

# BARBADOS



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BARBADOS  
WEST INDIES

## ***Barbados at a glance***

Barbados is the most easterly island in the Caribbean island chain, known as the island in the Caribbean on which the sun rises first. Its area is 166 sq km, but the population is dense with approximately 282,000 persons resident on the island, with blacks being the predominant race. The official language is English.

Barbados is primarily composed of limestone rock and is quite flat in comparison to those islands in the Caribbean which are volcanic and therefore mountainous, with the exception of the northern district known as 'the Scotland District', where the land rises to 340 metres at the island's highest point, Mount Hillaby. Archaeological evidence indicates that Arawak Indians inhabited the island prior to the settlement by the English at Holetown in 1625.

Barbados has several coral reefs and very good white sand beaches suitable for swimming on the southern and western coasts.

The climate is a pleasant 26°C -32°C all year round. The average daily temperature is 28°C.

The "rainy" season is between May -November and humidity makes it seem hotter at that time.

Rainfall varies from 1000— 3560 mm per year depending on the part of the island. Barbados has not experienced a hurricane since 1955.

## ***Government***

Barbados is a parliamentary democracy and an independent sovereign state within the Commonwealth.

The Government of Barbados is formed by the political party which gains a simple majority in the general elections held in Barbados. Executive authority is vested in the Prime Minister and Cabinet, which is collectively responsible to the Parliament. The Prime Minister is appointed by the Governor General as the member of the House of Assembly best able to command the support of the majority of the members. The Prime Minister usually selects a cabinet from his party members in the legislature.

The government of Barbados is very stable. The Democratic Labour Party holds 20 of the 30 seats in parliament and is currently in its first term. Barbados has no recent history of political unrest, the last major event being the 1937 Riots. There is a formal Opposition, consisting of the elected members of the Barbados Labour Party, and other political pressure groups have their own following. The trade unions also function effectively.

The written Constitution (1966) propounds the separation of powers:

- The Executive consists of the Chief of state: Queen Elizabeth II (since 6 February 1952), represented by Governor General Sir Clifford Straughn Husbands (since 1 June 1996). The monarchy is hereditary; The Governor General is appointed by the monarch on the advice of the government.
- The Legislative branch is a bicameral Parliament consisting of the Senate (a 21-member body appointed by the Governor General on the advice of the Prime Minister) and the House of Assembly (30 seats; members are elected by direct popular vote to serve five-year terms). Following legislative elections, the leader of the majority party or the leader of the majority coalition is usually appointed as Prime Minister. The last elections were held on January 16, 2008; the next elections are scheduled for not later than January 2013.
- The Judicial branch: Judges are appointed by the Governor General on the advice of the Prime Minister.

## ***The Judicial System***

The judicial system in Barbados is seen as impartial. Judges are appointed, not elected. Judges are usually senior legal practitioners who have not only the formal qualifications but the practical experience to sit on the Bench.

Barbados is governed by a single legal system based on the English common law; there is no judicial review of legislative acts. The common law rules of conflict of laws apply.

The doctrine of separation of powers is respected, so that while politicians will try to help resolve disputes on behalf of their constituents, they have no jurisdiction to bind private parties to a dispute.

Alternative methods of dispute resolution are encouraged, but do not yet form part of the formal judicial system. There are plans, however, to introduce alternative dispute resolution into the formal system and to give judges greater control over case flow management.

The time required to resolve disputes varies depending on the subject matter of the disputes and logistics of the case.

There are some reciprocal arrangements for enforcement of judgments with a few countries under the *Foreign and Commonwealth Judgments (Reciprocal Enforcement) Act, Cap. 201*. Where these do not exist, there are still means by which many foreign judgments can be enforced locally, and vice versa.

There are a number of statutory tribunals set up to deal with specific types of disputes, e.g. the Severance Payments Tribunal and Value Added Tax Tribunal.

There are some circumstances where jurisdiction is predetermined by contract. Any person who is physically in the country will be subject to the laws of Barbados. Any business incorporated, registered or licensed under Barbados laws will be subject to local jurisdiction.

## **Currency**

The currency of Barbados is the Barbados Dollar. The rate of exchange to the United States dollar is fixed at US\$1.98 to BDS\$1 .00.

## **Infrastructure**

The capital city of Barbados is Bridgetown. Other centres are Speightstown, Holetown and Oistins. Warrens is fast becoming a business centre.

The Grantley Adams International Airport is the only airport. The Bridgetown Port is the only commercial seaport.

Barbados' road network is extensive and most roads are in the good to moderate class. There is a good public transport system of public buses, private vans and taxis.

Education is free to tertiary level, and literacy is extremely high. The Government provides free education at the primary, secondary and tertiary levels.

The Queen Elizabeth Hospital is the only public hospital and serves the public of Barbados as well as other islands in the region. There are Government run polyclinics in every parish where persons may obtain free medical attention. There is also a small private hospital, Bayview Hospital, at which many minor operations are routinely performed.

The General Post Office has several branches around Barbados and mail service is efficient, with post to the U.S.A and to the United Kingdom despatched daily. Mail is delivered daily. Local addresses must include the parish name, followed by Barbados.

The water in Barbados is safe to drink and is supplied with very few interruptions. The Barbados Light & Power Company Limited, a private company, is the only provider of electricity. Blackouts are rare. The power is 115 volts, 50 Hz. The National Petroleum Corporation supplies gas to some parts of the island. Bottled LP Gas is used elsewhere.

There are several international courier services available, including DHL and Fedex.

## **Telecommunications**

LIME Barbados, formerly Cable & Wireless Ltd., is the monopoly service provider in Barbados for landlines. The market for cellular service is now liberalized and the cellular service providers in Barbados comprise LIME and Digicel. The island has a fully updated telecommunications network, with ready access to the internet. The island is linked to the U.S.A and Europe by fibre optic underwater cables and satellite. Telephone rates are higher in Barbados than, for example, in the U.S.A. Peak hours can cost as much as BDS\$0.99 per minute to the U.S.A and BDS\$1.30 per minute to mobile phones in the UK. Most business places have a fax machine.

## **Culture and Religion**

Generally speaking, people from big cities may find Barbados "laid back" by comparison. It is always wise to remember that this is a small society, and word travels fast.

The islands' main religion is Christianity. There are small groups of Hindus, Muslims, Jews and Rastafarians.

## ***Regional and International Links***

Barbados recognises that it must co-operate with other countries in order to overcome those limitations imposed by its small size and scarce resources. To this end, Barbados is a member of several regional and international organisations.

There is a strong commitment to regional integration and some of the regional bodies whose headquarters are based on the island are: Caribbean Examinations Council (CXC), Caribbean Development Bank (CDB), Caribbean Conference of Churches (CCC), and the Caribbean Tourism Organisation (CTO).

Barbados is also a founding member of the Caribbean Community and Common Market (CARICOM). This body is a trade and economic grouping of thirteen English-speaking countries in the Caribbean whose mandate is the promotion of economic integration based on a regional Common Market and the promotion of inter-regional trade through liberalization measures such as the removal of duties, quotas and other barriers to trade.

The Caribbean Single Market and Economy (CSME) aims to replace the Common Market and to create an even more cohesive, single economic space where goods, services and capital may move freely throughout the region.

In the international arena, Barbados is a member of the United Nations and its specialised agencies, the Organisation of American States (OAS) and other agencies, of the Inter-American system, the Commonwealth, the group of African, Caribbean and Pacific states (ACP) as well as the Non-Aligned Movement.

On January 1, 1995 Barbados became, and still remains, a member of the World Trade Organization which replaced the General Agreement on Tariffs and Trade of 1947 as the organization overseeing the multilateral trading system.

Barbados is also a member of the Association of Caribbean States (ACS) whose mandate includes the strengthening of the regional co-operation and integration process.

The Free Trade Agreement of the Americas also represents a hemispheric co-operation program in trade in which Barbados will participate.

## ***Consulates and Embassies***

Australian High Commission Bishop's Court Hill, St. Michael	246 435-2834 246 435-2896 (fax)
Bahamas Honorary Consulate 102 Husbands Heights, St. James	246 424-5082
British High Commission Lower Collymore Rock, St. Michael	246 430-7800 246 430-7851 (fax)
Canadian High Commission Bishop's Court Hill, St. Michael	246 429-3550 246 429-3780 (fax)
Consulate of Belgium Rockley Resort 609, Christ Church	246 435-7704
Consulate of Denmark Grazettes Industrial Park, St. Michael	246 424-4995
Consulate of Sweden Branckers Complex, Fontabelle, St. Michael	246 427-4358
Embassy of Brazil Third Floor Sunjet House, Fairchild Street, Bridgetown	246 427-1735 246 427-1744 (fax)
Embassy of Costa Rica Dayrells Court Business Centre, Dayrells Road, Christ Church	246 431-0250 246 431-0261 (fax)

Embassy of the People's Republic of China 17 Golf View Terrace, Rockley, Christ Church	246 435-6890 246 435-8300 (fax)
Embassy of the Republic of Cuba Palm View, Erdiston Drive, St. Michael	246 435-2769 246 435-2534 (fax)
Embassy of the USA Willey Business Park, St. Michael Consulate	246 227-4000950 246 227-4088 (fax) 246 227-4399 246 431-0179 (fax)
Embassy of Venezuela Hastings Main Road, Christ Church	246 435-7619 246 435-7830 (fax)
European Commission Delegation in Barbados and the Eastern Caribbean Mervue House, Marine Gardens, Christ Church	246 434-8501 246 427-8687 (fax)
Finland Honorary Consul General Bridgetown	246 430-5700
French Consulate Mount Gay Distilleries Complex Brandons Spring Garden, St. Michael	246 438-9697 246 425-6152 (fax)
Germany Honorary Consul Kelvin, Dayrells Road, Christ Church	246 427-1876
Guyana Consulate 19 Pearl Drive, Eden Terrance, St. Michael	246 417-4027
Israel Honorary Consul General Palmetto Street, Bridgetown	246 426-4764
Italy Vice Consulate Bannatyne Plantation, Christ Church	246 437-1228
Netherlands Consulate Atlantis Building, The Shallow Draft, Bridgetown	246 436-1130
Norway Honorary Consul General Atlantis Building, The Shallow Draft, Bridgetown	246 435-6014

## Regulation of Business

### ***The Central Bank of Barbados***

The Central Bank of Barbados was established in May 1972 by the Government of Barbados to advance the pace of economic development in the country. Prior to 1972, the East Caribbean Currency Authority (ECCA) was the institution responsible for the management of monetary matters for most of the smaller Eastern Caribbean countries, including Barbados.

At its inception the Central Bank of Barbados had certain objectives. These were:

- Promoting monetary stability
- Promoting a sound financial structure
- Fostering development of the money and capital markets

- Channelling commercial bank credit into productive activities
- Fostering credit and exchange conditions conducive to the orderly and sustained economic development of Barbados.

The Central Bank of Barbados has become the premier financial institution in the country and its main policy is to formulate, in association with Government, monetary and fiscal policies to assist with the country's economic development programme.

### ***The Exchange Control Authority***

Authorised Dealers in gold and foreign currency are obliged to provide to the Exchange Control Authority of the Central Bank of Barbados (the "Exchange Control Authority") any statistical returns or information that the Central Bank of Barbados requires.

There are no restrictions on direct investment in Barbados but a non-resident investor must register his foreign currency with the Exchange Control Authority if he wishes to repatriate it later.

No one, other than an Authorised Dealer, is permitted to hold foreign currency in Barbados without the permission of the Exchange Control Authority. Foreign currency introduced into Barbados should be offered for sale to an Authorised Dealer.

The exportation of any notes which are or have at any time been legal tender of Barbados or any other country is prohibited except with the permission of the Exchange Control Authority.

As a practical matter, passengers travelling with over \$10,000 in cash will have to declare the same to the Customs Department .

### ***The Barbados Stock Exchange***

The Barbados Stock Exchange (BSE) is an association of Member-Brokers, operating a Central Marketplace for trading securities. The BSE is responsible for creating a market to promote trading of financial securities and to encourage investment by the public in business enterprises.

The original trading facility, the Securities Exchange of Barbados (SEB), was established in 1987, under the *Securities Exchange Act*, Cap 318A. The BSE was re-incorporated on August 2, 2001 simultaneously with the enactment of the *Securities Act 2001 -13*, which repealed and replaced the original Act of 1982. However, the BSE remains a privately owned (by its Members), non-profit organization.

The affairs of the BSE are administered by a Board of Directors, through a General Manager.

On July 4, 2001 the BSE switched from the manual, open auction outcry method of trading, to electronic trading using the Order routing method.

## **Business Transactions with Nationals, Residents or Non-Residents**

### ***Definitions***

For the purposes of the Exchange Control Act, 1967-53, persons, firms, companies and institutions in Barbados are treated as either residents or non-residents.

Residents are: (1) Barbadian nationals residing in Barbados or temporarily working abroad and (2) other nationals who have continuously resided in Barbados for not less than five years.

Barbadian nationals residing permanently abroad will be considered non-residents. Temporary visits outside Barbados do not affect residential status.

A firm or company which is incorporated in Barbados or registered in Barbados and is operating in Barbados would be treated as resident in Barbados.

Branch offices are treated as resident where they are situated.

## **Foreign Investment in Barbados**

The permission of the Exchange Control Authority is required for a transfer of land from a resident to a non-resident, and vice versa. In the present economic climate, this is usually a formality only. A transfer includes a sale, lease, mortgage, gift or exchange.

Permission is required for residents to make payments abroad in foreign currency. In the present economic climate, foreign currency can usually be purchased easily.

Permission is required to transfer securities to and from non-residents.

Local commercial banks and residents may not make loans to a non-resident without permission, and may not lend foreign currency to residents without permission.

An non-resident investor will at present be allowed to repatriate in a lump sum immediately on realisation of an authorised investment:— (a) full amount of registered funds plus (b) interest at 4% per annum compounded for the first 5 years after date of investment plus interest at 5% per annum compounded on (a) + (b) = (c) for the next 5 years plus (d) interest at 8% per annum compounded on (c) for the next 5 years. Thereafter the balance can be repatriated at intervals fixed by the Central Bank.

Remittance of dividends, profits, interest and rentals from real estate to non-residents in excess of BDS\$100,000.00 require the permission of the Exchange Control Authority of the Central Bank of Barbados. Authorised Dealers may approve remittances below \$100,000.00 subject to the production of the correct documentation.

## **Loans Nationals, Residents or Non-Residents**

Local commercial banks and residents may not make loans to a non-resident without the permission of the Exchange Control Authority, and may not lend foreign currency to residents without permission.

In addition, a loan from a non-resident cannot be secured by a mortgage of real estate in Barbados without the permission of the Exchange Control Authority, nor can a loan to a non-resident be secured by a mortgage of real estate in Barbados without permission.

## **Investment Controls**

The Central Bank of Barbados, like many jurisdictions around the world, has issued "Know Your Customer" guidelines which are intended to guard against money laundering, and which are supported by legislation. Transactions in excess of BDS\$10,000.00 (or its equivalent in foreign currency) must be reported and the source of the funds revealed.

In addition, commercial banks and professionals are also under an obligation to investigate and know their customers and clients.

## **Investment Incentives**

### **Explanation of export incentives or guarantees**

The manufacturing, international financial services and information communications and technology sectors are able to take advantage of certain tax incentives available for those sectors. Companies can be incorporated under the International Business Companies Act 1991-24 to sell products outside of Barbados and are able to benefit from various tax benefits including duty free importation of machinery and equipment, exemption from exchange control restrictions and import duties, zero rated value added tax and tax rates ranging from 2.5% to 1%.

Similarly, manufacturers who can qualify for fiscal incentives under the *Fiscal Incentives Act* may be granted a tax holiday for up to 15 years and are further able to benefit from duty free importation of equipment and raw materials required for the manufacturing process. Even though a company may not be able to take advantage of the incentives under the *Fiscal Incentives Act* an export allowance may be applicable. An export allowance is permitted for the export of certain products and services such as data processing services and the export of products of a company that purchases wholesale from a local producer exclusively for export. The allowance permits a rebate of tax due on "export taxable profit" of a company which arises from the export of its products and services to countries outside of the Caricom region. A cumulative tax rate of 2.8% is available if the company exports more than 80% of its products.

As a result of several bilateral investment treaties to which Barbados is a party, certain products may be exported to certain regions and countries free of duty. Treaties exist with regions such as CARICOM and Europe and with

countries such as Canada certain markets in the USA, Dominican Republic and Venezuela.

Incentives are available for the production of certain products which are produced by companies approved by the relevant Minister. Incentives are available for the manufacture of products such as medical supplies, electronic components, leather items, electro-mechanical items, wooden furniture, sporting goods and quality apparel.

Outside of the incentives, there is generally no export financing available from the government as of course (such as in the form of loans). There are a number of financial institutions in Barbados, with international connections and applications may be made to them for financing to facilitate the development of a business which will be export oriented.

Incentives are usually only available to companies registered or incorporated under the laws of Barbados.

### ***Grants, subsidies or funds which Barbados offers foreign investors***

Grants and subsidies are generally not available to foreign investors. Barbadian manufacturers and service companies may qualify for a grant under the Export Grant & Incentives Scheme (EGIS) which is operated by the Barbados Investment Development Corporation (BIDC) (the investment agency arm of the government). This assistance allows these companies to undertake market sales, promotion and marketing activities in overseas markets. Successful applicants are able to be reimbursed with up to 75% of the cost of the activity. The BIDC is also responsible for processing the applications for tax incentives from the Government.

A training grant is available for the training of Barbadian nationals in the information communications and technology or manufacturing sectors. This grant is also administered by the BIDC. Reimbursement is available for a maximum of 12 weeks training at BDS\$100.00 per week. This grant is open to foreign investors.

Prior to the commencement of the marketing activity or the training of Barbadian nationals, an investor is required to obtain the approval of the BIDC. An application which provides the details of the proposed venture must therefore be made to the BIDC. For further information on the BIDC please visit their website at [www.bidc.com](http://www.bidc.com). The BIDC has indicated that it is likely to take 4-6 weeks for the application to be processed.

There are no facilities in place for the provision of loans to foreign investors from the government or government agencies.

Tax holidays may be given for up to 15 years thereby suggesting that the expectation is that the investment will be long term. There is however no formal requirement for incentives to be based on the duration of the activity. Application for a tax holiday should be made to the BIDC.

## **Immigration**

### ***Immigration Controls***

There are no quotas for immigration into Barbados. Applications are determined on their merit.

No vaccinations are required for immigration into Barbados except for persons coming from countries which have had outbreaks of communicable diseases such as yellow fever. The list of countries varies depending on the current levels of disease worldwide.

Medical certificates are required to be submitted by persons seeking long term work permits, permanent residence or citizenship.

### ***Work Permits and Permanent Residency***

Persons seeking to work or reside permanently in Barbados must apply for a work permit or for permanent residency. The stated policy of the Government of Barbados is that all jobs should first be offered to Barbadian nationals before an offer is made to a non-national to fill the position.

Permanent residency is granted only after the applicant has had immigrant status in Barbados for at least 5 years. An application for immigrant status may take a minimum of six months to be processed.

An application for a work permit or for immigrant status should be made and obtained before coming to Barbados,

although an applicant may enter on a visitor's visa and make the application once here. Foreign nationals may not work in Barbados without a work permit.

A short term work permit covers periods of up to one year. A long term work permit covers periods of one to three years.

### ***Work Permit Applications***

Work permits are required for foreign nationals to work in Barbados. In certain circumstances, in the event that the foreign national is a citizen of a member of the Caribbean Community with certain qualifications, a work permit exemption may be applicable.

On an application for a work permit, the following are required:

#### Long term

- Completed form C-1 in duplicate – statement of qualifications of non-immigrant
- Completed form C-2 in duplicate – job offer for non-immigrant employment (to be completed by employer)
- BDS\$200.00 application fee
- 4 passport size photographs
- Police certificate of character from each place the applicant resided after the age of 18 or a Sworn Affidavit in lieu of the Police Certificate of Character
- Two written character references
- Evidence of educational and professional qualifications – originals and a photocopy of each (original will be examined and returned)
- Medical form completed by a doctor
- Chest x-ray – If the x-ray is done by the consultant at the radiology department at the Queen Elizabeth Hospital, the x-ray itself need not be submitted. If anyone else does it, the original x-ray must be submitted
- If the applicant has been living in Barbados, a tax clearance certificate
- Cover letter setting out the nature of the business in which the applicant will be engaged
- If the job was advertised in Barbados (and it should be if it is at all possible that a Barbados resident could apply) the long term work permit application must be accompanied by the full page of the newspaper showing the advertisement, for all issues in which the advertisement was published.

A long term work permit takes approximately three months to be issued.

The fee payable for the issue of a long term work permit vary according to the length of time the employee will remain in Barbados, and the level of his position. The fee must be paid to the Immigration Department in order to obtain the work permit.

#### Short Term

- 4 passport type photographs
- BDS\$200.00 application fee
- Cover letter from Employer
- Police record from homeland. If the individual is a resident of the United Kingdom, an affidavit must be sworn by the individual in the presence of a Notary Public attesting to the character of that individual

- Police Certificate of Character from each place that the prospective employee has been residing for more than six (6) months
- Completed Form C-3 Application for short-term work permit in duplicate
- Cover letter setting out the nature of the business in which the applicant will be engaged A short term work permit takes about one month to be issued.

## **Visas**

Visas are required for citizens from:

Afghanistan	Kuwait
Algeria	People's Republic of China
Andorra	Lebanon
Angola	Liberia
Bahrain	Libya
Benin	Madagascar
Bhutan	Monaco
Bolivia	Macau
Bosnia – Herzegovina	Morocco
Burkina Faso	Mongolia
Burundi	Mozambique
Cambodia	Myanmar
Cameroon	Namibia
Cape Verde	Nepal
Central African Republic	Niger
Chad	Oman
China	Pakistan
Comoros	Paraguay
Congo	Philippines
Djibouti	Qatar
Dominican Republic	Rwanda
Ecuador	San Marino
Egypt	Sao Tome & Principe
El Salvador	Saudi Arabia
Equatorial Guinea	Senegal
Ethiopia	Somalia
Gabon	The Sudan
Guatemala	Syria
Guinea	Thailand
Guinea – Bissau	Taiwan
Haiti	Togo
Honduras	United Arab Emirates
India	Vatican City
Indonesia	Vietnam
Iran	People's Democratic Republic of Yemen
Iraq	Yemen Arab Republic
Ivory Coast	Yugoslavia
Jordan	Zaire
Kampuchea	

Visas are single or multiple entry. The maximum period for the multiple entry visa is two years.

Applicants for a visa must complete a form in duplicate. The form must be accompanied by two passport sized photographs, a valid passport and a return ticket. The Immigration Department reserves the right to call for further documentation as it may require. Applications for visas may be processed in as little as two days.

The fee for a single entry visa is BDS\$50.00 and for a multiple entry visa is BDS\$60.00. Visas may be obtained from any of Barbados's missions overseas.

## **As a Visitor to Barbados – Points to Note**

### ***Passports***

All visitors to Barbados must have a valid passport.

### ***Drivers' Licences***

A Barbados visitors' driver's licence can be obtained either from the rental car company or from the Worthing or Hometown Police Stations. A valid driver's licence and BDS\$10.00 must be produced. No examination is required to obtain a visitor's licence, once the applicant holds a valid driver's licence from his country.

International drivers' licences are recognised.

## **Moving to Barbados – Points to Note**

### ***Education***

The education system is similar to that in the United Kingdom.

Barbados has excellent schools, both public and private, from primary to tertiary level.

Education in public schools is free.

Private schools have a range of fees of up to approximately BDS\$2,000.00 per term. The waiting list for a private school is usually long. A parent should put his child's name on the list at the chosen school as soon as he knows he will be moving to Barbados.

Enrolment in any school requires a student visa from the Barbados Immigration Department, which must be obtained before the child has a place in a school. Children are tested by each school to determine what class they should attend.

There are no tax benefits for enrolment in Barbadian schools.

### ***Housing***

A wide range of excellent housing is available, including villas, executive mansions, townhouses, condominiums and apartments of all classes.

There are no restrictions on ownership of real estate in Barbados, but an investor must register his foreign currency with the Central Bank of Barbados if he wishes to repatriate it later.

A person need not have any more than a hotel address to enter Barbados. It is quite easy to rent housing after arrival in Barbados.

A company in Barbados can include a housing allowance in its expenses for tax purposes.

A housing allowance granted to an individual is a taxable benefit for income tax purposes.

There are no tax allowances for relocation expenses.

### ***Importing Personal Possessions***

Personal items may be shipped to Barbados.

No import duties are payable on household effects and personal possessions. Motor cars, boats etc. are not considered personal possessions and are subject to the payment of duty.

The household effects and personal possessions must be shown to have been in the importer's possession for at least one year. The onus is on the importer to prove this, either through the general appearance of the items or the presentation of proof of purchase.

The importer must visit the Customs Office at the Bridgetown Port and make arrangements to have a customs officer present when the container is opened.

Alternatively, the importer may use the services of a customs broker, which are readily available and efficient.

## **Medical Care**

Barbados can provide a very high standard of medical care. All but the most complex operations can be performed at the Queen Elizabeth Hospital.

Barbados is fast becoming a medical services centre for the Eastern Caribbean.

There is a national health care service, but expatriates may not qualify. There are treaties with some countries, for example the United Kingdom, that do permit some level of care for their nationals under the health care service in Barbados. However, the expatriate employee would be well advised to obtain medical insurance, particularly since, even if he did qualify for the national health care, the wait for service in polyclinics and at the Queen Elizabeth Hospital can be long.

## **Tax Liability**

If the expatriate employee is resident in Barbados for over 183 days he or she will be liable for Barbados income tax as follows:

- First BDS\$24,200.00 taxed at 20%
- Thereafter taxed at 35%

Specially qualified expatriates working in the International Business and Financial Services Sector may qualify for a tax exemption ranging from 35% to 60% depending on the level of income for an initial period of 3 years. Under the *Exempt Insurance Act Cap.3084*, The *International Financial Services Act Cap 325* and the *International Business Companies Act Cap.77*, where a company requires the services of specially qualified individuals in order to carry out its business effectively from within Barbados, is unable to acquire those services in Barbados and is unable to retain those services from outside Barbados without special tax concessions, the Minister of Finance and Economic Affairs may grant a tax concession which allows up to 35% of such person's salary or fee to be exempt from income tax in Barbados and paid in foreign currency in or outside of Barbados.

## **Allowances**

The most common allowances are:

- Travel allowance .should not exceed BDS\$7,200.00 per year, or 12.5% of basic pay.
- Entertainment allowance .should not exceed BDS\$7,800.00 per year or 12.5% of basic pay.
- Housing allowance .should not exceed BDS\$48,000.00 per year.

## **Taxation Treaties**

Agreements for the avoidance of double taxation of income exist between the Government of Barbados and the following countries:

Austria  
Botswana  
Canada  
China  
Cuba  
Finland  
Malta  
Mauritius  
Netherlands  
Norway  
Sweden  
Switzerland  
United Kingdom  
U.S.A  
Venezuela  
Caricom Governments

The investor should to obtain detailed tax advice particular to his own circumstances before making any final tax-related decisions.

## ***Employment Contracts***

An employment contract is not essential for the investor to work in Barbados, but it may assist in making a work permit application.

When an application for a work permit is made, the Immigration Department will want to know how long the applicant wants to remain in Barbados and the position in which he will be employed. An employment contract assists in providing this information.

The contract need not be with a Barbados resident, but companies carrying on business in Barbados are required to be registered in Barbados as external companies.

## **General Considerations**

Generally, business dealings which encourage public disorder or consist of offences against public decency are prohibited. Casinos are not permitted, but there are two authorised lotteries.

The Government of Barbados focuses heavily on improving the investment climate of Barbados and on enhancing the infrastructure to support increasing business activity. The Government's policy is to support productive investment. There are therefore no restrictions on foreign ownership of business enterprises and bureaucratic requirements are kept to a minimum.

The investor's liability to partners, investor or others will depend on the nature of his business. For example, as a limited partner his liability will be limited to the amount of his capital.

In relation to capitalisation, all foreign investment is subject to the approval of the Government (usually the Minister of Industry, Commerce and Business Development or the Minister of Finance) and the influx of finances to service any entity by foreign currency must be declared to the Exchange Control Authority at the Central Bank of Barbados.

Barbados is known for its well developed network of tax of bi-lateral investment (tax) treaties. Investors can enjoy incentives such as foreign currency tax credit mechanisms, tax concessions for informatics service companies and low tax rates when an international export business is conducted by licensed international business companies, licensed international financial institutions and international societies with restricted liability. Some investors can also benefit from exemptions from withholding tax on payments made to non-residents and exemptions from import duties and tax on capital gains.

## ***The Barbados Investment & Development Corporation***

The Barbados Investment & Development Corporation (BIDC) is the investment agency of the Barbados Government, with special responsibility for export promotion and the establishment or expansion of business enterprises in Barbados. The BIDC also administers government's incentive programme for investment promotion, providing free advisory services for companies looking to establish business entities on the island - especially in the areas of information processing, manufacturing, international business and international financial services. The BIDC offers additional services through its offices in New York, Miami, Los Angeles, Toronto and London.

## ***Investment policies***

Barbados welcomes investment. It is a low-tax jurisdiction. As of April 2009, Barbados was included on the OECD's White List which identifies the jurisdictions that have substantially implemented the internationally agreed tax standard.

The International Business Unit of the Ministry of Industry & International Business was set up to develop international business and financial services within Barbados. The Unit has principal responsibility for coordinating intra-governmental liaisons affecting the international business and financial services sector and is responsible for oversight of International Business Companies, Societies with Restricted Liabilities and Foreign Sales Corporations.

## ***Commercial and Residential Real Estate Development***

Land in Barbados is zoned for specific usage and prior permission to build or for a change of use must be obtained from the Town and Country Planning Department. Planning permission for the carrying out of any development of land within specified areas must be obtained from the Chief Town Planner.

Each application to the Chief Town Planner must include a plan that sufficiently identifies the land to which the application relates, and such other plans and drawings as are necessary to describe the proposed development. An

application may take a minimum of several months to be processed. The fees involved are stipulated in the Town and Country Planning Regulations.

### **Consumer Protection Laws**

The *Consumer Protection Act Cap 326D of the laws of Barbados* and the *Consumer Guarantees Act Cap 326E of the laws of Barbados* offer protection to certain classes of consumer.

### **Price Controls**

The *Miscellaneous Controls Act Cap 329 of the laws of Barbados*, grants the Minister of Commerce, Consumer Affairs and Business Development, the power to regulate the prices at which goods may be sold. It also establishes the Prices Commission whose role it is to advise and assist the Minister on matters relating to the control of prices of goods.

### **Basic Customs Requirements**

Goods imported into Barbados are required to be “entered” whether these goods are imported via the Bridgetown Port, the Grantley Adams International Airport or the General Post Office.

“Entering” of goods mainly entails the submission to the Customs Department of a completed goods declaration form and the payment of the full duties and taxes, where applicable, or cover by acceptable surety. The documents required for the entry of the goods include a Commercial Invoice issued by the supplier and the carrier’s bill of lading or airway bill. At the time of clearance of the goods a Barbados Customs Goods Declaration Form (C63) along with a declaration of Value Form (C60) for goods of a Customs value of \$2,500.00 and over is required.

Rates of duty range from 0% to 20% of the Cost, Insurance and Freight (CIF) Value. Some categories of items carry higher rates. Some goods may only be imported under licence.

Mandatory Standards administered by the Barbados National Standards Institution (BNSI) are in place for a number of commodities.

### **Importation of Goods**

The applicable tariff as provided in the *Customs Act Chapter 66 of the laws of Barbados* must be paid on imports. In addition, imports are generally subject to an environmental levy, Value Added Tax, and in some cases an excise tax.

There are import quotas for certain goods, such as textiles.

Barbados requires that importers obtain permits, licenses or permission from the relevant authorities for specified products prior to importation. There may be additional barriers imposed depending on the nature of the goods. For example, overseas health certificates must accompany imported meat and the importation of controlled drugs is subject to licensing from the Ministry of Health.

### **Product Labelling**

Food products must be labelled in English and such labels should contain the name of the food, list of ingredients, country of origin and net contents and drained weight.

### **Exports**

Preferential treatment is offered by a number of countries for exports from Barbados. These include:

Caribbean Common Market member States

European Union - LOME IV

Canada - CARIBCAN

United States of America - Caribbean Business Initiative (CBI)

Venezuela – CARICOM/Venezuela Agreement

Columbia - CARICOM/Columbia Agreement

## **Assistance to Investors in the Hotel Sector in Barbados**

Persons investing in the tourism industry in Barbados are assisted by two main types of incentives provided under the *Tourism Development Act, Chapter 341 of the laws of Barbados* and the Refurbishing Scheme.

An investor whose project is approved under the *Tourism Development Act* is entitled to import, free of duty, the necessary building materials and items from a wide ranging list. The investor is also allowed to write off the capital expenditure in building or extending (or purchasing) the hotel, against revenue for income tax purposes. If the capital expenditure is more than can be written off in one year, it may be carried forward for a maximum of fifteen years.

Under the Refurbishing Scheme, a person who owns or manages a hotel which is in operation and is registered with the Barbados Tourism Authority, may apply in writing to the Permanent Secretary, Ministry of Finance, Economic Affairs and Energy for permission to import, free of customs duty, items from a wide ranging list, which are required for the refurbishing or upgrading of the hotel. This list does not include building materials; those are covered under the *Tourism Development Act*.

## **Franchises**

The Minister responsible for Finance has a discretion to grant a franchise licence under the Franchises (Registration and Control) Act, Cap I 79A.

## **Business Sectors**

Agri-business (6%); Industrial enterprises e.g. light manufacturing, component assembly for export (16%); Service Enterprises e.g. information services, financial services, tourism-related services, construction and maintenance, personal services including fashion, consultancies, telecommunications, private medical services, professional services (78%).

## **Advertising**

The *Protection Against Unfair Competition Act Chapter 329A of the laws of Barbados* prevents businesses from engaging in certain conduct generally, such as making false or unjustifiable allegations that is likely to discredit another's enterprise, or engaging in conduct that is likely to mislead the public with respect to another enterprise.

## **Attorneys**

It is recommended to retain the services of a local Attorney-at-law when doing business in Barbados. The Barbados Investment & Development Corporation and the Barbados Bar Association can provide a list of attorneys. Many attorneys have listings in various publications such as the Martindale-Hubbell International Law Directory. Attorneys are also listed in the Barbados telephone book yellow pages.

Attorney's fees vary depending on the nature of the transaction. However, some guidance may be sought from the Legal Profession (Attorneys-At-Law) (Remuneration for Non-Contentious Business) Rules 1997 which prescribe minimum attorney's fees for non-contentious matters.

## **Environmental considerations**

Barbados is a small island state whose economy relies heavily on tourism and foreign investment; as a result, care of the environment is high on the Government's agenda.

The Government provides a free garbage collection service to all households in the island. The Ministry of Health and the Ministry of Physical Development and the Environment encompass a number of specialised Units, including the Coastal Zone Management Unit, Environmental Special Projects Unit, National Conservation Commission and the Environmental Engineering Division.

The Ministry of Health is responsible for health services generally, as well as sewage and solid waste disposal and environmental health.

There are numerous environmental regulations governing everything from rodent and mosquito control, communicable diseases, collection and disposal of refuse, swimming pools, nuisances, use of the coastal zones to construction planning regulations.

## **Business Structures**

A person may carry on business in Barbados as a sole trader, a partnership, a company or a society with restricted liability.

All companies are incorporated under the provisions of the *Companies Act, Chapter 306 of the laws of Barbados*. Societies with restricted liability are organised under the *Societies with Restricted Liability Act, Chapter 318B of the laws of Barbados*. Provided that the documentation submitted to the Corporate Affairs and Intellectual Property Office is correctly filled out and complies with the law, incorporation of a company or organisation of a society with restricted liability can be achieved within five business days or less. Applications are normally processed in the order in which they are received by the Corporate Affairs and Intellectual Property Office. However, all urgent requests for incorporation are expedited, provided that the appropriate documentation is in order and the prescribed fee is paid.

### **Domestic Company**

Companies are incorporated in Barbados under the *Companies Act* which is modelled on the Canada Business Corporations Act.

A company may either be public or private and is limited by shares. Shares in Barbados companies have no par value. A private company may be incorporated with one director. A public company requires at least three directors. No person under age eighteen may be appointed a director. Companies incorporated in Barbados must have a registered office in Barbados and must maintain corporate and accounting records as prescribed by the *Companies Act* and the *Income Tax Act Chapter 73 of the laws of Barbados*. There is no prescribed minimum level of capitalisation for a domestic company.

Where the proposed shareholders of a domestic company are persons who are not resident in Barbados, the prior written permission of the Exchange Control Authority is required for the issue of shares to such persons.

A certificate of incorporation is usually issued a maximum of 1 week after the required documents in good order have been filed with the Barbados Registrar of Companies. It is sometimes possible, depending on the urgency and time of the filing, to obtain a certificate of incorporation on the same day that the required documents have been filed with the Registrar.

The information required in order to proceed with an incorporation is as follows:

- > Proposed company name
- > Main type of business to be carried on
- > Authorised capital (i.e. number and class(es) of shares)
- > Share transfer restrictions
- > Identity and number of directors
- > Details of any restrictions on the business that the company may carry on
- > Any other general provisions to be inserted in the Articles of Incorporation
- > Registered Office address in Barbados
- > The name, address and occupation of the proposed directors of the company

### **Partnerships, General and Limited**

General Partnerships fall within the ambit of the *Partnership Act, Chapter 313 of the laws of Barbados*. Registration of a general partnership is not necessary under the Partnership Act. A general partnership can register its business name under the *Registration of Business Names Act, Chapter 317 of the laws of Barbados*. This is done by completing and filing the prescribed application form and paying a prescribed fee of BDS\$100.00 at the Corporate Affairs and Intellectual Property Office. The Certificate of Registration of a Business Name is usually issued within two working days after the application has been filed.

General Partners are liable for the one hundred percent of the debts of the Partnership.

The *Limited Partnership Act, Chapter 312 of the laws of Barbados*, provides a mechanism under which one or more persons who are about to enter into a partnership agreement with each other may limit their liability. In addition to partners who can limit their liability, the Limited Partnership Act also makes provision for a limited partnership to

consist of one or more persons designated as “general partners”, who can be made liable for all debts and obligations of the partnership.

Every limited partnership must be registered under the Limited Partnership Act and in default of registration the partnership shall be deemed to be a general partnership.

Registration of a limited partnership is effected by delivering to the Registrar of Companies, a Statement or Agreement signed by the partners setting out the firm’s name, nature of business, place of business, the full names and addresses of the partners, the term and commencement date of the partnership, the nature of the partnership and the sum contributed by each limited partner.

Upon filing the Statement or Agreement at the Corporate Affairs and Intellectual Property Office, the Registrar of Companies shall issue a Certificate of Registration of the Limited Partnership.

The Partnership’s tax assessment whether general or limited will fall on the partners individually and non-resident partners are not entitled to claim the minimum deduction of BDS\$15,000.00 which is available only to resident taxpayers.

### **Sole Proprietorships**

A business can be carried on in Barbados in the form of sole trading. The *Registration of Business Names Act* makes provision for a [local or] foreign firm, individual or corporation to have an individual carry on a business in Barbados as a nominee or trustee of that local or foreign firm, individual or corporation provided that the nominee or trustee registers the business name in the manner prescribed by the Act.

A Sole Trader will be liable for the whole debts of his business and he will be taxed on an individual basis.

### **Trusts**

Trusts in Barbados are governed by the English Common Law and by the *Trustees Act, Chapter 250 of the laws of Barbados*. At least one trustee must be a resident of Barbados.

The *International Trusts Act, Chapter 245 of the laws of Barbados*, provides that a trust may be created by non-resident(s) or for the benefit of non-resident(s). An international trust must satisfy the following conditions:

- The Trust Deed must specify that the International Trusts Act applies.
- At least one Trustee must be a resident of Barbados.
- The settlor and the beneficiaries must be non-residents of Barbados. The assets of the Trust cannot include real property situate in Barbados.

There are no minimum capital requirements for the Trust and it is taxed at a maximum of 40% of the profits earned in, or remitted to Barbados, but there are no withholding taxes on payments to non-resident beneficiaries.

### **International Business Company**

Companies incorporated in Barbados or registered in Barbados as external companies under the Companies Act, may apply, if qualified, for an international business company (IBC) licence under the *International Business Companies Act, Chapter 77 of the laws of Barbados* (the ‘IBC Act’).

The IBC Act provides attractive incentives to foreign investors by way of concessionary rates of tax ranging from 2.5% to 1% of gross revenue and assets, exemptions and benefits for any company carrying on the business of international manufacturing and international trade and commerce from within Barbados.

In order to qualify for the several benefits offered under the Act a company must furnish the Minister of Industry and International Business with information and be granted a licence under the Act.

International manufacturing encompasses the business of making, processing, preparing or packaging within Barbados, any product which is exclusively for export.

International trade and commerce comprises:

- > the buying and selling of, and dealing in, goods outside of Barbados or transhipped through or from Barbados: or the selling of services which, if originating in Barbados, are to or for or on account of persons resident

outside Barbados.

“resident outside Barbados” in this context means in relation to an individual, someone who is not ordinarily resident in Barbados; in relation to a company, where more than 50% of all its issued shares of all classes, if any, or other ownership, are beneficially owned or controlled, whether directly or indirectly, by persons who are not ordinarily resident in Barbados; and in relation to a trust, where it is established by a prescribed persons or the trust is one in which a prescribed person has more than 50% of beneficial ownership.

- > the provision of a service from within Barbados for an IBC or a company which operates under either the *International Financial Services Act*, the *Caribbean Financial Services Corporation Act, Chapter 93B of the laws of Barbados*, the *Exempt Insurance Act, Chapter 308A of the laws of Barbados*, or the *Shipping Incentives Act, Chapter 90A of the laws of Barbados*..
- > subject to the IBC Act, any other business carried on from Barbados.

### ***IBC Licence Application and Renewal***

The documents which must be submitted to the office of the International Business and Financial Services Unit, Ministry of International Business and International Transport upon an application for a licence are:

- > a copy of Form 1 - Application for a Licence as an International Business Company under the International Business Companies Act completed and signed by or on behalf of the applicant;
- > a copy of the articles of incorporation or external company registration documents of the IBC; and
- > a cheque payable to the Ministry of Industry and International Business in the amount of BDS\$850.00.
- > Due diligence and compliance procedures of person making application on behalf of the applicant including acceptance procedures and know your customer policies if not submitted previously.

For companies engaged in financial services, the following documents must also be submitted:

- > an organisation chart showing the senior management and board levels with brief description of responsibilities;
- > projected financial statements to include forecast balance sheets and profit and loss figures for the first three years of operation, together with assumptions underlying the preparation of figures where appropriate;
- > a detailed three year business plan setting out how the proposed activities are to be conducted where appropriate.

The documents which must be submitted to the office of the International Business and Financial Services Unit, Ministry of Finance and Economic Affairs before December 31 in each year for the renewal of an IBC licence are:

- > a copy of Form 2 -Application for Renewal of a Licence as an International Business Company Under the *International Business Companies Act*;
- > a copy of any Certificate of Amendment, if applicable;
- > a copy of any Certificate of Amalgamation, if applicable;
- > a copy of any Notice of Change of Address, if applicable;
- > audited financial statements, if applicable.
- > a cheque payable to the Ministry of Industry and International Business in the Sum of BDS\$850.00.

### ***Societies with Restricted Liability***

Societies with Restricted Liability (“SRLs”) are entities organized under the *Societies with Restricted Liability Act* (the “SRL Act”). SRLs issue quotas without nominal or par value and are managed either by managers (who perform a role similar to that of directors of a company) or by members, i.e. the holders of the issued quotas of the SRL.

There are two types of SRL. Those which are organized to carry on business domestically in Barbados and those which qualify for a licence to carry on business internationally.

The information required to obtain a Certificate of Organisation of an SRL is similar to that required to incorporate a company.

### ***International SRL Licence Application and Renewal***

The documents which must be submitted to the office of the International Business and Financial Services Unit, Ministry of Finance and Economic Affairs upon an application for an international SRL licence are:

- > Cheque in favour of the Permanent Secretary, Ministry of Industry and International Business in the amount of BDS\$850.00
- > Certified copy of the Articles of Organisation.
- > Certified copy of audited financial statements of the parent company (if applicable).
- > Due diligence and compliance procedures of person making application on behalf of the applicant including acceptance procedures and know your customer policies if not submitted previously.

For SRLs engaged in financial services, in addition to the documents specified above, the following documents should be enclosed:

- > An organisational chart showing the senior management and board levels with brief description of responsibilities.
- > Projected financial statements to include forecast balance sheets and profit and loss figures for the first three years of operation, together with assumptions underlying the preparation of figures where appropriate.
- > A detailed three-year business plan setting out how the proposed activities are to be conducted where appropriate.

## **Intellectual Property**

Barbados has comprehensive legislation for the protection of intellectual property, and is in compliance with the World Trade Organisation's ("WTO") Trade-related Aspects of Intellectual Property Rights ("TRIPS") requirements in this area. The Acts and Regulations cover patents, trademarks, industrial designs, copyright, integrated circuit topographies, geographical indications, plant breeders' rights and unfair competition.

Barbados is party to the following treaties relating to intellectual property:

- > Paris Convention for the Protection of Industrial Property
- > Patent Cooperation Treaty (PCT)
- > Convention establishing the World Intellectual Property Organisation ("WIPO")
- > Berne Convention for the Protection of Literary and Artistic Works
- > Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks
- > International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations
- > Convention for the Protection of Producers of Phonograms Against Unauthorized Duplication of Their Phonograms
- > Nairobi Treaty on the Protection of the Olympic Symbol
- > World Trade Organisation (including the TRIPS Agreement)

There are no substantive prior approvals by national investment boards.

Documents used in intellectual property related applications generally do not require notarisation, but copies of documents submitted in support of applications must be certified.

Licences of intellectual property are governed by the specific legislation. Generally, licences must be registered with the Intellectual Property Office. In some cases, compulsory licensing is permitted (patents, integrated circuits, plant breeders' rights)

Specific exceptions or requirements:

**Patents:** discoveries; scientific theories and mathematical methods; games, business schemes and mental acts; surgical or therapeutic treatments; diagnostic methods: biological processes and immoral or environmentally prejudicial inventions are not patentable. However, products invented for use in these methods are patentable.

**Trademarks:** The *Trademarks Act, Chapter 319 of the laws of Barbados*, prohibits registration of marks that are similar or identical to other marks or existing registered business names, well-known marks and other inherently unregistrable marks as defined in the Act.

**Geographical indications:** marks registered in good faith before 19 February 2001 or before the geographical indication is protected in its country of origin are not prejudiced.

Currently arrangements for payment of royalties are largely unregulated, although there are local bodies which facilitate the payment of royalties both locally and abroad. There is a Copyright Tribunal which has been set up under the *Copyright Act, Chapter 300 of the laws of Barbados*.

**Competition law:** The *Protection Against Unfair Competition Act* provides protection against unfair competition practices by both private and commercial entities and official government authorities, providing for criminal and civil proceedings against offenders whose conduct in the course of commercial or industrial activities is contrary to honest practices (particularly actions in the nature of passing off, misleading the public, damage to goodwill or reputation, disclosure of secret information), and actions leading to unfair commercial use as a result of disclosure by an official of data submitted to an authority for approval.

## FINANCIAL FACILITIES

### ***Financial Institutions***

The banking system in Barbados has a long tradition of stability. The system is well established with a number of local and international banks, modern banking facilities and progressive laws relating to money laundering and exchange control.

The financial institutions in Barbados fall into three main categories:

- Commercial Banks
- Trust Companies, Finance and Merchant Banks licensed to operate in Barbados
- Banks licensed in Barbados to provide international financial services

Additionally, financial services are offered by Mortgage and Insurance Companies, Credit Unions, Co-operatives, Finance Houses and the Barbados Stock Exchange.

It is the role of the Central Bank of Barbados to monitor, regulate, licence and inspect the activities of all commercial banks and financial institutions in Barbados.

### ***Bank Accounts and Loans***

It is advisable for an investor to maintain a bank account in Barbados to facilitate the smooth completion of transactions with his credits. Under specific legislation, e.g. the *International Financial Services Act*, there are capital and deposit requirements that must be maintained by entities licensed under the Act.

A non-national may open a bank account by presenting two forms of Identification and by depositing the minimum amount required for deposit with the particular bank. Due to the enactment of the *Money Laundering and Finance of Terrorism (Prevention and Control) Act, Chapter 129 of the laws of Barbados*, investors will be required to provide bank and professional references and evidence of the source of funds to be deposited.

Although local commercial banks offer unlimited foreign currency accounts to qualifying non-resident investors, all foreign currencies being deposited into a bank account must be declared to the Exchange Control Authority of the Central Bank of Barbados. If such a declaration is not made at the time the investment is made, restrictions may be imposed by the Exchange Control Authority on the amount of profits and capital the investor can repatriate off the account.

Financing through a local commercial bank using domestically generated funds is generally available only to Barbadians or permanent residents of Barbados. Additionally, under the *International Financial Services Act*, restrictions are placed on the amount that a bank licensed under that Act can lend without security to related parties.

### ***Listing on the Barbados Stock Exchange***

The Barbados Stock Exchange (the "BSE") was first established in 1987 and was reincorporated in 2001. The BSE is regulated by the Securities Commission. The BSE is responsible for creating a market to promote trading of financial securities and to encourage investment by the public in business enterprises.

A company wishing to be listed on the BSE must first meet the following basic criteria:

- The company must be incorporated in Barbados or registered as an external company with the Registrar of Companies.
- The company must be a profit making venture with minimum assets of one million dollars.
- The company must demonstrate adequate working capital and provide evidence of competent management.
- The company must have a positive dividend profile over the three preceding years: and
- The company must agree to the basic ongoing disclosure requirements.

Upon meeting the above criteria, the company must submit for review and approval a prospectus which complies with the *Companies Act* and the *Securities Act, Chapter 318A*.

## **Cessation or Termination of Business**

### ***Termination***

Under the *Registration of Business Names Act*, where a firm or individual ceases to carry on business, the partners of that firm or the individual proprietor, or his personal representative (if he is deceased) must within three months after the business has ceased to be carried on, give the Registrar of Companies notice in the prescribed form that the firm or individual has ceased to carry on business.

On receipt of such notice the Registrar shall remove the firm or individual from the register of business names.

Any person whose duty it is to give such notice and fail to do so shall be liable on summary conviction to a fine of BDS\$96.00.

On the termination of a business the partners or individual proprietor will be liable to pay all taxes due from the firm of individual proprietor and to settle all debts.

### ***Insolvency/Bankruptcy***

The *Companies Act* makes provision for the insolvency and/or liquidation of a Company. The Regulations of the Act specify that all taxes of every description due from the Company at the date of the appointment of a receiver or receiver manager by the Court shall take priority over all the following debts:

- > all contributions payable pursuant to the National Insurance and Social Security Act
- > wages or salary of employee in respect of services rendered to the Company four months before the date of

the appointment of a Receiver

- > amounts due as severance payment under the Severance Payment Act and
- > Holders of floating debentures.

Holders of fixed debentures however will have priority over all of the above stated debts.

### **Liquidation**

To process of voluntarily liquidating a Company which is not insolvent includes, *inter alia*:

- > the filing of a Statement of Intent to dissolve the Company at the Corporate Affairs and Intellectual Property Office
- > advertising a Notice of Intent to Dissolve in the Official Gazette and a daily newspapers
- > the filing of Articles of Dissolution and supporting Affidavit at the Corporate Affairs and Intellectual Property Office

The process can take as long as six months to be completed since the Notice of Intent to Dissolve must be advertised for 120 days to give creditors ample time to make their claims.

### **Bankruptcy**

Barbados repealed the Bankruptcy Act and replaced it with the *Bankruptcy and Insolvency Act, Chapter 303 of the laws of Barbados* (the "B&I Act") which is modelled on the 1992 Canadian Bankruptcy and Insolvency Act.

The B&I Act offers the debtor Company three options:

- > Receivership
- > Bankruptcy (Voluntary and Involuntary)
- > Reorganisation (the making of a proposal to creditors for sorting out the insolvent debtor's affairs)

The B&I Act also provides that the proceeds realized from the property of a bankrupt shall be applied in priority of payment as follows:

In the case of bankruptcy:

- > Secured creditors
- > The funeral and testamentary expenses of a deceased bankrupt
- > The costs of administering the estate of a deceased bankrupt
- > A levy payable to the Supervisor of Insolvency
- > Wages or salaries
- > All taxes
- > Outstanding rent
- > Unsecured creditors

In the case of a reorganisation proposal:

- > The funeral and testamentary expenses of a deceased bankrupt

- > The costs of administering the estate of a deceased bankrupt
- > A levy payable to the Supervisor of Insolvency
- > Claims for wages, salaries, commissions or compensation of employees (excluding severance payment)
- > Contributions payable by the bankrupt, as an employer, pursuant to the National Insurance and social security legislation
- > All taxes including land taxes and income taxes
- > Outstanding rent due to a landlord
- > Secured creditors
- > Unsecured creditors

Additionally the Act places responsibility on the debtor to make full discovery as to the particulars of his assets and liabilities and the names and addresses of all his creditors.

## **Labour Legislation, Labour Relations and Supply**

### ***Labour Availability***

Barbados, as a result of its high standard of education, has a very skilled and well educated work force. Unskilled workers are also easily trained. The labour force is estimated at 147,100.

### ***Employer/Employee Relations***

Employer/employee relations are governed by the common law and by several pieces of legislation. The primary pieces of legislation are as follows:

1. *National Insurance and Social Security Act*
2. *Factories Act*
3. *Holidays with Pay Act*
4. *Employment Exchanges Act*
5. *Severance Payments Act*
6. *Shops Act*
7. *Trade Unions Act*
8. *Wages Council Act*
9. *Sugar Workers (Minimum Wage and Guaranteed Employment) Act*
10. *Public Holidays Act*
11. *Domestic Employees (Hour of Duty) Act*
12. *Occupational Training Act*

There is an obligation to train employees under the *Factories Act* which is aimed at ensuring that employees are trained prior to the use of dangerous machines. Save for the *Factory Act*, there are no other statutory obligations to train employees.

By virtue of the *Occupational Training Act*, employers may undertake the obligation of training apprentices or trainees. If an employer wishes to do so, he must apply to the Director of Training of the Barbados Vocational Training Board for permission. The applicant's establishment is then reviewed to determine whether it can satisfactorily provide reasonable opportunities for the proper training of the number of persons he proposes to train as apprentices or trainees. The apprentice/trainee must be at least 16 years old (the consent of a parent or guardian is required if the apprentice/trainee is under the age of 18 years old).

### ***Unions***

Unions are recognized in Barbados pursuant to the *Trade Unions Act, Chapter 361 of the laws of Barbados*.

There are four (4) major unions in Barbados:

- > The Barbados Workers Union

- > The National Union of Public Workers
- > Congress of Trade Unions & Staff Associations of Barbados
- > Barbados Union of Teachers

There is no obligation on the part of the employer to organize unions.

## **Employment Regulations**

### **Employment of nationals**

As long as there are suitably qualified nationals of Barbados for any employment, an employer will not be permitted to employ a non-national to fill a vacancy. Non-nationals require work permits or work permit exemptions (if applicable). Prior to employing a non-national, the employer must advertise the position in the newspapers. In the event that there are no suitable responses to the advertisement, the employer may then apply to the Chief Immigration Officer for a work permit for a non-national.

### **Minimum Wage**

There is a minimum wage for sugar workers pursuant to the *Sugar Workers (Minimum Wage and Guaranteed Employment) Act, Chapter 359 of the laws of Barbados*. There is also a minimum wage for domestic employees (i.e. a person employed for reward for the purpose of performing household duties in a private dwelling house).

### **Working Hours**

The number of hours in any one (1) week (excluding meal intervals) during which a shop assistant (i.e. a person wholly or mainly employed in a shop in connection with serving customers, receipt of money or orders for goods, or the delivery of goods) may remain or may be employed in a shop shall not exceed forty (40) hours. No domestic employee shall be employed for more than forty four (44) hours in any one week. Work hours are otherwise largely dictated by the contract of employment. In Barbados the custom is a forty hour work week, Monday to Friday. Unless overtime is a condition of employment, employees cannot be forced to work overtime.

Provided that the employer is not operating a shop, employers and employees may agree on the amount of payment for any overtime work performed.

### **Vacation and Sick Days**

Employees are entitled to a holiday with pay of three weeks per year after nine months of employment. In the fifth year of employment, the employee is entitled to four weeks holiday per year.

An employee who is ill is allowed up to two days sick leave without presentation of a medical practitioner's certificate of incapacity. If the sick leave persists beyond the second day, the employee is required to provide a medical practitioner's certificate.

### **Safety Standards**

Certain standards must be complied with pursuant to the *Factories Act, Chapter 347 of the laws of Barbados*, where an employer operates a factory. A factory would include a slaughter house, premises in which the work carried on is primarily based on handling machinery and a manufacturing plant. Generally factories must ensure that dangerous parts of machinery must be securely fenced to ensure safety. Machinery which is imported into or constructed in Barbados must also comply with certain statutory requirements in relation to safety.

The person with control over the factory has a general obligation to keep the factory safe so far as is reasonably practicable so that the safety of persons in the factory is not likely to be endangered.

### **Employment and Termination of Employment Hiring**

There is no obligation to employ a minimum number of people. Subject to our comments above in relation to the employment of non-nationals in instances where there are nationals who are suitably qualified there is no obligation:

- > to employ a minimum number of nationals and
- > for nationals to hold certain positions in a company.

### ***Termination or Dismissal***

In addition to the common law principle that a contract for an indefinite period of time is terminable by reasonable notice there are various statutory provisions which provide for the notice of termination which must be given to certain employees and the payment of their severance payments, if applicable. Generally unless there is just cause for the termination of the employment, the employer is required to give notice of termination to the employee or payment in lieu of such notice.

As long as the employer has satisfied all monetary compensation payments due to the former employee, the employer will have no continuing obligation towards that employee.

## **Tax on corporations**

### ***Calculation Of Taxes***

#### ***Domestic companies***

The following rates of tax apply to a domestic company on its worldwide income with effect from the following income years:

Income year 2003	36%
Income year 2004	33%
Income year 2005	30%
Income year 2006	25%
Income year 2007	25%
Income year 2008	25%

The rate of tax applicable to a domestic company is currently still 25%.

#### ***Insurance companies***

With effect from the income year 2003 the rate of tax for resident and non resident insurers carrying on property insurance business is 3.75% of the gross direct premium. Resident and non resident insurance companies which do not write property insurance are subject to 3% of gross direct premium. This rate only applies to insurance business written in Barbados, where the risks originates in Barbados and the tax must be paid no later than June 30 in the year following the income year in respect of which the tax is payable.

Resident and foreign companies pay 5% gross direct premium on new business written in the income year. Foreign companies pay 5% of the gross premium income for renewal business whereas resident life insurance companies pay 3%.

#### ***Other licensed entities***

Entities such as international business companies, banks providing international financial services, international societies with restricted liability which are licensed under the International Business Companies Act, International Financial Services Act and Societies with Restricted Liability Act are taxed on a sliding scale of 2.5% to 1%.

#### ***Small businesses***

Companies licensed under the Small Business Development Act are subject to a tax rate of 25%.

### ***Allowances***

There is an initial capital allowance for plant and machinery at the rate of 20% for plant and machinery and 40% for capital expenditure on an industrial building or structure.

Capital allowances are as follows:

Basic industry 20%

Businesses entitled to export allowance for exports

Outside of the Caricom region 40%

Manufacture and refining of sugar 40%

Manufacture of clay and limestone products 40%

Subject to the rules relating to annual allowances the Income Tax act also grants the following allowances:

- > plant or machinery other than equipment for scientific research used in that business;
- > an industrial building or structure used or to be used in that business for some purpose other than resale;
- > equipment for scientific research used in that business or a field relating to that business;
- > new plant machinery in the manufacturing sector;
- > intellectual property.

### **Capital gains tax**

There is no capital gains tax other than the tax levied on the income derived from the business.

### **Treatment of tax losses**

If a company sustains a loss and those losses exceed the assessable income of that company from all worldwide sources in that income year, the amount of the loss may be carried forward for nine years in accordance with the rules contained in the Income Tax Act.

### **Annual filing and payment of corporation tax**

All companies who carry on business in a taxable income year whether or not any income is derived in that year must file a corporation tax return.

Companies whose financial year ends between January 1 and September 30 (both dates inclusive) are required to file the corporation tax return by March 15. Companies whose financial year ends between October 1 and December 31 are required to file the corporation tax return no later than June 15.

For fiscal years ending between January 1 and September 30, a prepayment of 50% of the estimated prior year's income tax is due by September 15. The balance must be paid on the filing of the corporation tax return by June 15.

For the fiscal years ending between October 1 and December 31, a prepayment of 50% of the estimated prior year's income tax is due by December 15 and March 15. The balance of the tax must be paid on the filing of the tax return by June 15.

## **Tax on individuals**

### **Allowances**

The allowances of individuals for the following income years are as follows:

Income Year	Allowance
2004	17,500
2005	20,000
2006	22,500
2007	25,000
2008	25,000

If the spouse of a tax payer has no income an additional \$3,000 .00 may be claimed.

Pensioners over the age of 60 may claim an allowance of \$40,000.

Allowances are also permitted for the following:

- > up to a maximum of two children;
- > a home allowance to cover mortgage interest, insurance premiums, house repairs, renovations, energy and water saving devices;
- > retrofitting allowance to cover expenditure incurred on roof straps and window shutters.

Individuals are also permitted to deduct the following from their assessable income:

- > registered retirement savings plan contributions up to a maximum of \$10,000 or 15% of his/her assessable income;
- > deeds of covenant for not less than three years to registered benevolent organizations up to a maximum of 10% of assessable income.
- > savings with a co-operative society – initial deposits over two consecutive years a maximum of \$6,000.00 per annum. Annual deposits are permitted a maximum of \$3,000 per annum.
- > subscriptions to a registered trade union or statutory association a maximum of \$240 per annum.

Severance payments and annual bonus converted into shares- lower of 75% of the bonus or \$7,500.00 are exempt from tax.

### **Calculation of taxes**

Individuals who are resident in Barbados for more than 182 days in a year are required to pay tax. Gross assessable income up to BDS\$25,000 is not subject to tax.

The basic rate applies to the first \$24,200 of taxable income and to the higher rate to taxable income in excess of \$24,200.00

Income year	Basic rate	Higher Rate
2003	22.5%	40%
2004	20%	40%
2005	20%	37.5%
2006	20%	35%
2007	20%	35%
2008	20%	35%

### **Taxation of benefits in kind**

The following amounts are deducted from the assessable income of individuals:

Housing	\$48,000.00
Motor cars	10% of the amount of the car
Entertainment allowance	12.5% of basic salary or \$7,800 per annum
Travelling allowance	12.5% of basic salary or \$7200.00 per annum

Other personal payments made on behalf of an employee will be treated as a taxable benefit for example, school fees, electricity, water, natural gas and household help.

### **Capital gains tax**

There is no capital gains tax other than that included in assessable income.

### **National insurance and social security payments**

All persons who are between the ages of 16 and 65 and employed in Barbados must be insured under the National Insurance and Social Security Act. Insurable earnings up to a maximum of BDS\$3,720.00 per month or BDS\$858.00 per week.

The contribution rates are as follows:

Year	Employee	Employer	Total
2004	9.0%	10.25%	19.25%
2005	9.5%	10.75%	19.80%
2006	10.0%	11.25%	21.25%
2007	10.1%	11.25%	21.35%
2008	10.1	11.25%	21.35%
2009	10.1%	11.25%	21.35%

The contributions of an employee must be remitted to the National Insurance and Social Security Department by the

15<sup>th</sup> of every month.

The rate of contributions and the levy payable by self employed persons is 16.1% of insurable earnings to a maximum of \$3,720 per month for persons between 16 and 65. Self employed persons are required to file and pay their national insurance contributions every quarter.

### ***Inheritance and gift tax***

The tax regime does not include gift, estate or inheritance tax.

### ***Filing and payment requirements***

Individuals earning more than 75% of their assessable income from business or rent must pay instalments of 25% of the previous year's income tax liability on June 15, September 15 and December 15. The balance must be paid on filing of the tax return by April 30.

Other individuals should pay 50% of the income tax due on filing of the income tax return on April 30 and the remainder on September 30.

### ***Miscellaneous taxes***

Individuals are also required to pay Customs duty, environmental levies and excise tax.

### ***Land tax***

The following land tax rates apply on the improved value of each parcel of land for residential purposes

Up to \$150, 000	Nil
On the excess of the improved value greater than \$150,000 but not exceeding \$400,000	0.10%
On the excess of the improved value greater than \$400,000 but not exceeding \$1,000,000	0.45%
On the excess of the improved value greater than \$1,000,000	0.75%

Other applicable land tax rates:

On the improved value of each parcel of land on which there is a building other than a residence	0.65% of the improved value
On the site value of each parcel of unimproved land	0.60%

Concessions with respect to land tax have been granted in respect of the following:

Villas as defined by the <i>Land Tax Act</i>	75% of the improved value
Hotels as defined by the <i>Tourism Development Act</i>	50% of the improved value
Pensioners who occupy their own homes	50% of the improved value of the property in excess of 125,000
Land used for agricultural purposes	rebate of 50% of the tax paid

Persons may also deduct the lease payments of residential commercial property where stamp duty has been paid on the lease and it has been registered in accordance with the *Land Registration Act, Chapter 229 of the laws of Barbados*.

Property transfer tax at the rate of 7.5% of gross consideration above BDS\$125,000.00 where the transfer is of land with a building. If there is no Structure on the land the rate of tax is 7.5% of the gross consideration.

If there is a disposition of land within an area designated as a special development area within 10 years of the area being deemed to be a special development area, duty may be payable. The rates may be up to 50% on the excess of proceeds over the value at the specified base rate.

## Miscellaneous taxes

### **Annual Licence fees**

Exempt insurance companies, international business companies, international societies with restricted liability, banks, mutual funds, insurance companies and companies which are required by law to be licensed under a specific statute are required to pay annual licence fees.

### **Customs duty**

Customs duty is levied on goods imported in accordance with the first Schedule of the *Customs Act, Chapter 66 of the laws of Barbados*. The rate is calculated either on an ad valorem basis of 0% to 20% but certain goods regarded as luxury items are taxed at a much higher rate. In addition some items which require a special licence are subject to a higher rate of tax.

### **Environmental levy**

An environmental levy of 1% is charged on the Cost Insurance and Freight value of the goods imported but some items are subject to a higher rate of tax.

### **Excise tax**

Alcoholic beverages, tobacco and petroleum products are subject to excise tax. Motor vehicles are taxed on the basis of their value.

### **Registration duties**

A filing fee of BDS\$780.00 is payable to the Registrar of Corporate Affairs and Intellectual Property on the incorporation of a company or society with restricted liability. There are no duties payable on the increase of capital of any entity.

### **Property Transfer Tax**

Generally speaking, transfers of property (including shares in a Barbados entity) are subject to property transfer tax, although exemptions are available in certain circumstances.

For example, shares listed on the Barbados Stock Exchange are exempt from property transfer tax and stamp duty provided that the transfer of shares is effected through the Exchange.

Transfers of shares of licensed exempt insurance companies and exempt insurance holding companies are exempt from property transfer tax provided that the prior written permission of the Supervisor of Insurance has been obtained.

Transfers of shares of licensed international business companies are exempt from the payment of property transfer tax.

Transfers of shares of private companies which are not exempt from the payment of taxes and duties under any specific statute are subject to property transfer tax at rate of 2.5% of the gross consideration above BDS\$50,000.00. However if there is no change in the beneficial ownership of the shares, the transfer is exempt from property transfer tax.

### **Stamp duty**

Stamp duty is payable on every written instrument at the varying rates (depending on the type of transaction), provided in the *Stamp Duty Act, Chapter 91 of the laws of Barbados*. Preferential rates of stamp duty are applicable to certain licensed entities such as international business companies, exempt insurance companies and international societies with restricted liability.

### **Value added tax**

Registration under this Act is mandatory if a company intends to carry on a taxable activity to the value of BDS\$60,000.00 or more annually. Taxable activities include:

- > Business activities;
- > Supply of goods or services for consideration regardless of whether the venture is carried on for profit;

- > Activities associated with clubs, associations, commissions, union or other association providing for a subscription or other consideration, facilities or advantages to its members;
- > An activity for which a fee is charged for admission.

VAT returns must be filed within 21 days after the end of an accounting period. Input tax may be deducted from output tax in the calculation of the tax due for that accounting period. A refund may be claimed in those cases where the input tax exceeds the output tax.

Goods imported into Barbados are subject to 15% VAT as is the supply of services, for example hiring, letting, renting or leasing of goods.

Leases of commercial property for a period of less than 25 years are also subject to VAT. Airline tickets which are purchased in Barbados for a journey which originates in Barbados are also subject to VAT at the rate of 15%.

Hotel accommodation is subject to 7.5% value added tax.

The leasing of a private dwelling house, transportation to passengers in taxis and a supply of financial services are exempt from VAT.

Medical services, education and the service charge payable to hotels and restaurants are subject to a zero rated tax.

### ***Withholding taxes***

Dividends other than a dividend on preferred shares paid to resident individuals by local companies out of profits derived after June 30, 1992 are subject to a single withholding tax at the rate of 12.5%.

Dividends paid to non-residents out of profits prior to July 1, 1992 are not taxable. Dividends paid to non-residents are taxed at 15% unless reduced by the provisions of the applicable Double Taxation Treaty.

Dividends paid by companies licensed under the International Business Companies Act, the International Financial Services Act, Societies with Restricted Liability Act and the Exempt Insurance Act are exempt from withholding tax.

Dividends paid by a company from profits earned by a company during a tax holiday under the *Fiscal Incentives Act* are also exempt from tax.

Inter-company dividends where both companies are either registered or incorporated in Barbados are exempt from tax.

50% of the royalties earned in Barbados by authors, Songwriters and computer programmers is exempt from tax.

Offices, branch agencies of a non resident company engaged in business in Barbados which remits or has been deemed to remit any part of the profits of the non resident company accruing or derived in Barbados shall withhold a tax of 10%.

### ***Double taxation treaties***

Companies and individuals may avail themselves of the benefits of the relevant tax treaties. The purpose of the tax treaties is to alleviate double taxation and the treaties also provide for the exchange of information when it is necessary to implement the treaty or to prevent fraud.

However some of the treaties may contain a limitation of benefits clause which may disqualify some entities, for example, international business companies, from obtaining any benefits under the tax treaty.

## **TAXATION ON DIVIDENDS AND INTEREST**

<b>Resident Individuals</b>	<b>%</b>
- Interest over \$100 paid to individuals	12.5
- Barbados Government Securities	12.5
- Ordinary dividends paid in cash to individuals	12.5
- Dividends received from shares under a dividend Reinvestment plan but restricted to 75% of the	Nil

Dividend up to \$7,500	
- Investment withdrawn by an individual from a Mutual Fund or Capital Fund within 5 years of being invested	25
- Withdrawal of investment in shares in a Credit Union within 5 years of investment	20

<b>Non resident individuals</b>	<b>%</b>
- Barbados Government Securities	Nil
- Branch profits remitted or deemed to be remitted	10
- Covenants	20
- Dividends paid out of foreign source income	Nil
- Dividends paid from non-foreign source income	15
- Dividends from untaxed profits	25
- Interest	15
- Management, administrative or technical fees	15
- Royalties	15
- Services other than Management	25
- Rent	25
- Professional fees	Nil

## GENERAL TAX CONSIDERATIONS

While the *Income Tax Act* permits individuals and corporations to engage in tax planning there are rules against the avoidance of tax. It is possible to obtain a ruling from the Commissioner of Inland Revenue which will indicate how an entity or individual may be taxed.