BAHAMAS CHARTER YACHT
Owners & Managers Association

June 15, 2025

To the Members of Parliament, Cabinet Ministers, Port Controllers, and Policy Advisors of the Commonwealth of The Bahamas:

We write to express serious concern about the proposed amendment to the Boat Registration Act introducing Section 4A, which would:

- **Prohibit** any charter in The Bahamas unless booked by a Bahamian citizen or an approved Bahamian company;
- **Require** that agent to collect and remit all charter fees and taxes to the Port Authority on the owner's behalf; and
- **Bar** vessels under 55 feet from charters shorter than 48 hours, even when properly booked.

These provisions would significantly disrupt foreign-flagged charter operations in Bahamian waters and appear to overlook both international charter norms and the current capacity of Bahamian brokerages.

Lack of Infrastructure and Market Readiness

Globally, yacht charters follow well-established industry standards. They rely on accredited brokers who maintain bonded escrow accounts, meet strict fiduciary standards, use the global charter MLS, and operate under standardized contracts and commissions. **These brokers market Bahamian tourism worldwide at no cost to the country.**

No Bahamian brokerage is yet integrated with this system or equipped to assume the technical, financial, and legal responsibilities of marketing and managing international charter bookings. **Without a phased transition, Section 4A would sever the link between foreign vessels and their clients**—travelers who represent a high-value segment of the market.

Charter guests specifically seek private-boat experiences. **If The Bahamas lacks the infrastructure to provide them, these visitors will not shift to hotels or cruises; they will shift to other charter destinations.**

Disruption of Existing Contracts

This bill jeopardizes hundreds of charter agreements already booked through 2026 and secured by overseas escrow deposits. With no grandfathering provisions, visitors face mass cancellations, which would **damage The Bahamas' reputation**, and create **significant revenue loss** at a time **when the tourism sector is already facing economic headwinds**.

Accredited charter brokers are already hesitating to place new bookings in The Bahamas because of this pending legislation, **redirecting would-be visitors to competing destinations.**

Economic Impact on Bahamian Businesses

Foreign charter yachts are not self-contained; they are **economic engines** that inject substantial revenue into the local economy. On average, **30-35% of gross charter income** on yachts below 60 ft LOA is spent directly within The Bahamas through taxes, licensing fees, and—most importantly—purchases from Bahamian businesses.

This includes provisioners, grocers, fuel suppliers, marine technicians, taxi drivers, cleaners, guides, restaurants, laundromats, marinas, inter-island pilots and more. The loss of foreign charter activity would be felt across multiple sectors, particularly in the Family Islands, where tourism is often the primary economic driver.

Preliminary results from our **ongoing economic impact survey** show that guests on foreign-flagged vessels contribute an average of **$2,000** each to the Bahamian economy *before* accounting for spending on restaurants, souvenirs, pre-/post-charter accommodations, and ground transportation.

By comparison, Minister Chester Cooper stated in February 2025 that the average cruise passenger contributes **$130**, while the average stopover visitor contributes **$2,800**. Charter guests are therefore a high-value, low-impact visitor group that should be encouraged, not deterred.

Intent vs. Outcome

Discussions with the ABM and BYBA suggest that the bill's original goal was to create new opportunities for Bahamian brokerages and yacht services providers—particularly in the **day charter space**—without undermining the term charter sector that brings long-stay, high-spend visitors to The Bahamas.

The intent was to enhance tourism by offering experiences suited to high-end visitors whose needs are not fully met by current local day-tour options. This, in turn, would support Bahamian yacht service providers—such as marinas, grocers, and marine professionals—by encouraging foreign vessels to remain in The Bahamas and engage local businesses more frequently.

As drafted, however, Section 4A would drive term-charter operators from the market before a viable local alternative exists, **taking millions of tourism dollars with them.**

Tax Compliance Barriers

In 2022, the government added a **10% VAT** to charters, on top of the existing **4%** Port Department charter tax, raising the total levy to **14%—the highest in the Caribbean-Atlantic region**. The **rollout provided no clear path for foreign-flagged yachts to obtain a Bahamian VAT number**. Opaque registration steps, complex filing requirements, and limited departmental support have driven many vessels elsewhere, shrinking a once-growing tourism and marine services sector.

Requiring a Bahamian agent to collect and remit these taxes adds further complexity compliance and liability for operators.

The Port Department's online *Foreign Charter Contractual Form* already lets vessels pay the 4% port tax and links each payment to Click2Clear. Given the lack of a practical VAT registration process—and the resulting revenue losses for marinas, yacht-service providers, hospitality businesses and the Bahamian government—we urge the government to **repeal the charter VAT, fold that revenue into a revised port tax, and set a rate (10-12%) that restores The Bahamas' competitiveness** among Caribbean-Atlantic charter destinations.

Recommendations

To avoid unintended harm while advancing the long-term goal of developing the Bahamian yachting and marine services sector, we respectfully recommend the following:

1. **Pause and consult**: Establish a working group of foreign operators (based in New Providence and the Family Islands), Bahamian brokers, the Ministry of Tourism, and the Port Authority to design an implementation plan that supports local development without dismantling existing business.
2. **Protect existing bookings**: Grandfather contracts signed before enactment to prevent cancellations and preserve The Bahamas' reputation for hospitality.
3. **Phase in local brokerage requirements**: Begin by requiring Bahamian broker involvement for day charters only. Reserve the option to broaden the policy to term charters once local brokers have the systems, safeguards, and pricing to compete effectively.
4. **Commission an economic-impact study:** Quantify the charter sector's contribution, especially in the Family Islands, and use the data to guide policy.
5. **Streamline tax remittance**: Integrate tax registration into the licensing process, provide clear guidance for accessing online forms and contacting relevant departments, consolidate collection under a single foreign charter tax, and verify remittance at exit clearance rather than placing liability on local agents.

We are committed to supporting the growth of Bahamian enterprise and tourism**. With thoughtful planning, the charter sector can thrive alongside a growing Bahamian marine services industry.** Abrupt legislative change that ignores existing contracts and infrastructure, however, risks destabilizing a proven, high-value component of the tourism economy.

We respectfully urge Parliament to reconsider Section 4A in its current form and collaborate with stakeholders on a phased, sustainable approach that strengthens—rather than weakens—Bahamian tourism.

Respectfully,

Members of the Bahamas Yacht Charter Owners & Managers Association