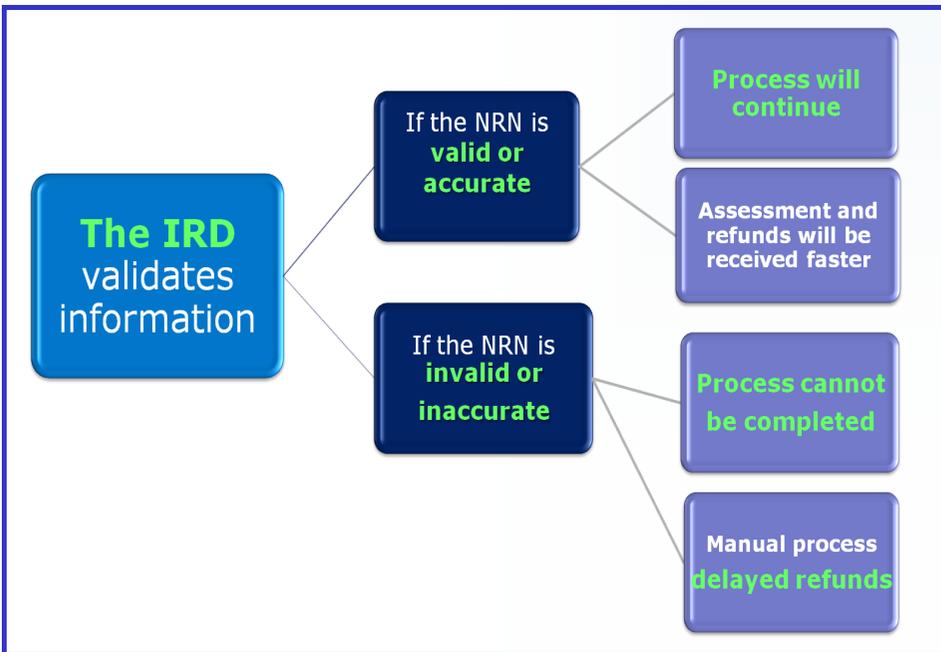


All employees are required to provide their employers with their NRN when they begin employment. Employers, in turn, are expected to maintain the employee's NRN on their payroll records. When employers file their annual records of employee earnings and deductions with the IRD, they must identify each employee via their NRN which is equivalent to the Taxpayer Identification Number (TIN).

How does the IRD utilize the TIN/NRN

The IRD has several uses for the TIN/NRN. With respect to employees, the IRD validates employment income, allowances and deduction information which are submitted on individual Income tax returns filed by taxpayers. The IRD cross-references, via TIN/NRN, the information provided on the individual income tax return with the information provided by the employer on form A47:009 (whether filed electronically or on paper) to ensure consistency. It follows that if the TIN/NRN provided by the employer is invalid (not a valid TIN/NRN) or inaccurate (TIN/NRN belongs to another Barbadian or non-resident employee) then the automatic validation process will be jeopardized. If the automated cross-reference cannot be completed a manual process will be required and the processing of the individual income tax return will be delayed. This will also result in delayed refunds if applicable.



How important is the NRN to the new Tax Administration System?



IRD moving toward e-filing



On January 2, 2009 a new tax administration system will become operational within the Inland Revenue Department (IRD). It will be fully Internet oriented and is going to receive all income tax and information returns for the 2008 Income Year.

Barbadians and others taxpayers will be able to:

- Register themselves on-line;
- Update their identification information;
- Prepare and file their tax and information returns;
- Authorize their accountants or other tax agents to file on their behalf;
- Request Tax Clearance Certificates;
- File objections and query the status of their returns; or, request services from the comfort of their home, work or from any place that is convenient to them.

Inherent with electronic filing is the elimination of any requirement for taxpayers to attach paper information to their individual income tax returns to support any instance of additional income and/or claim allowable deductions and allowances.

Instead, the IRD will be obtaining information such as statements of remuneration paid and tax deducted statements of residential mortgage interest paid, home insurance premiums paid, shares purchased in public companies and a myriad of other information from third parties. The IRD will load this information onto its data bases and associate the information with individual income tax returns.

Examples of some of the features of the system will include:

1. Every individual taxpayer will get a unique **user identification number** and a **password** that will allow them to log into the system. However, individuals will also be able to authorize a third party who must be registered as a tax agent with the IRD to act on their behalf. By authorizing a tax agent or representative, an individual taxpayer does not lose their ability to log into the system and perform any authorized task. An authorization is not permanent and will be valid only for as long as the taxpayer desires.
2. Corporations and other entities should have one or more authorized individuals, for instance their accountants or chief financial officers may act on their behalf. Alternatively they could authorize an independent accountant or an audit firm to represent them.
3. Young adults will be allowed to register themselves with the IRD when they reach the legal age of maturity that is eighteen years old.

The National Registration Number (NRN)

The National Registration Number (NRN) is issued by the Electoral Department of Barbados as an identification number for all citizens of Barbados, or those who acquire citizenship, including permanent residents, temporary residents or non residents. This identification number is also used for electoral purposes, work, taxation, government benefits, health care, and other governmentally-related functions.

This is a unique number and each legal individual should have only one number assigned exclusively to them.

Non-residents, who are earning an income in Barbados, should be issued a special National Registration Number initially; after six months they are expected obtain a permanent number.

NRN and the IRD

The NRN is also very important to the Inland Revenue Department (IRD) since the Tax Administration uses the same *National Registration Number* as a *Taxpayer Identification Number (TIN)* to track each individual taxpayer into its records.

It is in the best interest of the taxpayer to provide the right NRN to the IRD. The IRD needs to verify and validate the information provided by the taxpayer in his income tax return with the information provided by the third party by means of an accurate NRN. The notices of assessment with refunds could be difficult and delayed if the NRN's provided were not accurate or valid.

Even though, filing electronically allows taxpayers to benefit from the efficient processing of refunds which is considerably faster than paper filing, the invalid NRN makes vulnerable the successful completion of the procedure. In that case, the IRD has to search through its records to validate the NRN's before processing the Income Tax Returns.

