

Government of The Turks and Caicos Islands Policy

Policy No: _____

Title: Turks and Caicos Islands Stamp Duty Reduction Policy for Turks & Caicos Islands Status Holder and British Overseas Territory Citizen (BOTC)

Effective Date: 1st April 2022

Amended Date: 25th January, 2024

Background

The Stamp Duty Ordinance (hereinafter the Ordinance) first came into force on 1st September 1992 and is currently being administered by the Ministry of Finance, it should be noted that the day to day administration is carried out however by the Land Registry. The Ordinance deals with the stamping of documents once stamp duty, which is a tax levied on certain instruments, is paid in order to give them legal effect. The stamp duty payable is calculated as a percentage of the consideration passing between the parties, by way of rent, loan or purchase price.

Stamp duties have traditionally been a significant revenue earner for the Turks & Caicos Islands Government. Within the Turks and Caicos Islands Government's annual budget it is estimated that stamp duty contributes to a minimum of \$33 million (8%) of the annual revenues. At present, transactions that are below \$25,000 are zero-rated in that they do not attract the payment of stamp duty, however transactions over this base amount can attract stamp duty of up to ten percent (10%) which is based on the Island on which the property is located. The current stamp duty rates under the Stamp Duty Ordinance are as follows:

ISLAND	CONSIDERATION	RATE
Grand Turk	\$25,000-\$100,00	5%
Salt Cay	Above \$100,000	6.5%
North Caicos		
South Caicos		
Middle Caicos		
Providenciales	\$25,000-\$250,000	6.5%
East Caicos	\$250,001-\$500,00	8%
West Caicos	Above \$500,000	10%

During the last country wide census, which occurred in 2012, it was noted that 11% of the Turks and Caicos Islands residents were homeowners. That equates to a total of 3,476 (out of a population of 31,458 at the time) who were homeowners - with or without a mortgage. Over the past years, the total number of homeowners in the TCI have changed, due to changes in the TCI economy and other contributing factors. The table below provides a breakdown of dwellings (including home ownership) by island in 2012.

Number of Dwellings by Type of Ownership and Island: 2012.

Island	Own with mortgage	Own without mortgage	Rent / Lease	Squatted	Other	Total
Grand Turk & Salt Cay	332	308	837	1	113	1,591
South Caicos	31	109	225	1	78	444
Middle Caicos	3	46	13	0	6	68
North Caicos	35	207	219	0	57	518
Providenciales	1063	1338	4632	193	353	7,579
Other Islands	0	4	7	0	87	98
Total	1,464	2,012	5,933	195	694	10,298

According to the “Turks & Caicos Real Estate Market Report 2021” annual sales volume increased 158.5% from \$290M to \$751M. Single Family Homes accounted for \$369M of the overall sales which was up 137% over last year’s \$155M, with average prices up 30% from \$1.72M to \$2.25M. Condominium sales which was led by the completion of The Ritz-Carlton improved by 282%, from \$59M to \$225M, with a 33.5% increase in average price from \$1.03M to \$1.38M. Single family homes have accounted for 56% of the total market, \$280,874,064 with an average price of \$2,246,993 up 161% and 17% respectively. Condos accounted for 19.8% of the total market, \$98,745,262 up 196% year-to-date. Land sales also displayed strong performance and have accounted for 21% of the total market and is up 123% year-on-year with an increase of 45% in average price from \$397,363 to \$576,371. A significant portion of these sales are attributed to foreign ownership. The costs of single-family homes are being driven up through this mechanism making it incredibly difficult for Turks and Caicos Islands residents home ownership.

Based on the above a Single-Family Home in Providenciales averages between \$800,000-\$1,500,000, whereas in Grand Turk where the housing market is significantly smaller, a Single Family Home would attract a market asking price of between \$400,000-\$600,000. Once the applicable stamp duty rate is factored in, purchasers can be required to pay an additional \$80,000.00 in stamp duty.

Under the current financial institutions mortgage rules, borrowers are expected to arrive at market with at least a 20-30% deposit saved for the value of the house they hope to buy or build. With the current costs of single-family homes in the Turks & Caicos increasing by 17%, factoring in the current stamp duty rates can result in the cumulative amount being significant for the average person struggling to get on the property ladder.

In an effort to assist Turks & Caicos Islands Status Holders (TCI Status Holders) and British Overseas Citizen (BOTCs) enter the property ladder the following changes to the Stamp Duty Ordinance were approved at Cabinet's meeting on 16th February 2022:

- An increase of the zero-rated transactions from \$25,000.00 to \$100,000.00;
- A rate of 4% for properties purchased on Grand Turk, Salt Cay, South Caicos, North Caicos and Middle Caicos by Turks & Caicos Islands Status Holders and BOTCs; the rate to remain the same for all other purchasers; and
- A rate of 6% for properties purchased on Providenciales and everywhere else in the Islands by Turks & Caicos Islands Status Holders and BOTCs.

To assist with the execution of the stamp duty rate adjustments, this policy has been drafted to aid the process.

Through the execution of powers conferred to the Minister under Section 32 of the Stamp Duty Ordinance. These powers give the Minister discretion to remit wholly or in part of the stamp duty payable on immovable property.

Who will benefit?

The stamp duty reduction on immovable property would be available to all eligible TCI Status Holder and BOTC applicants that transacts a transfer of immovable property or any real right over such property.

It should be noted that the waiver is not transferable to non-Turks or Caicos Islander Status Holders or non-BOTC and if the immovable property is sold within the prescribed retention period, the waived concession would be required to be repaid.

The stamp duty reduction granted would be as follows:

For a Turks & Caicos Islands Status Holders

- A rate of 4% for properties purchased on Grand Turk, Salt Cay, South Caicos, North Caicos and Middle Caicos; and
- A rate of 6% for properties purchased on Providenciales and everywhere else in the Islands.

For a British Overseas Territory Citizens

- A single rate of 4% for a residential property purchased on Grand Turk, Salt Cay, South Caicos, North Caicos and Middle Caicos; **or**
- A single rate of 6% for a residential property purchased on Providenciales or anywhere else in the Islands.

Transfers relating to Extended Payment Agreements would not be eligible for this reduction.

Provided that the following conditions are satisfied:

1. The purchaser must be a natural or legal person having provided the necessary evidence to demonstrate that the shareholder(s) of the Company is/are only Turks & Caicos Islander Status Holder/s and/or BOTC/s including the share certificate and or register of members.
2. The reduction cannot be combined with any other Stamp Duty waiver that may be offered under the Investment policy or a Development Agreement.
3. For TCI Status Holder applicant(s) the following applies:
 - a) The applicant(s) are not restricted from benefiting from the stamp duty reduction outlined under the Turks and Caicos Islands Stamp Duty Reduction Policy for Turks & Caicos Islands Status Holder and British Overseas Territory Citizens (BOTC) if they have benefitted from any other stamp duty rate reduction Policy that is currently on offer by the Turks & Caicos Islands Government;
 - b) They are entitled to more than one purchase under the Policy; and
 - c) The concession applies to both residential and commercial purchases.
4. For BOTC applicant(s) the following applies:
 - a) The applicant must not have previously benefited from any other stamp duty reduction outlined under the Turks and Caicos Islands Stamp Duty Reduction Policy for Turks & Caicos Islands Status Holder and British Overseas Territory Citizens (BOTC) or any other stamp duty reduction Policy offered by the Turks & Caicos Islands Government;
 - b) They are entitled to only one (1) singular purchase under the Policy; and
 - c) The concession applies only to residential and not commercial purchases.
5. If applying with a spouse and one of the applicants is a TCI Status Holder or BOTC the application will be regarded as a TCI Status Holder or BOTC application.

Eligibility for Stamp Duty Reduction

The Stamp Duty reduction is available to applicants that:

Turks & Caicos Islands Status Holder:

1. Proof that the applicant(s) is/are Turks & Caicos Islander Status Holder being, as relevant, documentary evidence as follows:

- Copy of applicant Turks and Caicos Islander Status Card, or
 - A certified copy of the applicant's TCI birth certificate and a valid Government issued identification, along with a copy of one or both parents' birth certificate, or
 - A certified copy of the applicant's TCI birth certificate and a valid Government issued identification, along with a copy of one or both parents' TCI Status Card, or
 - A certified copy of the applicant's TCI birth certificate and a valid Government issued identification, along with a copy of one or both parents' TCI Status Certificate.
2. If applying with a spouse, a certified copy of the Marriage Certificate and a Government issued identification of the spouse is required.
 3. A sworn affidavit (form attached). The affidavit must be signed by a Notary Public or Justice of the Peace and the applicant(s).
 4. A certified copy of the Land Register Extract in respect of the property to be purchased.

British Overseas Territory Citizen:

1. Proof that the applicant(s) is/are British Overseas Territory Citizen being, as relevant, documentary evidence as follows:
 - A certified copy of the applicant's BOTC certificate and a valid Government issued identification.
2. If applying with a spouse, a certified copy of the Marriage Certificate and a Government issued identification of the spouse is required.
3. A sworn affidavit (form attached). The affidavit must be signed by a Notary Public or Justice of the Peace and the applicant(s).
4. A certified copy of the Land Register Extract in respect of the property to be purchased.

Application Procedure

To be apply for the Stamp Duty reduction the applicant must submit a completed Stamp Duty Reduction form, along with the following supporting documents:

- (i) Certified documentation to prove either Turks & Caicos Islander Status Card Holder status or British Oversees Territories Citizen status; acceptable documentation outlined in the Policy;
- (ii) A certified copy of the Land Register Extract in respect of the property to be purchased;
- (iii) Companies are to provide the share certificate and register of members;

- (iv) Companies are to provide the necessary documentation as requested by the Collector of Stamp Duty to demonstrate that the shareholder(s) in the Company are Turks & Caicos Islander Status Card Holders or British Overseas Territories Citizen holders.

Application forms will be made available on the Turks and Caicos Islands Government Website at www.gov.tc.

Applications will be received by the Collector of Stamp Duty. Approved transferred must then be submitted to the Land Registry to assist with the progression of the stamp duty reduction.

Incomplete applications will not be processed. Applicants will be notified of the outcome of their applications as soon as possible following the submission of their application. Successful applicants will receive an approval letter issued by the Collector of Stamp Duty.

Application Process

Applicants must submit an application to the Collector of Stamp Duty containing pertinent data, and the prescribed form.

Once all information is received, the Collector of Stamp Duty will conduct a due diligence on the Applicants. Within four weeks the Collector of Stamp Duty will either notify the applicant, in writing, of approval. The applicant will be notified and provided with an exemption letter in the prescribed form for execution.

Additionally, all exemptions will be published in the Turks & Caicos Islands Government Gazette. Estimated time for completion would be four weeks for applicants.

AFFIDAVIT

IN SUPPORT OF AN APPLICATION TO THE COLLECTOR OF STAMP DUTY FOR A STAMP DUTY REDUCTION FOR TCI STATUS HOLDERS AND BRITISH OVERSEAS TERRITORY CITIZENS

I/We (enclose names of all applicants) _____

Current Address _____

P. O. Box _____ Island _____

hereby make oath and say as follows:

1. I/We, am/are acquiring property on section _____ Block _____, Parcel _____.
2. The current market value of the above-mentioned property is US\$ _____
3. Intended use of property: ___ residential ___ investment property ___ commercial
4. I/We understand and accept that, in order to ensure the intended benefit of the scheme, if the property is sold within five (5) years of the date of acquisition for residential property and a period of ten (10) years from the date of acquisition for commercial property to a non-Turks & Caicos Islander Status Card Holder or non-British Overseas Territories Citizen, that I am/we are liable to pay the stamp duty that would have been payable but for the concession; and that an appropriate restriction will be entered regarding the five (5) year for residential and ten (10)-year time period for commercial property on the Turks & Caicos Islands Land Register.
5. I hereby certify that this application is not in association with any stamp duty exemption offered under the Investment Policy or Development Agreement.
6. I hereby certify that the above information is true and correct.

_____ signature(s) _____ date

_____ Work# _____ Home# _____ Cellular#

_____ Personal Email

SWORN TO BEFORE ME AT [ISLAND], TURKS & CAICOS ISLANDS

THIS _____ DAY OF _____ 20 _____

NOTARY PUBLIC/JUSTICE OF THE PEACE DATE