deep uncertainty to a stronger economic foundation." In April 2026, Moody's Credit Rating Agency upgraded The Bahamas' long-term rating from B1 to Ba3, citing overall improved fiscal performance and government debt on a downward trajectory. The Government with a revised projected surplus of $32.7 million for the fiscal year ending 30 June 2026, attributes this increase to improved tourism performance, enhanced revenue collection and enforcement and the introduction of a Domestic Minimum Top-Up Tax which introduces a new revenue stream forecasted at $130.1 million for the fiscal year ending 2026.

> *"From downgrade to upgrade, from emergency recovery to renewed confidence, and from deep uncertainty to a stronger economic foundation."*

**— Hon. Michael Halkitis, Minister of Finance**

FY2026/2027 AT A GLANCE

# Key Budget Figures

The FY2026/2027 budget projects a surplus of $223.1 million, driven by increased recurrent revenue from $4.08 billion in 2025/2026's revised supplementary forecast to $4.36 billion. This is driven in part by forecasted revenue of $350.1 million from the collection of Domestic Minimum Top-Up Taxes from multinational enterprises under the OECD's Pillar Two regime which implemented a 15% top-up tax on in scope entities in The Bahamas. With total tax revenue increasing from the revised estimate of $3.6 billion to $3.8 billion and non-tax revenue increasing from $475.5 million to $534.8 million. Recurrent expenditure is expected to increase from the revised forecast of $3.6 billion to $3.7 billion with the Debt to GDP ratio looking to decrease from 64.6% to a projected 59.9%.

**$223.1M**

Projected surplus for FY2026/2027

**$4.36B**

**Recurrent revenue**

up from $4.08B (revised)

**$3.8B**

**Total tax revenue**

up from $3.6B (revised)

**$534.8M**

**Non-tax revenue**

up from $475.5M

**59.9%**

**Debt-to-GDP ratio**

down from 64.6%

*Source: Draft Estimates of Revenue & Expenditure 206/27 and 2025-2026 Supplementary Budget Draft Estimates of Revenue & Expenditure*

# Reforms & New Measures

The Minister outlined a number of reforms designed to strengthen the Government's fiscal sustainability and reduce future liabilities. Among the most significant is the proposed overhaul of the public sector pension and health insurance framework. The reform would transition the current defined-benefit pension plan to a contributory model, requiring employee contributions of 3% and Government contributions of 5%. A white paper and draft legislation have been issued for consultation, with implementation anticipated following stakeholder feedback and, BICA has submitted its feedback.

While no formal timeline has been announced for the adoption of International Public Sector Accounting Standards (IPSAS), the Government continues to advance efforts to modernize public sector financial management and reporting. These efforts include a phased transition to a new Oracle-based financial and administrative platform. BICA continues to advocate for IPSAS implementation and stands ready to collaborate with the Ministry of Finance and other government stakeholders to support this important initiative.

## NEW TAX & REVENUE MEASURES

Despite projecting a 6.9% increase in revenue, the Government has noted that it does not intend to introduce new taxes, but to ensure revenue reforms are structured around cost-of-living relief, a fairer and more modern revenue system, and strengthened compliance and enforcement.

Within his communication, the Minister of Finance highlighted some of the following measures:

### Cost-of-living relief:

As part of the initiatives to provide benefits and reduce the cost for first time homeowners, the Government is expanding VAT relief to include multi-unit properties where at least one unit is owner-occupied and increasing the first-time home-owner's exemption under the Real Property Tax Act from $500,000 to $600,000. Additionally, the introduction of new duty-free and reduced duty rates on select household and health related items.

### A fairer, more modern revenue system:

In the new amendment's proposed for the Real Property Tax act, the Government has introduced a two-tiered Real Property Tax system which distinguishes between Bahamian and foreign owned properties, where foreign owned properties will pay up to a maximum of $200,000 in annual property taxes up from the current $100,000 maximum. Further, the Business Licence Rate for large businesses with over $175 million in revenue will increase from 1.25% to 1.5% per annum.

As part of its ongoing digital enhancements, the Government has launched One Tax Bahamas, a new tax portal that will introduce a Bahamas Identification Number (BIN), beginning with entities within the scope of the Domestic Minimum Top-Up Tax Act. This initiative supports the Government's broader objective of strengthening compliance, improving accountability and enabling more effective enforcement. The Government will also introduce a framework for tax representatives, under which the representative must be an authorised, licensee/licensed firm of BICA. BICA is working with the Government to define the role's requirements and qualifications to ensure tax representatives support the Government's objectives while complying with applicable independence, ethical and attestation standards.

The Minister also indicated that consultation on the Business Licence Act will take place later in the year. Once available, BICA will work with the Government to ensure the industry's comments and concerns are communicated effectively.

# What It Means for the Profession

The Budget reflects a continued shift toward a more sophisticated and compliance-focused tax environment in The Bahamas. For the accounting profession, this creates expanded advisory, compliance and assurance responsibilities, as well as a continued need to strengthen technical capability across the industry.

BICA and the accounting profession are well positioned to serve as trusted partners in supporting the effective implementation of these reforms and promoting compliant, transparent and sustainable business practices. BICA will continue to engage with the Ministry of Finance, the Department of Inland Revenue and other government agencies to ensure the profession's perspectives are considered, implementation timelines are reasonable and new policies and requirements remain aligned with international standards.

## CONNECT WITH THE INSTITUTE


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