

REPATRIATION OF PROCEEDS OF SALE OF LAND BY NON-BAHAMIANS

The investment in Bahamian real property by a non-Bahamian person or entity constitutes, in Central Bank parlance, an Inward Direct Investment ("IDI"). Other types of IDI's include the purchase of shares in domestic companies and the taking on of a Mortgage which is collateralised by Bahamian real property, shares etc. The common element is the investment by a non-Bahamian person or entity in a domestic product in The Bahamas. In the context of real property, those transactions which fall under the purview of the Exchange Control Department of the Central Bank of The Bahamas are the following:

- the purchase or/sale of real property:
 - ✚ between Non-residents
 - ✚ from Resident to Non-resident
 - ✚ from Non-Resident to Resident

Thus, it is prudent practise for every non-Bahamian purchaser of land in The Bahamas to register their investment with the Central Bank of The Bahamas (" The Central Bank") for the purpose of obtaining Approved Investment Status. The grant of such status enables the investor to make application to Exchange Control, upon maturity of the investment, for permission to repatriate returns (proceeds of sale, dividends and profits) on the investment as well as to make principal and interest and other payments on loan obligations associated with the domestic investment.

As a matter of procedure in land purchase applications, the Central Bank will require submission of copies of the current and historical title deeds together with a note of the particulars of sale, and a request for permission to repatriate the proceeds from the re-sale of the property in the future. This is critical where the property re-sale is to a Bahamian. The Central Bank's response will be to issue a Foreign Currency Exchange Form for presentation to a local banking institution. This will enable the funds to be converted to the approved currency and repatriated to the vendor in a foreign currency. However the real value of having Approved Investment Status is that it guarantees the ability to repatriate the proceeds of one's investment in the future. The only practical known bar would be in the event of a liquidity crisis, which would be an unusual event indeed.

Where the re-sale is concluded between two non-Bahamian persons, the proceeds of sale may be transferred to the vendor without requirement for exchange control approval, although the Central Bank would wish to be advised of the transaction as relevant to their record-keeping.

Summary: Repatriation of Profits and Dividends

In summary, a non-Bahamian investor in Bahamian capital assets, whether it is an investment in real estate, the shares of a local company or the capitalisation of a business venture in The Bahamas, by securing approved investment status at the outset of the investment, ensures that any gains on the investment would be available in a foreign currency for repatriation at any time, subject to obtaining exchange control approval at the required time, for conversion privileges.