



BARBADOS - June 2018

BARBADOS INTRODUCES HIGHER RATE BAND FOR INCOME TAX, OTHER REVENUE MEASURES..... 1

Barbados introduces higher rate band for income tax, other revenue measures

(Barbados Government Information Service)

Below are some the key fiscal measures announced by Prime Minister and Minister of Finance Mia Mottley in her Mini Budget presentation delivered yesterday

- i. Effective July 1, 2018 the National Social Responsibility Levy (NSRL) will be repealed. The Fair Trading Commission will be asked to monitor developments to ensure that retailers reduce their prices appropriately;
- ii. Effective July 1, 2018 the road tax will be abolished and replaced with a Fuel Tax. The Fuel Tax will be levied at a rate of 40 cents per litre of petrol and diesel and 5 cents per litre on kerosene effective July 1, 2018;
- iii. Effective July 1, 2018 the annual registration fee for commercial vehicles will be reduced by 50%. Also, with effect from July 1, 2018 there will be a fee of \$400 charge on the transfer/sale of a private vehicle and \$1,000 on the purchase of a new or second hand commercial vehicle;
- iv. Effective July 1, 2018 in an effort to improve the progressive nature of our tax system to share the burden fairly, we will introduce a new higher rate band of 40% on that part of income greater than \$75,000. The fiscal year costs will yield \$41M while the remainder of this year will yield \$31M;
- v. Government is prepared to waive all interest and penalties payable on Income Tax, Land Tax, Corporation Tax, Value Added Tax owed to the Barbados Revenue Authority for the tax years 2000 to 2016 on condition that:
 - applicants have made arrangements with the Barbados Revenue Authority (BRA) between July 1, 2018 to December 31, 2018 to facilitate an agreed payment plan which will include a compliance clause; and
 - failure to meet the conditions set out in the payment plan will result in all interest and penalties becoming payable to the Crown immediately.
- vi. Effective October 1, 2018 government will introduce a Health Service Contribution at a rate of 2.5% with 1.5% of incomes being paid by employers and 1.0% by employees. This measure will raise \$45M in a full year;
- vii. Effective July 1, 2018 the highest percentage of corporation tax will increase from 25% to 30%. This will raise \$57M in a full year;
- viii. On-line transactions undertaken by Barbadian residents will be subject to Value Added Tax effective October 1st, 2018.
- ix. Effective October 1, 2018 an Airline Travel and Tourism Development tax will be paid by passengers flying outside of CARICOM of USD\$70. Passengers flying within CARICOM will pay US \$35. The revenue gain from this measure is \$95M, with \$75M going to BTMI and BTPi and the remaining \$20 million to central Government;
- x. Effective July 1, 2018 government will introduce a Room Levy on hotel rooms. The rates will now be US\$2.50 for the B Class and apartments, US\$5.50 for the A Class and US\$10.00 for the luxury hotels per room per night;
- xi. Effective July 1, 2018 the levy will be 2.5% Product Development Levy on Direct Tourism Services;
- xii. Effective August 1, 2018 there will be a 10% tax on all shared economy such Airbnb, Homeaway, Expedia etc;
- xiii. Government has reached an agreement with the Unions to allow for a zero percent increase in wages and salaries for the period April 1, 2014 to March 31, 2018 and a five percent, across the board, increase in wages and salaries for the period April 1, 2018 to March 31, 2019;
- xiv. Government will from July 1, 2018 raise the minimum non-contributory pension from \$155 to \$225 per week at an annual cost of \$20M. For the nine months beginning July 1, 2018 this would cost the treasury \$13.5M and a full fiscal year \$18M.

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