

REAL ESTATE - STAMP DUTY RELIEF

The TCI Government has enacted changes to TCI's stamp duty regime in relation to real estate transfers, which came into force on May 7, 2010, significantly reducing effective duty rates on most transactions.

Stamp duty on such transactions is now assessed as follows:-

Purchase Price	Location	Rate of Duty
Not more than \$25,000	Throughout TCI	NIL
\$25,000* - \$500,000	Grand Turk, South Caicos, Middle Caicos, North Caicos, East Caicos and Salt Cay	2%
\$25,000* - \$500,000	Elsewhere in TCI	4%
\$500,000* - \$1,500,000	Grand Turk, South Caicos, Middle Caicos, North Caicos, East Caicos and Salt Cay	3%
\$500,000* - \$1,500,000	Elsewhere in TCI	6%
\$1,500,000* - \$3,000,000	Grand Turk, South Caicos, Middle Caicos, North Caicos, East Caicos and Salt Cay	4%
\$1,500,000* - \$3,000,000	Elsewhere in TCI	8%
More than \$3,000,000	Grand Turk, South Caicos, Middle Caicos, North Caicos, East Caicos and Salt Cay	5%
More than \$3,000,000	Elsewhere in TCI	10%

(* i.e. more than)

Reduction for immediate payment

In a significant departure from the old rules, the new law provides that a person liable to pay stamp duty on a real estate transfer may either (i) pay the duty in full at the outset (i.e. within 30 days of the date of the transfer) **in which case he may receive a reduction of 10% of the duty otherwise payable** or (ii) elect to pay the duty in up to four equal annual installments. If the duty is paid in installments, the Collector of Stamp Duty will be entitled to register a restriction against the title to the property concerned to prevent any disposition of the property whilst stamp duty remains outstanding.

In consequence (for example), a buyer of a condominium on Providenciales at a price of \$1 million who elects to pay all his duty upon the closing of his purchase will have an

effective stamp duty rate of 5.4%: this is a very material reduction from the previous rate of 9.75%.

The hope of the Government is that this new regime will encourage activity in the local real estate market and will also have the benefit of evening out Government revenue over a number of years rather than having (say) one or two years of outstanding stamp duty revenue followed by a year or two of minimal stamp duty revenue, depending on the exigencies of the real estate cycle.

Serial transactions – anti-avoidance provision

The current rules prevent the use of a series of transactions between the same parties to achieve a lower duty rate. Those rules have been expanded to capture serial purchases of adjoining property, if one of the transactions occurs within a year of the other.

**Misick & Stanbrook
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