2020

ANNUAL REPORT

BARBADOS REVENUE AUTHORITY

BARBADOS REVENUE AUTHORITY
ANNUAL REPORT AND FINANCIAL STATEMENTS 2019/2020

Presented to the Minister of Finance, Economic Affairs and Investment pursuant to Section 23 of The Barbados Revenue Authority Act 2014-1

BARBADOS REVENUE AUTHORITY

CONTENTS

TAXPAYERS' RIGHTS

Taxpayers in their dealings with the Barbados Revenue Authority have the right to:

- Be respected
- Be informed
- Receive quality service based on the principles of integrity and honesty
- A fair system administered in an even-handed manner
- Privacy and confidentiality of their information
- Expect that the Authority has a technically proficient and professional workforce
- Appeal to an independent Tribunal against any assessment of the Authority

TAXPAYERS' OBLIGATIONS

Taxpayers are required to comply with certain key obligations:

- To register with the Barbados Revenue Authority
- To file returns and provide information on incomes, transactions and relevant activities
- To report correctly and completely
- To pay the amount of tax due on time, in accordance with the law

OUR VISION

To be a model tax administration, committed to serving our taxpayers and contributing to the economic well-being of our nation

OUR MISSION

To administer tax and promote voluntary compliance in a cost effective manner by providing quality service to our taxpayers through an empowered and engaged staff

OUR VALUES

In pursuit of these objectives we are committed to investing in the development of our human capital and will be guided by the core values of:

Integrity,
- Fairness
- Professionalism
- Responsiveness.
- Accountability

These are supported by the characteristics of:

- Courtesy
- Consistency and
- Co-operation

OUR ROLE

The Barbados Revenue Authority ("the Authority") was established on April 1, 2014 as a statutory corporation. The Authority is responsible for effective and efficient tax administration in a fair, open and transparent manner fostering a high degree of voluntary compliance

MESSAGE FROM THE CHAIRMAN

William Layne
Chairman of the Board of Directors

In accordance with the Barbados Revenue Authority Act 201 4-11, I have the honour to present the Annual Report for the year ended March 31 2020. It was a challenging year for the Authority as the roll out of the Tax Administration Management System (TAMIS) continued with attendant issues. Staff worked diligently to deal with the challenges experienced by taxpayers as they navigated the system.

Tax revenue during the period was $1.8 billion compared to $1.98 billion in the preceding year. There was a significant drop in taxes on income and profits which fell by 24%. Tax Receivables at the end of the year stood at $1.9 billion net of provision for doubtful accounts.

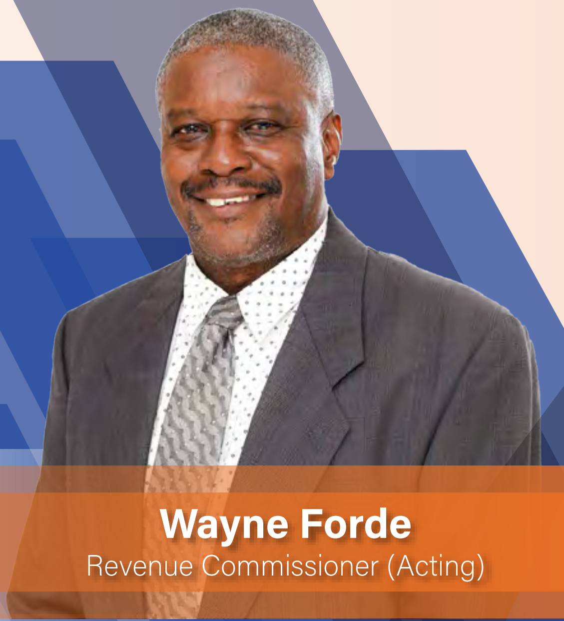
The year also witnessed a number of retirements from the staff and on behalf of myself and my fellow Board Members, I wish to thank all retirees for their dedicated service to the organization and hope they have a long and healthy retirement.

Regards,

William Layne

Chairman
Barbados Revenue Authority

MESSAGE FROM THE REVENUE COMMISSIONER



Wayne Forde
Revenue Commissioner (Acting)

It is my distinct pleasure to address you as the acting Revenue Commissioner of the Barbados Revenue Authority.

The period 2019-2020 has proven to be a challenging year in the life of the Barbados Revenue Authority. As we have completed our sixth year of operation and are entering our seventh year of existence, we have fully embraced and pursued our strategic objectives which constitute our business plans. These include the:

- improvement of the organizational structure to meet its strategic objectives.
- improvement of service delivery through the implementation of a customer-centric approach to tax administration.
- improvement of enforcement through the use of risk management as a tool for management of non-compliance risk.
- monitoring and review the performance management framework to ensure that it meets the needs for both organization as well as staff performance appraisaling, and
- development and implementation an electronic management information system in support of the Authority's strategy.

We have continued our focus and awareness on providing excellent public service and on facilitating the equipping a fully functional organization with staff committed to serving the interests of our stakeholders, taxpayers and the general public.

Maintaining Our Focus
The year has seen the third period for which taxpayers have filed in the Tax Administration Management Information System (TAMIS) for Personal Income Tax. There have been many positives which we can take away from the new implementation and the high rate of compliance ranks high on our list of achievements, a testimony to the total commitment to taxpayers to ensure that the system is fully functioning.

The Authority's contribution to the success of the Barbados Economic Recovery and Transformation (BERT) Plan (the Plan) has assumed greater significance. As the major revenue earner for the island, the Authority has been an integral constituent in the administration and execution of the Plan and will continue to assist in the delivery of this exercise.

MESSAGE FROM THE
REVENUE COMMISSIONER

In previous addresses, we have highlighted the importance of taxpayers and have emphasized our commitment to ensuring that their interactions and experiences with the Authority highlight the ease and accessibility to our services. During this year we have, with the collaborative efforts of our partners, both public and private sector operations, embarked on system changes which will allow taxpayers to pay electronically from the comfort of their homes or offices with credit and debit cards.

We have also joined with private sector agencies to collect taxes on behalf of the Authority. This signals the dawn of future public interaction with the Authority and we shall continue to seek out other avenues to guarantee the continued improvement in service to our stakeholders.

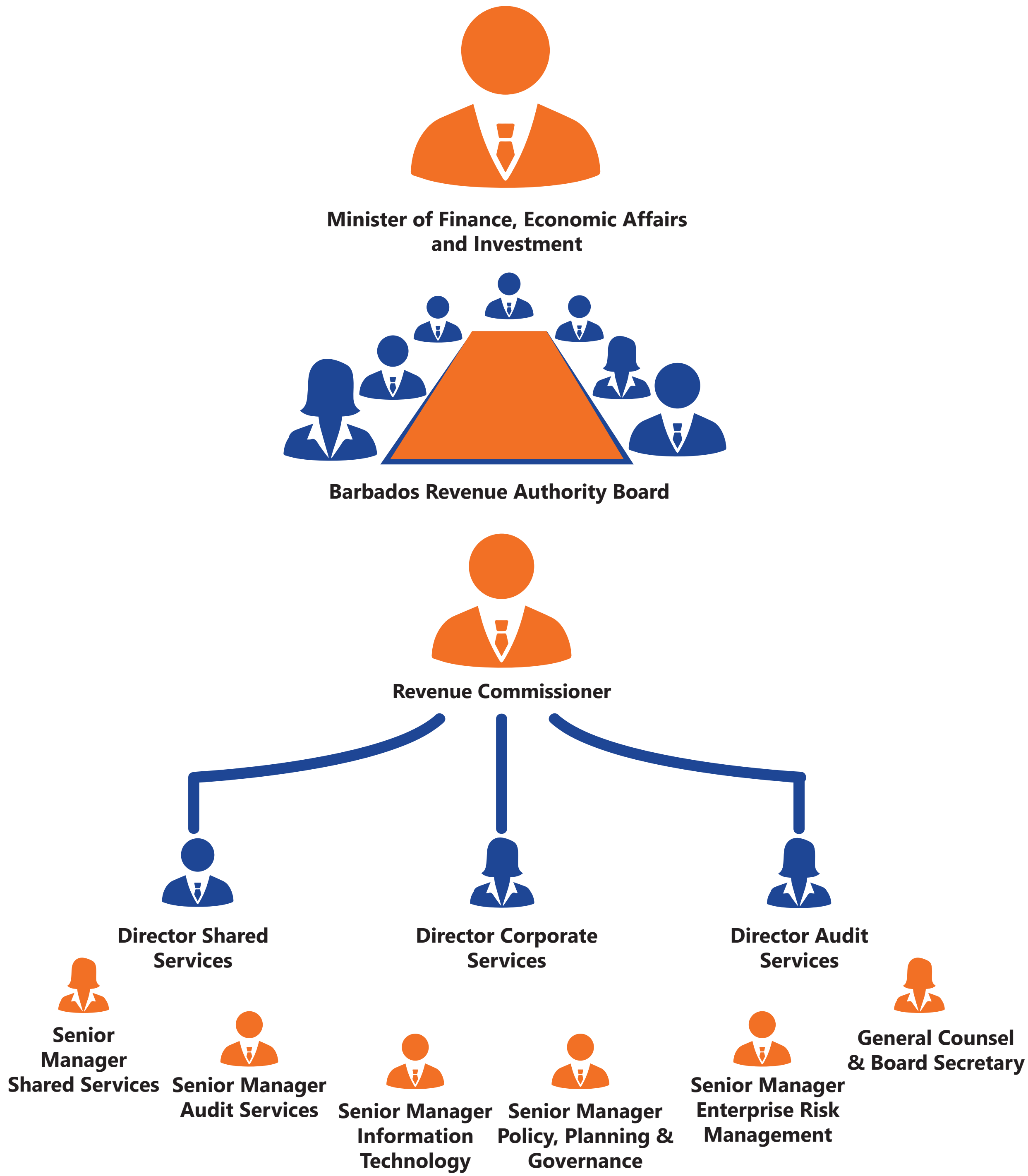
Regards,

W Forde

Wayne Forde

Revenue Commissioner
Barbados Revenue Authority

GOVERNANCE STRUCTURE



SENIOR MANAGEMENT TEAM

Carolyn Barton
Director Corporate Services

Anderson Padmore
Senior Manager Audit Services

Roger Blackman
Senior Manager
Information Technology

Hazel Gittens
Director Audit Services

Wayne Forde
Revenue Commissioner (Ag.)

Sonia Jones
Director Shared Services (Ag.)

Janelle Jones-Carter
General Counsel

Anthony Gittens
Senior Manager
Policy & Planning

Trevor Forde
Senior Manager
Enterprise Risk Management

Angela Durham
Senior Manager (Ag.)
Shared Services

OUR BOARD

William Layne
Chairman of the
Board of Directors

Sandra Osborne
Deputy Chairman
of the Board of Directors

Ian Carrington
BOARD MEMBER
Director of Finance and
Economic Affairs

Richard Greene
BOARD MEMBER
Education and Research
Officer, NUPW

Cheryl Bennett-Inniss
BOARD MEMBER
Chief Technical Officer (Acting)

Wayne Forde
BOARD MEMBER
Revenue Commissioner (Acting)

Kay-Ann Brathwaite
BOARD MEMBER

Calvert (Cally) Boyea
BOARD MEMBER

Vincent Yearwood
BOARD MEMBER

BOARD OPERATIONS

During the 2019-2020 Financial Year, the Board held regular monthly meetings. Business outside of these regular meetings was also attended to expeditiously by round-robin decisions when required.

Directors	Number of Meetings Attended	Percentage of Meetings attended	Total Remuneration
William Layne	12 of 12	100.00	$21,600
Sandra Osborne	8 of 12	66.67	$10,800
Ian Carrington	4 of 12	33.33	$10,800
Kaye-Anne Brathwaite	9 of 12	75.00	$10,800
Calvert Boyea	11 of 12	91.67	$10,800
Vincent Yearwood	9 of 12	75.00	$10,800
Richard Green	9 of 12	75.00	$10,800
Cheryl Bennett-Inniss	11 of 12	91.67	$10,800
Wayne Forde	8 of 12	66.67	

EXECUTION

The Senior Management Team directed the execution of the Authority's strategic priorities and programmes approved for the year.

Title	Number of Employees	Total Remuneration + Benefits
Revenue Commissioner	1	$180,259.08
Director	3	$471,586.80
Senior Manager	5	$740,934.45
General Counsel	1	$130,147.00

N.B.: The tables on this page outline the information required, in accordance with the Public Finance Management Act 2019-1 section 116(3)(g) and (h).

COMMITTEE MEMBERS

Audit Committee: Vincent Yearwood (Chair), William Layne and Calvert Boyea

Human Resources Committee: Sandra Osborne (Chair), Richard Green and Vincent Yearwood

Tenders Committee: Cheryl Bennett-Inniss (Chair), Ian Carrington and Kaye-Anne Brathwaite

Information Technology Committee: Kaye-Anne Brathwaite (Chair), Calvert Boyea and Cheryl Bennett-Inniss

BOARD COMMITTEES

Audit Committees

- Reviewing the Authority's operations every quarter of the Financial Year.
- The implementation of a Quality Assurance Improvement Programme (QAIP) for the Authority's Internal Audit Unit.
- Reviewing and approving the Internal Audit Plan for Financial Year 2019 – 2020.
- Reviewing and implementing backup strategies, cloud storage solutions and cyber security measures.
- Reviewing and improving the Authority's Business Continuity procedures and Internal Controls.
- Ensuring the completion of the Financial Statements for Financial Year 2019/2020 to facilitate the Auditor General's annual external audit.
- Improving the Tax Administration Management Information System (TAMIS).
- Ensuring the timely payment of Tax Refunds.
- Reviewing the Authority's Departmental Procedural Manuals.
- The establishment of a Call Centre for the Authority.
- Reviewing, discussing and approving the Authority's Internal Audit and Risk Reports.

Information Technology Committee

- Modification of the Authority's Business Continuity Plan.
- Options for data recovery and backup.
- Data migration from Asycuda ++ to Asycuda World.
- Information Technology resources and equipment needs within the Authority.
- Improvement of the Tax Administration Management Information System.
- Implementation of an Online Payment platform.
- Access to the Authority's intranet portal.
- Staffing requirements within the Information Technology Department of the Authority.

Tenders Committees

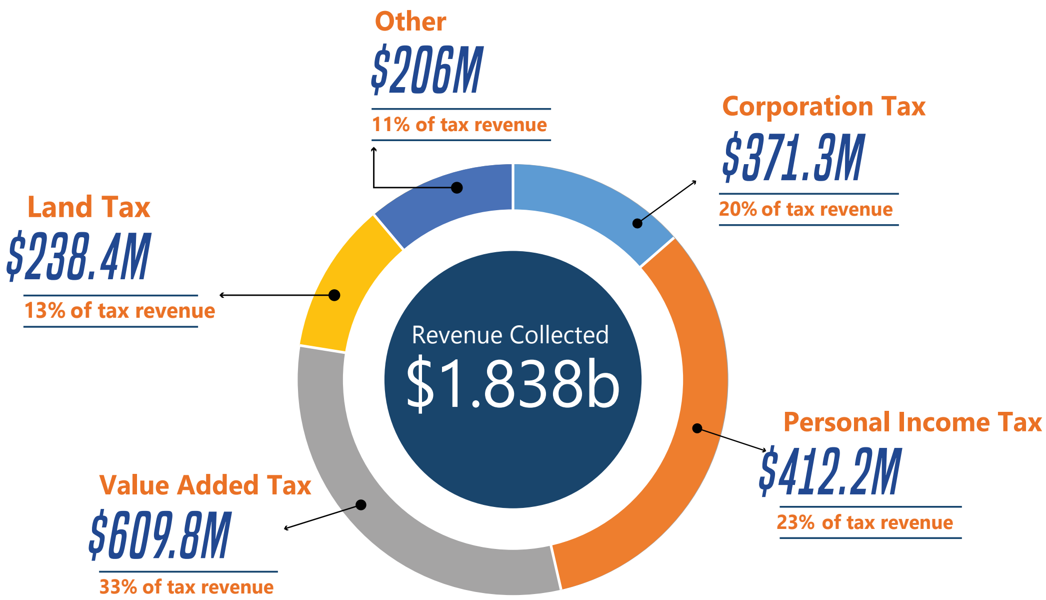
- During the Financial Year however, there were no meetings of the Tenders Committee as there were no tenders which exceed the threshold of $200,000.00.

Human Resources Committees

- Approved a number of Training Loan Applications and revised the Authority's Training Loan Policy.
- Addressed the Human Resources matters emanating from the Auditor General's Report for the Financial Year ended March 31st, 2018.
- Implemented measures to enable the Authority's Health and Safety Committee to play a more vital role in relation to environmental issues experienced at the offices of the Authority.
- Presided over one (1) disciplinary matter but unanimously decided that the Committee would be an appellate body going forward and not a disciplinary body.
- Approved recommendations to facilitate the registration of the Authority's Pension Plan. Commenced work on the establishment of the Authority's Non-Cash Incentive Scheme.
- Commenced work on the Authority's Sexual Harassment Policy.
- Commenced work on the Authority's Succession Plan.

MEETING OUR OBJECTIVES

1. Improving Voluntary Compliance



$31 M
Arrears collected

$15M
Amnesty Arrears collected

62% We collect over of 58% of the Government's revenue

50,809
New Registrations for 2019/20

100%
of returns filed electronically

178,611
Returns Filed

$339.8M
Refunds Claims filed

$234M
Refunds Paid

MEETING OUR OBJECTIVES

Compliance and Controls

25,880
VAT returns filed

7,720
Corporation Tax returns filed for the financial year

72,447
Individuals filed income tax returns. Of that total,

15,014
Claimed the reverse tax credit allowance.

FILING COMPLIANCE

- Personal Income Tax (PIT) **47%**
- Corporation Tax (CIT) **69%**
- Value Added Tax (VAT) **55%**

LAND TAX

2,348
Change-of-ownership for land requests

133
First time homeowners valuations completed

178
Objections to property valuations

Revaluations for 2020 completed

158
Parcel Index Plans (PIP) produced

MEETING OUR OBJECTIVES

1. Improving Voluntary Compliance

Taxpayer Engagement

COTA: Caribbean Organisation of Tax Administrators (COTA) Essay competition on the topic "Digitilization – Moving Today's Tax Administration Beyond The Twenty- First Century. The first place winner in the local competition was Queen's College student, Ms Alyssa Blades who went on to place second at the regional level.

MIST: The Authority partners with the Ministry of Innovation Science and Smart Technology (MIST) to pilot the Digital Acceleration Ambassadors Programme to assist taxpayers with their online efforts in TAMIS.

PAYE Workshops: Workshops were conducted with Government Departments and Statutory Boards.

Sensitization sessions with Small Business Association (SBA) and Barbados Employers' Conferation (BEC)

Tax Advisory Visits: Six (6) Tax Advisory visits conducted with used car dealers.

Communications

The Authority continued its quest to provide taxpayers with accurate and timely information.

- OVER 228,000 VISITS TO WWW.BRA.GOV.BB
- OVER 1,000 NEW FOLLOWERS JOINED FACEBOOK TAKING THE TOTAL TO 3,952
- CORPORATE INCOME TAX TIMETABLES CREATED
- PAYE GUIDELINES WERE CREATED FOCUSING ON THE FILING OF PAYE RETURNS

2. Enhancing Organisational Structure & Corporate Governance

- Organisation structure review commenced
- Compliance and institutional risks indentified and framework developed in 2014 is being reviewed
- **75%** of staff attended sensitization on Business Continuity framework
- 17 Internal audits conducted; 76 recommendations for improvments to control environment were made; **43%** actioned and implemented

3. Improving Service Delivery

Increased the number of digital payment channels for Land Tax

- EZpay+
- Cave Shepherd Card Mobile App
- SurePay Online
- Online Banking platforms

4. Developing our People Processes and Technological Infrastructure

Capacity Building Initiatives

- Tax Administration Management Information System (TAMIS) Training
- Information Systems Training
- Team Mate (Auditing software program) Training
- Institute of Chartered Accountants of Barbados(ICAB) Anti-Money Laundering Seminar
- Auditing and Preventing Fraud in Procurement Webinar
- Auditing Ethics in the Workplace: Practical Tips, Tools, and Techniques
- Fortinet Training
- Merak peep software Economic modelling
- IADB Tax Analysis seminar
- Crisis Communication Webinar
- Webinar on Fraud Fundamentals
- Productivity Best Practices Workshop
- Preparation for the World of Work 2019 Workshop
- Supervisory Development Program
- Staying Ahead of Change with Effective Ethics
- Income Tax Training
- Sessional Cashier Training
- Barbados International Business Association (BIBA) Career Showcase
- World of Work Showcase ICABD Fraud Workshop
- Code of Conduct and Ethics Training
- Preparing and Analyzing Financial Statements Yellow Digital Conference
- The Barbados Stock Exchange Annual Caribbean Conference on Corporate Governance and Accountability.
- Barbados Association of Office Professionals (BOAP) Conference
- Non-Cash Incentive Scheme framework developed and approved

Wellness Initiatives

Lectures by various medical personnel which focused on the **Non-Communicable Diseases** for example cancer, stroke, heart disease, diabetes and kidney failure.

A series of lectures on the Sexual Harassment Prevention Act were conducted by **the Assistant Chief Labour Officer, Labour Department**

Wellness Committee partnered with Sandy Crest Medical Centre and Coverley Medical Centre to provide **Health Checks** for staff and customers at all six (6) of the Authority locations.

WELLNESS

"Sneaker Day" the last Friday of each month to keep staff active by encouraging them to wear sneakers and walk the stairs as a form of exercise.

participated in the annual Barbados Cancer Society's **"Walk for the Cure"** 5K Walk and in the Barbados Cancer Society's **Pink Ribbon Week** from October 7, 2019

COVID 19 webinars conducted by the Ministry of the Public Service on **Health and Safety Protocols for the Public Sector.**

Technology & Capital Works

Technology & Infrastructural Initiatives

- Phased implementation of TAMIS continued
  Implementation of integrated telephony system continued
- Expanded system for the Automatic Exchange of Information (AEOI) to accommodate the reception of submissions for Common Reporting Standards (CRS).
- Reduced carbon footprint with the implemention of FileBound: an electronic document management systems for the electronic storage, processing and management of all documents generated within and received from outside of the Authority.
- I.T. personnel added to their skill sets by completing Masters Programs and other professional development programs
- Authority continued to offer support to the Custom and Excise Department (CED) by providing full time staff for the successful implementation of ASYCUDA World and the management of its databases
- IT staff were deployed to support the development and implementation of the SmartStream Cloud Suite project and to support preparations for the 15th UNCTAD quadrennial conference.
- Bridge Street Mall location established and renovations at 4th floor Weymouth Corporate Centre completed

DOMESTIC AND INTERNATIONAL COOPERATION

The Authority continues to work closely with the Ministry of Finance to ensure that targets under the BERT plan are achieved. The Government of Barbados with the assistance of the Inter-American Development Bank (IDB) launched a project to develop a General Equilibrium Model for Barbados.

OECD Peer Reviews

The OECD concluded a Peer review for Barbados in August 2019 (period July 2015-2018) where 10 essential elements were reviewed. Three elements were rated Partially Compliant. An action plan was developed and the Authority revised its internal procedures to ensure that our rating is improved at the next review.

International Treaties & Agreements

Agreement	Jurisdictions
Exchange of Information	140
Double Taxation Conventions	40
Tax Information Exchange Agreements	4
Multilateral Convention	91
Model 1A FATCA	1
Common Reporting Standard	
Exchange of Information on Request	

Exchange of Information

The Authority received seventeen (17) Exchange of Information Requests cases from requesting jurisdictions during the reporting period. Of those cases the Authority responded:

- within ninety (90) days of receipt to four (4) requests,
- within 91-180 days of receipt to nine (9) requests, and
- within 180-360 days of receipt to three (3) requests

by providing the information requested or providing an update on the status of the request. One case was withdrawn.

POLICY CHANGES

Land tax discount was lowered from **10% TO 5%** and was applicable for 60 days

Previous Personal Income Tax rates were replaced with **12.5%** on the first **$50,000** of taxable income and **28.5%** on taxable income over **$50,000**.

Reverse Tax Credit was extended to include persons earning up to **$25,000**

Compensatory Income Credit was introduced for those earning between **$25,000 & $35,000**

VAT on non - residential accommodation was increased to **10%**

Villa accommodation was deemed an exempt supply

Changes made to Room Rate Levies

i. Apartments from **BDS $5.00** to **$8.75** per bedroom per night

ii. Guest Houses from **BDS $5.00** to **$8.75** per bedroom per night

iii. Hotel "B" Class from Barbados **$5.00** to **$8.75** per bedroom per night

iv. Hotel "A" Class from BDS **$11.00** to **$19.25** per bedroom per night

v. Hotel Luxury class from **BDS $20.00** to **$35.00** per bedroom per night

No changes to the Shared Economy and Product Development Levies

FINANCIAL STATEMENTS

STATEMENT OF MANAGEMENT RESPONSIBILITIES

The accompanying financial statements of the Barbados Revenue Authority (the Authority) have been prepared in accordance with International Public Sector Accounting Standards (IPSAS). Significant accounting policies are set out in Note 1 to the financial statements. Some of the information included in the financial statements, such as accruals, is based on management's best estimates and judgment, with due consideration to materiality.

The Authority's management is responsible for the integrity and objectivity of data in these financial statements. Management is also responsible for the preparation and the fair presentation of the financial statements in accordance with the applicable financial reporting framework and this responsibility includes:

a. Designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
b. Selecting and applying appropriate accounting policies; and
c. Making accounting estimates that are reasonable.

To fulfil its accounting and reporting responsibilities, management maintains sets of accounts which provide records of the Authority's financial transactions. Management also maintains financial management and an effective system of internal control over financial reporting (ICFR) that take into account costs, benefits, and risks. They are designed to provide reasonable assurance that transactions are processed within the powers provided by the Authority's Act, are executed in accordance with prescribed regulations and the Financial Management and Audit Act, and are properly recorded to maintain the accountability of funds and safeguarding of assets.

Financial management and internal control systems are reinforced by the maintenance of internal audit programmes. The Authority also seeks to assure the objectivity and integrity of data in its financial statements by: the careful selection, training, and development of qualified staff; organisational arrangements that provide appropriate divisions of responsibility; communication programmes aimed at ensuring that its regulations, policies, standards and managerial responsibilities are understood throughout the organisation, and by conducting an annual assessment of the effectiveness of its system of ICFR.

The system of ICFR is designed to mitigate risks to a reasonable level based on an on-going process to identify key risks, assess the impacts and adopt strategies for risk management to assess the effectiveness of associated key controls, and to make any necessary adjustments. The effectiveness and adequacy of the Authority's financial management and its system of internal control are reviewed by the work of internal audit staff, who conduct periodic audits of different areas of the Authority's operations and by the Board of Directors which is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control and exercises this responsibility through the Audit Committee of the Board of Directors.

To assure objectivity and freedom from bias, these financial statements have been reviewed by the Audit Committee and approved by the Board of Directors. The Audit Committee is independent of management and meets with management, the internal auditors, and the Auditor General of Barbados on a regular basis. The auditors have full and free access to the Audit Committee.

The Auditor General of Barbados conducts independent audits and expresses separate opinions on the accompanying financial statements.

FINANCIAL STATEMENTS
AGENCY ACTIVITIES

AUDITOR GENERAL'S OFFICE
BARBADOS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the Barbados Revenue Authority

Opinion

I have audited the financial statements of the Barbados Revenue Authority (the Authority), which comprise the Statement of Financial Position as at March 31, 2020, Statement of Change in Contributed Capital, Statement of Financial Performance, Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Barbados Revenue Authority as at March 31, 2020 and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS).

Basis of Opinion

I conducted my audit in accordance with International Standards for Supreme Audit Institutions (ISSAIs). My responsibility under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of my report. I am independent of the activities of the Barbados Revenue Authority in accordance with the ethical requirements that are relevant to my audit and I have fulfilled my other responsibilities in accordance with these requirements. I believe that the audit evidence I obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibility of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the International Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Board of Directors of the Barbados Revenue Authority is responsible for overseeing its financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an, audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Leigh Trotman

L. E. TROTMAN
Auditor General
2nd Floor Weymouth Corporate Centre
March 12, 2020

Barbados Revenue Authority
Statement of Financial Position
as at March 31, 2020
BDS$000's

	Notes	Actual Mar 2020 $	Actual Mar 2019 $
TOTAL ASSETS			
Current Assets			
Cash and Bank	**4**	11,648	7,154
Subvention Receivable	**5**	-	4,484
Subvention Receivable _TAIRP	**5**	-	-
Staff Loans/ Advance		568	492
Prepayments		910	587
Prepayments – TAIRP		5,301	4,797
Other Receivables		18	42
Total Current Assets		**18,445**	**17,556**
Fixed Assets	**6**	1,992	1,288
Fixed Assets- TAIRP	6	1,392	1,778
Total Fixed Assets		**3,384**	**3,066**
Total Assets		**21,829**	**20,622**
Liabilities			
Accounts Payable & Accrued Liabilities	**7**	9,765	9,057
Accounts Payable & Accrued Liabilities - TAIRP	**7**	-	-
Unearned Revenue -TAIRP	**8**	5,407	4,466
Total Liabilities		**15,172**	**13,523**
GENERAL FUND			
Total General Fund	**10**	**6,657**	**7,099**
TOTAL LIABILITIES AND GENERAL FUND		**21,829**	**20,622**

TAIRP – Tax Administration Infrastructure Reform Project

The accompanying notes form an integral part of these financial statements

Chairman

March 9, 2021
Date

Deputy Chairman

March 9, 2021
Date

Barbados Revenue Authority
Statement of Change in General Fund
For the Year Ending March 31, 2020
BDS$000's

	Opening Capital	Surplus (Deficit)	Total
	$	$	$
Restated Balance as at March 31, 2018	**3,658**	**9,761**	**13,419**
Adjustment to Prior Period	-	-	-
Net Surplus		**(6,320)**	**(6,320)**
Balance as at March 31, 2019	**3,658**	**3,441**	**7,099**
Adjustment to Prior Period	-	-	-
Net Surplus	-	**(442)**	**(442)**
Balance as at March 31, 2020	**3,658**	**2,999**	**6,657**

The accompanying notes form an integral part of these financial statements

Barbados Revenue Authority
Statement of Financial Performance
For the Year Ending March 31, 2020
BDS$000's

	Notes	Actual	Restated Actual
		Mar 2020	**Mar 2019**
		$	**$**
Operating Income	16	**28,484**	**29,569**
Operating Income – TAIRP	16	**3,097**	**10,977**
Total Operating Income		**33,178**	**40,546**
EXPENDITURE			
Personnel Expenses	17	21,680	24,015
Other Expenses	18	7,227	13,603
Other Expenses-TAIRP	18	2,308	8,631
Depreciation		808	617
Total Operating Expenditure		**32,023**	**46,866**
Net Surplus (Deficit)		**(442)**	**(6,320)**

TAIRP – Tax Administration Infrastructure Reform Project

The accompanying notes form an integral part of these financial statements

Barbados Revenue Authority
Statement of Cash Flows
For the Year Ending March 31, 2020
BDS$000's

	Actual Mar 2020 $	Restated Actual Mar 2019 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Surplus/(Deficit)	**(442)**	**(6,320)**
Add: Depreciation	808	617
Operating Income before working capital changes	**336**	**(5,703)**
Net Changes in assets and liabilities	3,656	10,280
Net cash flows from operating activities	**5,619**	**4,577**
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of Assets	(1,125)	601
Net cash flows from investing activities	**4,494**	**601**
CASH FLOWS FROM FINANCING ACTIVITIES		
Change in Administered Agency Fund	-	-
Net cash flows from financing activities	**-**	**-**
Net increase / (decrease) in cash and cash equivalents	**4,494**	**5,178**
Cash at beginning of Year	**7,154**	**1,976**
Cash at end of the Year	**11,648**	**7,154**

The accompanying notes form an integral part of these financial statements

Financial Statements of the Barbados Revenue Authority

Significant Accounting Policies

1. Reporting Entity

The Barbados Revenue Authority (the Authority) is a body corporate owned and established by the Government of Barbados under Section 3 (1) of the Barbados Revenue Authority Act 2014-1. The Authority operates solely in Barbados.

The main activities of the Authority relate to the administration of the specified legislation set out in Schedule 1 of the Act. In addition, the Authority has responsibilities for the enforcement and collection of all forms of duties, taxes, interest, penalty, fees and any amounts payable under the specified enactments advises the Minister on all matters relating to the Act and the specified enactments and represents Barbados on other matters relating to taxes.

The Financial Statements of the Barbados Revenue Authority are prepared in accordance with the requirements of the Financial Management and Audit Act 2007. This is in accordance with Section 22 of the Barbados Revenue Authority Act which requires that the Financial Management and Audit Act may be applied with such adaptations and modifications that may be required.

These Financial Statements contain transaction details for the Tax Administration Infrastructure Reform Project (TAIRP). The Barbados Revenue Authority was assigned the responsibility for managing this Project which includes the implementation of the new Tax Administration Management Information System (TAMIS) and the Revenue Enhancement Programme (REP)

2. Accounting Policies

These financial statements comply with International Public Sector Accounting Standards (IPSAS). The measurement base is historical cost. The accrual basis of accounting has been used unless otherwise stated.

2.1 Reporting and forecast period

The reporting period for these financial statements is the year April 1, 2019 to March 31, 2020.

2.2 Exchange revenue (Revenue Earned through operations)

If revenue has been earned by the Barbados Revenue Authority in exchange for the provision of Goods and Services to third parties, the Authority records its revenue through operations. Such revenue is recognized when it is earned.

2.2.1 Revenue for Operations

The Authority's main source of revenue to fund its operations is by way of a subvention from Government. Prior to the beginning of the financial year, the Authority is required to submit its Estimates of Expenditure for the financial year to be considered for the subvention.

2.3 Expenses

Expenses are recognized in the period to which they relate.

2.3.1 Foreign currency transactions

Transactions in foreign currency are translated into Barbados dollars using the exchange rate on the dates of the transactions. Exchange rate differences arising on settlement of these transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the Statement of Financial Performance.
Currency exchange rates are determined by reference to the Central Bank of Barbados.

2.3.2 Depreciation

Depreciation is charged on a straight line basis calculated to allocate the cost or valuation of an item of property, plant and equipment over the estimated useful life. The half year rule is applied in the calculation of depreciation. Typically the estimated useful lives of different classes of property plant and equipment are as follows:

Assets	Life	Rates Used
Leasehold improvements	15 years	6.67%
Machinery and Equipment Office	3 to 10 years	10% to 33%
Computer Hardware	5 years	20%
Computer Software	5 years	20%
Furniture and Fittings	10 years	10%
Motor Vehicles	7 years	14%

2.3.4 Defined contribution plans obligations for contributions to the defined contribution segment of the pension plan are recognised as an expense in the statement of comprehensive income as incurred. Additionally, gratuities and pensions paid to retirees who transitioned from the legacy agencies are also recognised as an expense.

2.4 Assets

2.4.1 Receivables and Advances

Receivables and advances are recorded at the amounts expected to be ultimately collected in cash.

2.4.2 Plant and Leasehold Improvements

Items of property, plant and equipment which include buildings, motor vehicles and office equipment, are recorded at cost less accumulated depreciation. Assets costing under $3,000 individually are expensed at acquisition but if purchased as part of a group and the cost is $3,000 or over, they are capitalised.

Revaluations are carried out for the classes of property, plant and equipment noted below to reflect the service potential or economic benefit obtained through control of the asset. Revaluation is based on the fair value of the asset.

Classes of property, plant and equipment assets that are revalued, are revalued at least every three years.

2.5 Liabilities

All liabilities are recorded at the estimated obligation to pay.

3. Comparatives

These statements are presented with comparative figures for the year April 1, 2019 – March 31, 2020.

4. Cash

	2020 $000's	2019 $000's
Cash in Bank	11,641	7,147
Change on Hand	7	7
Cash at end of the year March 31	**11,648**	**7,154**

5. Subvention Receivable

Subvention Receivable represents the outstanding subvention due from Government of Barbados.

	2020 $000's	2019 $000's
BRA Operations 2018-2019	-	4,484
BRA Operations 2019-2020	-	-
TAIRP	-	-
Subvention Receivable March 31	-	**4,484**

6.

Barbados Revenue Authority
Fixed Assets
As at March 31, 2020

	Plant and Leasehold Improvements 000's	Computers 000's	Office Equipment 000's	Furniture and Fixtures 000's	Vehicles 000's	Assets Under Construction	Total 000's
COST							
a) Cost @April 1, 2019	**508**	**2,683**	**685**	**193**	**336**	**47**	**4,452**
Adjustments							
Additions	-	375	134	172	-	445	**1,126**
Disposals							
Cost @ March 31, 2020	**508**	**3,059**	**818**	**365**	**336**	**492**	**5,578**
b) Accumulated Depreciation							
Balance at April 1, 2019	88	797	210	36	255		**1,386**
Depreciation for Year	44	560	137	19	48		**808**
Disposal (Depreciation)							
Accum. Depreciation March 2020	132	1,357	347	55	303		**2,194**
Net Book Value 2020	**376**	**1,702**	**471**	**310**	**33**	**492**	**3,384**
Cost @April 1, 2018	**491**	**1,557**	**474**	**166**	**336**	**2,029**	**5,053**
Adjustments						(2,029)	**(2,029)**
Additions	17	1,126	211	27	0	47	**1,428**
Disposals Cost @ March 31, 2019	**508**	**2,683**	**685**	**193**	**336**	**47**	**4,452**
Accumulated Depreciation							
Balance at April 1, 2018	**47**	**389**	**106**	**18**	**207**		**768**
Depreciation for Year	41	408	104	18	47		617
Disposal (Depreciation)							
Accumulated Depreciation March 2019	88	797	210	36	255		**1,386**
Net Book Value at March 31, 2019	**420**	**1,886**	**475**	**157**	**81**	**47**	**3,066**

7. Accounts Payable

	2020 $000's	2019 $000's
Accounts Payable and Accrued Liabilities	9,765	9,057
Accounts Payable and Accrued Liabilities-TAIRP	-	-
	9,765	**9,057**

Account Payable and Accrued Liabilities include $6.7M which relate to expenditure accrued for the Authority's pension obligations for its staff for financial years 2018-2019 and 2019-2020.

8. Unearned Revenue

Unearned revenue represents funds released by the Ministry of Finance for the acquisition of goods and services for the Tax Administration Infrastructure Reform Project for which expenditure has not been incurred.

9. Contingent Liabilities

Contingent liabilities are estimated at $2.3M representing outstanding costs of contracts for services or supplies relative mainly to the Tax Administration Infrastructure Reform Project (TAIRP) and a Country by Country Reporting Solution to enhance compliance efficiency under the Foreign Account Tax Compliance Act (FATCA) and the Common Reporting Standards (CRS).

10. General Fund

General Fund represents the equity components i.e. the residual of assets less liabilities. The separation of the Agency activities from the Administered activities resulted in an adjustment of $217K at March 31, 2020 (2019: $217K) between the two agencies which has been netted in General Fund for the relevant year.

	2020 $000's	2019 $000's
GENERAL FUND		
Donated Capital	3,658	3,658
Net Surplus (Deficit)	2,999	3,441
Total General Fund	**6,657**	**7,099**

11. Retiring Benefits

The Authority has implemented its pension plan and the retiring benefits represent the expenditure incurred under the plan and gratuities and pensions paid to retirees. The plan is a hybrid plan (Defined Benefits and Defined Contribution) where employees who transitioned to the Authority from one of the legacy agencies are entitled to receive benefit, computed using the same method as under Cap 25. whilst staff members recruited by the BRA are required to make contributions. These contributions are matched by the Authority. Employees who transitioned to the Authority from one of the legacy agencies fall under the Defined Benefits segment of the Plan while staff members recruited by the BRA fall under the Defined Contribution segment.

Pension benefits to be paid to retirees who fall under the Defined Benefits segment of the pension plan are funded via the Authority's annual subvention.

12. Pension Fund

The Authority invests the contributions from the Defined Contribution Plan through a reputable insurance provider. The pension plan is jointly funded by payments from the Authority and employees who opt to join, taking into account the recommendations of independent qualified actuaries.

The Actuaries are required to evaluate the financial position of the Plan every three (3) years and recommends the future contribution rate for the Authority.

The last full actuarial valuation of the pension plan for eligible employees was carried out at April 1, 2019.

	Balance	Restated Balance
	2020	**2019**
Retiring Benefits	**$000's**	**$000's**
Prior Period Adjustment	571	-
Total	**571**	**3,366**

13. Related Party Transaction

The Authority considers related parties' transactions to be those with Government owned entities. The Authority engages in related party transactions with the Treasury Department and the Ministry of Housing and Lands as stated below:-

Treasury Department	The Treasury Department manages and remits salary related expenditure on behalf of the Barbados Revenue Authority from the subvention as due.
Ministry of Housing & Lands	The Ministry of Housing & Lands negotiates and manages rental space on behalf of the Barbados Revenue Authority free of charge to the Authority.

14. Key Management Personnel Compensation

	2020 $000's	2019 $000's
Board of Directors	97	89
Senior Management	1,523	1,444
	1,620	**1,533**

15. Financial Risk Management

The Corporation has exposure to the following risk from its use of financial instruments:

- Credit risk
- Liquidity Risk
- Operational Risk

15.1 Risk Management Framework

The Senior Management team has overall responsibility for the establishment and oversight of the Authority's risk management framework, for monitoring the Authority's risk management policies. The management team periodically reports to the Board of Directors on its activities.

15.2 Credit Risk

Credit risk is the risk of financial loss to the Authority if a customer or counterparty to financial instruments fails to meet its contractual obligations, and arises primarily from the Authority's cash and cash equivalents, other receivables and loans receivable.

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Authority has no significant concentration of credit risk attached to accounts receivables which comprise mainly loans to staff members.

Cash and cash equivalents are held with reputable financial institutions, which present minimal risk of default.

15.2 Credit Risk (continued)
Exposure to credit risk

The carrying amount of the financial assets represents the maximum credit exposure. The maximum credit exposure at the reporting date was:-

	2020 $000's	2019 $000's
Cash and cash equivalents	11,648	7,154
Staff receivables	568	492
Other Receivables	18	42
	12,234	**7,688**

15.3 Liquidity Risk

Liquidity risk is the risk that the Authority will not be able to meet its financial obligations as they fall due. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities.

The management of the Authority aims at maintaining flexibility in funding by monitoring and budgeting commitments and by monitoring the timing of its cash flows.

The Authority's liquidity risk is minimal since as discussed in note 2.2.1, the Authority is economically dependent on the Government for its financing.

15.4 Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Authority's processes, personnel, technology and infrastructure, and from external factors other than credit, market or liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Authority's operations.

The Authority's objective is to manage operational risk by developing and implementing controls within the operation that would mitigate this risk. Compliance with the Authority's policies is supported by a programme of periodic reviews undertaken by the Internal Audit Department and the Risk Management Unit. The results of these reviews are discussed with Management and the Board.

16. Operating Income

	2020 $000's	2019 $000's
OPERATING INCOME		
Subvention from Government - BRA	28,474	29,546
Subvention from Government – TAIRP	3,097	10,977
Other	10	23
Total Operating Income	**31,581**	**40,546**

17. Expenditure

Personnel Expenses	2020 $000's	Restated 2019 $000's
Personal Emoluments	19,325	19,115
Employers Contributions	,784	1,534
Contract Gratuity	571	3,366
Total	**21,680**	**24,015**

Other Expenses	2020 $000's	2019 $000's
Travel	117	79
Utilities	1,154	802
Rental of Property	12	13
Library Books & Publications	15	23
Supplies & Materials	539	557
Maintenance of Property	3,397	1,489
Maintenance of Property - TAIRP	528	731
Operating Expenses	878	917
Operating Expenses (Extraordinary item Subvention Receivable written off)	-	9,199
Operating Expenses-TAIRP	-	141
Bad Debts	-	32
Structures	117	14
Structures – TAIRP	32	143
Professional Services	937	414
Professional Services-TAIRP	1,748	7,617
Subscriptions to Int'l Organisations	61	63
Total Operating Expenditure	**9,535**	**22,234**

18. Operating Expenses

	2020 $000's	2019 $000's
Hospitality	68	38
Conferences	145	290
Conferences-TAIRP	-	32
Board & Tribunal Expenses	167	121
Postage	208	170
Special Payments	121	104
Information services	61	70
Information services - TAIRP	-	108
Uniforms	1	65
Other Operating Expenses	95	54
Extraordinary Item	-	9,199
Bank Charges	11	5
	877	**10,256**

19. CASH FLOW

	March 2020 $000's	March 2019 $000's
Change in assets and liabilities		
Decrease in Subvention Receivables	4,483	9,180
Decrease in Staff Loans/Advances	(76)	31
Increase in Prepayments	(828)	(4,824)
Inecrease in Other Receivables	24	(3)
Increase in Administered Agency Receivable		
Increase in Accounts Payable & Accrued Liabilities	708	4,682
Increase in Deferred Revenue	941	1,213
Net Change in assets and liabilities	**5,253**	**10,280**

FINANCIAL ANALYSIS AND DISCUSSION AGENCY ACTIVITIES

This section of the Annual Report provides a discussion and analysis of the financial position and performance of the Barbados Revenue Authority's Agency Activities for the financial year ended March 31, 2020 as compared to the prior year ended March 31, 2019.

Overview

The Authority has completed its sixth year of operations. During this period, there was continued improvement to its financial position evidenced by continuous review, acquisition and reallocation of resources to create greater efficiencies within the organisation and assist in achieving its mandate of collecting revenue on behalf of the Government of Barbados.

General Fund

At March 31, 2020, General Fund increased to $8m from $7m in the prior year as a result of a $1m surplus.

Asset/Liability Management

Fixed Assets increased by 10% as the Authority's continued its efforts to upgrade its plant to ensure that staff are provided with modern computer equipment ,furniture that meets ergonomically accepted standards and equipment that improves the air quality within the office. The Authority also continues to implement the remaining modules of Tax Administration Management information System (TAMIS).

Assets under construction increased by 82% due to the Authority undertaking renovations on its 4th floor Weymouth office to provide for more suitable and functional office space.

Machinery and Equipment increased by $0.51m as mainly computer hardware and network equipment was acquired. Prepayments relating to contractual payments increased by $0.8m or 15% over last financial year. This increase related to the scanning equipment for the Customs & Excise Department increased by $0.5m and investment in software by $0.3m.

Liabilities increased by $1.6m or 12% due mainly to accrued expenses.

Subvention Income

The Authority receives its operational funds via subventions from Government. During the financial year, the Authority received subvention of $30.1m, an increase of 2% compared to the prior financial year. These funds assisted the Authority in its efforts to continue streamlining its programmes to fulfil its mandate.

The Authority also received the amount of $4.m for the Tax Administration Infrastructure Reform Project (TAIRP) from Government. This project includes the Tax Administration Management Information System (TAMIS) as well as the acquisition of new scanning equipment for the Customs and Excise Department and the development and implementation of a new risk-based compliance plan, namely; the Revenue Enhancement Project (REP) aimed at optimising collections and increasing tax revenue.

The subvention for the TAIRP is initially recorded as deferred revenue and recognised when the related expenditure is incurred As such, $3.1m was recorded as revenue during the financial year under review.

Expenditure

Major changes in expenditure were seen in Utilities, Maintenance of Property, Operating Expenses, and Professional Services.

Utilities increased by $0.35m or 43% due mainly to Telecommunications as the Authority sought to have a smooth transition between service providers in order to streamline its services in line with the services provided via the Government of Barbados Wide Area Network (WAN).

Maintenance of Property increased by $1.7m or 76% due mainly to expenditure incurred for the maintenance of the software for the Tax Administration Management Information System (TAMIS) and Oracle software licences.

Operating Expenses decreased by $9.4m or 91% as no write off of Receivables occurred in this financial year as happened in the prior financial year when subvention due from The Treasury Department at August 31, 2018 was written off.
Professional Services decreased by $5.3m as costs associated with the Tax Administration Infrastructure Reform Project (TAIRP) and the Revenue Enhancement Programme were significantly lower in the prior year.

FINANCIAL STATEMENTS ADMINISTERED ACTIVITIES

AUDITOR GENERAL'S OFFICE
BARBADOS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the Barbados Revenue Authority

Disclaimer of Opinion

I was requested to audit the financial statements of the Barbados Revenue Authority (the Authority) Administered Activities - Treasury, which comprise the Statement of Financial Position as at March 31, 2020, Statement of Change in Administered Agency Fund, Statement of Administered Revenue, Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

I do not express an opinion on the accompanying financial statements of the Administered Activities - Treasury of the Authority. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

The statements provided were not in conformity with the International Public Sector Accounting Standards (IPSAS) as they did not include a Statement of Financial Perfom1ance. In addition no information was provided on how the general fund balance of $26,278,000 was derived. Schedules submitted for Tax Refunds Payables was in the amount of $24,545,433.89 which did not support the amount of $569,824,000 reported. Also, I was not given access to the E-Tax application therefore, I could not perform audit procedures to confirm or deny the Tax Receivables (net) of $1,930,913,000.

As a result, I was unable to detem1ine whether any adjustments were necessary to the financial statements in respect Tax Refunds Payables and Tax Receivables.

Responsibility of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the International Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are. free from material misstatement, whether due to fraud or error.

The Board of Directors of the Barbados Revenue Authority is responsible for overseeing its financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

My responsibility is to conduct an audit of the Administered Agency-Treasury of the Authority in accordance with International Standards of Supreme Audit Institutions and to express an audit opinion. However, because of the matter described in the Basis for Disclaimer of Opinion section of my report, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an opinion on these financial statements.

I am independent of the activities of the Barbados Revenue Authority in accordance with the ethical requirements that are relevant to my audit and I have fulfilled my other responsibilities in accordance with these requirements.

Leigh Trotman

L. E. TROTMAN
Auditor General
2nd Floor Weymouth Corporate Centre
March 12, 2020

Statement of Financial Position
Administered Activities – Treasury
For the Year Ending March 31, 2020
BDS$000's

	Notes	Actual Mar 2020 $	Actual Mar 2019 $
TOTAL ASSETS			
Current Assets			
Cash and Bank	**6**	210,194	82,784
Tax Receivables (Net)	**7**	1,930,913	1,552,010
Other Receivables	**8**	539,555	460,043
Total Current Assets		**2,680,662**	**2,094,837**
Total Assets		**2,680,662**	**2,094,837**
Liabilities			
Due To Treasury	**9**	2,084,266	1,604,244
Tax Refunds Payable	**10**	569,824	464,084
Deferred Revenue	**11**	294	231
Total Liabilities		**2,654,384**	**2,068,559**
GENERAL FUND			
Prior Year Bank Clearing Account		26,278	26,278
Net Surplus (Deficit)		-	-
Total General Fund		**26,278**	**26,278**
TOTAL LIABILITIES AND GENERAL FUND		**2,680,662**	**2,094,837**

The accompanying notes form an integral part of these financial statements

Chairman

Deputy Chairman

March 9, 2021
Date

March 9, 2021
Date

Statement of Change in General Fund
Administered Activities – Treasury
For the Year Ending March 31, 2020
BDS$000's

	Prior Year Activities	Total
Balance as at March 31, 2018		**26,183**
Increase/(Decrease) in Fund	**95**	**95**
Balance as at March 31, 2019		**26,278**
Increase/(Decrease) in Fund		**-**
Balance as at March 31, 2020		**26,278**

Barbados Revenue Authority
Statement of Administered Revenue
For the Year Ended March 31, 2020
BDS$000's

	Actual 2020 $	RESTATED Actual 2019 $
Goods & Service	**718,540**	**702,621**
Taxes on Insurance Premiums	26,799	27,190
Taxes on Bank Asset	40,291	32,223
Tax on Asset	7,765	12,650
Motor Vehicles	11,966	22,334
Public service vehicles	7,833	8,172
Taxes on Remittances	-	155
Excise Duties	14,008	13,939
Value Added Tax	609,878	585,958
Taxes on Income and Profits	**819,069**	**1,080,575**
Corporation Taxes	371,308	539,728
Income Taxes	412,155	493,699
Withholding Taxes	35,606	47,148
Taxes on Property	**238,407**	**170,905**
Land Tax	238,407	170,904
Rent Registration	-	1
Special Receipts	**48,365**	**18,012**
National Social Responsibility Levy	-	9,594
Betting and Gaming	10,557	679
Direct Product Development Levy	8,604	3,022
Room Rate Levy	29,204	4,717
Total Tax Revenue	**1,824,381**	**1,972,113**
Non-Tax Revenue - Highway Revenue	**13,494**	**11,990**
TOTAL REVENUE	**1,837,875**	**1,984,103**

The accompanying notes form an integral part of these financial statements

Barbados Revenue Authority – Administered Activities
Statement of Cash Flows
For the Year Ending March 31, 2020
BDS$000's

	Actual Mar 2020 $	Actual Mar 2019 $
Net Surplus (Deficit)		
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Working Capital items		
Increase in Tax Receivables (Net)	(378,904)	(214,126)
Increase in Other Receivables	(79,510)	(1,706)
Increase in Deferred Revenue	63	4
Increase in Due To Treasury	480,022	239,378
Increase in Tax Refunds Payable	105,739	38,884
Net Change in operating activities	**127,410**	**62,434**
Financing Activities		
Change in General Fund	-	95
Change in cash	**127,410**	**62,529**
Beginning Cash	**82,784**	**20,255**
Ending Cash	**210,194**	**82,784**

The accompanying notes form an integral part of these financial statements

Significant Accounting Policies

1. Administered Activities

The Treasury is the department in the public service with responsibility for ensuring that systems are in place to ensure the efficient monitoring and reporting of all Government transactions. This includes the supervision of the collection and disbursement of all funds on behalf of the Crown to ensure that timely, up-to-date information is available for use by its stakeholders.

The Barbados Revenue Authority administers and collects taxes on behalf of the Treasury. Gross collections are paid over to the Treasury via deposits directly to accounts held at the Central Bank of Barbados and Republic Bank Barbados Ltd.

The Financial Statements of the Administered Agency are prepared in accordance with the requirements of the International Public Sector Accounting Standards (IPSAS).

For financial reporting purposes, the Barbados Revenue Authority's activities have been divided into two sets of financial statements: agency activities and administered activities. The purpose of the Financial Statements – Administered Activities is to give information about the tax-related revenues, expenses, assets, and liabilities that the Authority administers on behalf of the government. The Authority administers and collects revenue relating to the specified enactments outlined in Schedule 1 of the Barbados Revenue Authority Act (BRAA) which include individual income tax, corporation income tax, property tax and vehicle licensing.

2. Accounting Policies

These financial statements comply with International Public Sector Accounting Standards. The measurement base is historical cost. The accrual basis of accounting has been used unless otherwise stated.

3. Reporting and Forecast Period

The reporting period for these financial statements is the year April 1, 2019 to March 31, 2020.

4. Measurement Uncertainty

Uncertainty in the determination of the amount at which an item is recognized in the financial statements is known as measurement uncertainty. Such uncertainty exists when it is reasonably possible that there could be a material variance between the recognized amount and another reasonably possible amount.

Measurement uncertainty in these financial statements and notes exists in the valuation of the accruals for personal income tax, corporation tax and value added tax revenues.

Uncertainty related to the accrual for personal income tax, corporation tax and value added tax arises because of the possible differences between the estimated and actual economic growth and the impact of future tax assessments on tax receivable.

5. Revenue

5.1 Non-exchange Revenue

Payment of tax does not, of itself, entitle the tax payer to an equivalent value of services or benefits as there is no direct relationship between paying tax and receiving services and transfers. Such revenue is received through the exercise of the Crown's sovereign power. Where possible, such revenue is recognized when the debt to the Crown arises. Revenue is recorded net of refunds.

The Revenue as shown in the Statement of Administered Revenue reflects only collections by the Barbados Revenue Authority. Therefore collections by the Customs and Excise Department and the Treasury Department are not included.

Revenue Type	Revenue Recognition Point	Basis of Accounting
Income and Profits:		
Income Tax (source deductions)	When an individual earns income that is subject to PAYE and the necessary payment and schedule are submitted to the Authority	Accrual basis
Consolidation Tax	When an individual earns income that is subject to Consolidation Tax and the necessary payment and/or schedule is/are submitted to the Authority. This Tax was abolished on March 31, 2016	Accrual basis
Corporation Tax	When payment is made with accrual of taxes due for the year at end of year	Accrual basis
Withholding Tax	When an individual is paid interest or dividends subject to the deduction at source	Cash basis
Goods and Services:		
Value Added Tax	When the taxpayer files and an assessment is raised	Accrual basis
Highway Revenue	When payment of the fee or charge is made at year-end	Cash basis
Excise Duties	When Goods are subject to duty on assessment; on filing by taxpayer when payment of the levy is made	Accrual basis
Bank Asset Tax	Based on information submitted by Central Bank and Financial Services Commission.	Accrual basis
Property Tax:		
Land Tax	When the tax invoices are issued to the taxpayers	Accrual basis
Rent Registration	When tax is paid	Cash basis
Special Receipts:		
Municipal Solid Waste Tax	When invoices are issued to the taxpayer. This tax was introduced in 2013 and repealed in 2014.	Accrual basis
National Social Responsibility Levy (NSRL)	When the taxpayer files and an assessment is raised. This tax was repealed on July 1, 2018.	Accrual basis
Room Rate Levy	This tax was introduced in July 2018 and relates strictly to the tourism sector. Revenue is recognized when the taxpayer files and an assessment is raised.	Accrual basis
Product Development Levy	This tax was introduced in July 2018 and relates strictly to the tourism sector. Revenue is recognized when the taxpayer files and an assessment is raised.	Accrual basis
Non-Tax Highway Revenue	This revenue is derived from the sale of drivers licences, Highway Code booklets, visitors permits etc when payment is received.	Cash basis

6. Cash and Bank

Cash and Bank refers to amounts received in the Authority's offices or by its agents up to March 31, 2020 but not yet deposited to the Treasury Department's bank accounts. The Authority deposits funds to the Treasury's accounts on a daily basis. Four bank accounts are held by the Authority with respect to administered activities; the Refunds account from which refunds to taxpayers are honoured and three revenue accounts into which revenue collected is deposited and transferred to the Treasury daily.

Cash and Bank consists of $210M as reflected below:-

		2020 $000's	2019 $000's
Refunds Account	Balance at bank	57,805	33,483
Deposit Account	Balance at Bank	152,389	49,301
		210,194	**82,784**

7. Receivables

7.1 Tax Receivables

Tax receivables represent all amounts due and payable for a tax year at the end of the fiscal year and include taxes, interest, penalties, and other amounts assessed or estimated by the Authority but not yet collected.

These financial statements do not reflect tax receivables prior to tax year 2013, for Individual Income tax ($316M) and Corporation tax ($419M). These receivables dated back as far as calendar year 1968 for which some of these amounts cannot be verified.

Net Receivables		2020	2019
		$000's	$000's
7.1.1	**Value Added Tax**		
	Opening balance	**967,772**	**879,846**
	Prior Years change	68,689	(5,291)
	Principal	48,409	74,116
	Penalty	2,637	14,976
	Interest	4,304	5,433
	Amnesty	-	(1,308)
		1,091,811	**967,772**
	Provision for Bad Debt	**(21,836)**	(19,355)
	31-Mar	**1,069,975**	**948,417**

			2020	2019
			$000's	**$000's**
7.1.2	**Excise Tax**			
	Opening Balance		**3,237**	**3,746**
	Prior Years change		**257**	**(793)**
	Excise Tax			
	Principal		31	238
	Penalty		4	21
	Interest		1	25
			3,530	**3,237**
	Provision for Bad Debt		(71)	(65)
		31-Mar-20	**3,459**	**3,172**

Corporation Tax

			2020 $000's	2019 $000's
7.1.3	**Opening balance**		**260,428**	**54,745**
	Prior year changes		(34,900)	21,961
	Principal		80,993	180,501
	Penalty		213	5,139
	Interest		78	2,348
	Amnesty		(125)	(4,266)
			306,687	**260,428**
	Provision for Bad Debt		(6,134)	(115,720)
		31-Mar-20	**300,553**	**144,708**

7.1.4	**Income Tax**		**2020 $000's**	**2019 $000's**
	Opening balance		**102,727**	**20,203**
	Prior period adjustment		23,099	14,240
	Principal		22,618	66,021
	Penalty		653	4,718
	Interest		482	1,409
	Amnesty		(383)	**(3,864)**
			149,196	**102,727**
	Provision for Bad Debt		(2,984)	(2,054)
		31-Mar-20	**146,212**	**100,673**

7.1.5 Consolidation Tax

		2020 $000's	2019 $000's
Opening balance		7,670	6,947
Prior Years adjustments		530	723
Principal		-	-
		8,200	**7,670**
Provision for Bad Debt		(164)	(153)
	31-Mar-20	**8,036**	**7,517**

7.1.6 National Social Responsibility

		2020 $000's	2019 $000's
Bal b/forward		4,352	3,397
Prior period adjustment		268	(351)
Principal		-	1,103
Penalty		-	113
Interest		-	90
		4,620	**4,352**
Provision for Bad Debt		(92)	(87)
	31-Mar-20	**4,528**	**4,265**

7.1.7 Land Tax

		2020 $000's	2019 $000's
Opening balance		**306,934**	**361,046**
Prior Years adjustments		(26,648)	(107,954)
Principal		57,532	35,344
Penalty		(764)	1,369
Interest		14,142	17,129
	31-Mar-20	**351,196**	**306,934**

7.1.8 Municipal Solid Waste Tax

		2020 $000's	2019 $000's
Opening balance		**29,506**	**27,448**
Prior Years adjustments		(137)	(112)
Principal		(14)	5
Penalty		(1)	2
Interest		2,337	2,163
		31,691	**29,506**
Provision for Bad Debt		(634)	(590)
	31-Mar-20	**31,057**	**28,916**

		2020 $000's	2019 $000's
Withholding Taxes			
Opening balance		3,598	-
Prior Years adjustments		(720)	-
Principal		1661	3,440
Penalty		122	130
Interest		42	28
	31-Mar-20	**4,703**	**3,598**

		2020 $000's	2019 $000's
Withholding Taxes - Other			
Principal		5	-
Penalty		441	-
	31-Mar-20	**446**	-

		2020 $000's	2019 $000's
Premium Taxes			
Opening balance		2,037	-
Prior Years Adjustments		(1,799)	-
Principal		-	2,037
	31-Mar-20	**238**	**2,037**

		2020 $000's	2019 $000's
Product Development Levy			
Opening Balance		**772**	-
Prior Years adjustments		(416)	-
Principal		2,413	747
Penalty		27	21
Interest		11	4
	31-Mar-20	**2,807**	**772**

		2020 $000's	2019 $000's
Room Rate Levy			
Opening balance		701	**-**
Prior Years adjustments		(419)	**-**
Principal		6,735	662
Penalty		317	32
Interest		165	7
	31-Mar-20	**7,499**	**701**

		2020 $000's	2019 $000's
7.1.9	**Highway Revenue**	**205**	**300**
	Total Receivable (Net) @ March 31, 2020	**1,930,914**	**1,552,010**

7.2 Provision for Doubtful Debts

The Authority utilizes a rate of 2% to provide for doubtful receivables. Allowance for doubtful accounts on total receivables is calculated at $32M, (2019: $138M)

Provision for Doubtful Accounts	2020 $000's	2019 $000's
Value Added Tax	21,836	19,356
Corporation tax	6,134	115,720
Income Tax	2,984	2,054
Consolidation Tax	164	153
MSWT	634	590
NSRL	92	87
Excise	71	65
31-Mar-20	**31,915**	**138,025**

8. Other Receivables

This represents amounts due from the Treasury to honour outstanding tax refunds and to cover the financial charge associated with the electronic banking transactions. No provision is reflected for Other Receivables since these funds are not deemed to be doubtful.

9. Due To Treasury

This represents taxes assessed or billed but not yet received to be paid over to the Treasury.

	2020 $000's	2019 $000's
Opening Balance	1,604,244	1,364,872
Accts Receivables	339,180	222,894
Collections	1,644,528	1,299,948
Deposits	(1,503,686)	(1,283,470)
31-Mar-20	**2,084,266**	**1,604,244**

10. Taxes Refunds Payable

Amounts payable to taxpayers include refunds and related interest estimated by the Authority that were not paid up to March 31, 2020.

		2020 $000's	2019 $000's
Opening Balance		464,085	425,200
Assessments		339,824	145,018
Refunds Paid		(234,084)	(85,542)
Refunds (Gov Agencies) written off		-	(20,591)
	31-Mar-20	**569,824**	**464,085**

10.2 Refunds Payable by Tax Type

		2020 $000's	2019 $000's
Consolidation Tax		1,326	2,938
Corporation Tax		181,873	181,472
Interest re: Corporation Tax		89,735	67,910
Interest re: Tax Certificates		101	130
Income Tax		42,162	60,492
Interest re Income Tax		42,943	38,322
Reverse Tax Credits		1,999	8,108
VAT		208,497	103,314
Land Tax		124	124
Highway Revenue Refunds (Road tax)		1,064	1,265
	31-Mar-20	**569,824**	**464,085**

11. Deferred Revenue

Deferred Revenue represents overpayments of taxes in the current year that relate to a future accounting period. At March 2020 Deferred Revenue for prepaid land tax activities stood at $294K (2019: $231K).

12. Value Added Tax revenue for 2019 was reported as $644M at March 31, 2019. The amount was restated at $586M at March 31, 2020. The difference of $58M was included in error at March 31, 2019.

13. Land Tax- Rebates, Waivers & Discounts

The taxable event is the issuance of the Land Tax invoice for the taxable period, which is the fiscal year (April 1, 2019 to March 31, 2020). Discounts are given based on the Land Tax Act Cap _78_. Rebates and waivers are also given based on Ministerial Policy to certain sectors of the economy. Rebates, Waivers & Discounts 2020: $77M (2019: $63.8M)

Rebates, Waivers & Discounts on Land Tax

	2020 $000's	2019 $000's
Rebates	59,809	43,895
Waivers	9,830	8,425
Discounts	7,374	11,512
31-Mar-20	**77,013**	**63,832**

13. Penalties and Interest waived relative to Amnesty

	2020 $000's	2019 $000's
Corporation Tax - Interest	101	3,910
Corporation Tax - Penalties	24	356
Income Tax - Interest	303	3,568
Income Tax - Penalties	79	296
VAT – Interest	-	1,080
VAT – Penalties	-	228
Land Tax – Interest	-	3,838
Land Tax – Penalties	-	586
31-Mar-20	**507**	**13,862**

14. Accounts Written off

In accordance with the policy outlined by the Government of Barbados to write off tax receivables prior to tax year 2000 as well as all inter-governmental debts, the Authority has written off $0 (2019:$150M) as shown below:-

Balances prior to tax year 2000.

	2020	2019
	$000's	**$000's**
Land Tax	-	25,030
Inter-governmental Debts		
Land Tax	-	58,261
Value Added Tax	-	66,565
31-Mar-20	**-**	**149,856**

STATEMENT OF MANAGEMENT RESPONSIBILITY INCLUDING INTERNAL CONTROL OVER FINANCIAL REPORTINGS

The accompanying financial statements of the Barbados Revenue Authority (the Authority) have been prepared in accordance with generally accepted accounting principles. Significant accounting policies are set out in Note 1 to the financial statements. Some of the information included in the financial statements, such as accruals, is based on management's best estimates and judgment, with due consideration to materiality.

The Authority's management is responsible for the integrity and objectivity of data in these financial statements. Management is also responsible for the preparation and the fair presentation of the financial statements in accordance with the applicable financial reporting framework and this responsibility includes:

Designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error

Selecting and applying appropriate accounting policies; and

Making accounting estimates that are reasonable.

To fulfil its accounting and reporting responsibilities, management maintains sets of accounts which provide records of the Authority's financial transactions. Management also maintains financial management and an effective system of internal control over financial reporting (ICFR) that take into account costs, benefits, and risks. They are designed to provide reasonable assurance that transactions are processed within the powers provided by the Authority's Act, are executed in accordance with prescribed regulations and the Financial Management and Audit Act, and are properly recorded to maintain the accountability of funds and safeguarding of assets.

Financial management and internal control systems are reinforced by the maintenance of internal audit programmes. The Authority also seeks to assure the objectivity and integrity of data in its financial statements by: the careful selection, training, and development of qualified staff; organisational arrangements that provide appropriate divisions of responsibility; communication programmes aimed at ensuring that its regulations, policies, standards and managerial responsibilities are understood throughout the organisation, and by conducting an annual assessment of the effectiveness of its system of ICFR.

The system of ICFR is designed to mitigate risks to a reasonable level based on an on-going process to identify key risks, assess the impacts and adopt strategies for risk management to assess the effectiveness of associated key controls, and to make any necessary adjustments. The effectiveness and adequacy of the Authority's financial management and its system of internal control are reviewed by the work of internal audit staff, who conduct periodic audits of different areas of the Authority's operations and by the Board of Directors which is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control and exercises this responsibility through the Audit Committee of the Board of Directors.

To assure objectivity and freedom from bias, these financial statements have been reviewed by the Audit Committee and approved by the Board of Directors.

The Audit Committee is independent of management and meets with management, the internal auditors, and the Auditor General of Barbados on a regular basis. The auditors have full and free access to the Audit Committee.

The Auditor General of Barbados conducts independent audits and expresses separate opinions on the accompanying financial statements.

FINANCIAL ANALYSIS AND DISCUSSION ADMINISTERED ACTIVITIES

This section of the Annual Report provides a discussion and analysis of the financial condition and performance of the Barbados Revenue Authority-Administered Activities for the financial year ended March 31, 2020 as compared to the prior financial year ended March 31, 2019.

The Administered Agency Statement reports the revenues, expenditures, assets and liabilities related to the funds collected and earned for the financial year 2020.

Basis for preparation of the Administered Agency's Statements
The Authority's accounts are prepared in accordance with the requirements of the Public Finance Management Act, 2019 which replaced the Financial Management and Audit Act 2007-11 and Financial Regulations 2011 and which requires the use of International Public Sector Accounting Standards (IPSAS).

The Authority has worked closely with the Accountant General's office to ensure that the accounting policies which underpin these accounts are comprehensive and appropriate.

Accounting policies for the Administered Agency Statement

Estimation of Accrued Revenue – The Authority took responsibility for the reporting of the revenues of four legacy agencies on April 1, 2014 and commenced operations using the opening balances for Receivable as reported by the Accountant General's office at March 31, 2014.

Provision for Liability – The Authority pays all cash collected for revenue directly to the Treasury gross and no deductions are made for the payment of refunds due to taxpayers. The Authority therefore, on behalf of the Administered Activities, makes provision for the liability relating to the payment of refunds as assessed. This amount is shown as "Due from the Treasury" in the Statement. With respect to matters of litigation, the Authority makes provision for proceedings which occur in the normal course of business, as "Provision for liabilities or contingent liabilities". Provision is made after litigation is completed and a reasonable estimate can be made. In other cases where it is probable that the Authority will be required to settle and it is not possible to make a reliable estimate, or where it is possible that the Administered Activities will incur a liability, those are shown as contingent liabilities.

There were no contingent liabilities made during 2019-2020.

Auditors
The Administered Agency Statement is audited by the Auditor General in accordance with the Barbados Revenue Authority Act 2014-1.

Financial Review

Statement of Revenue

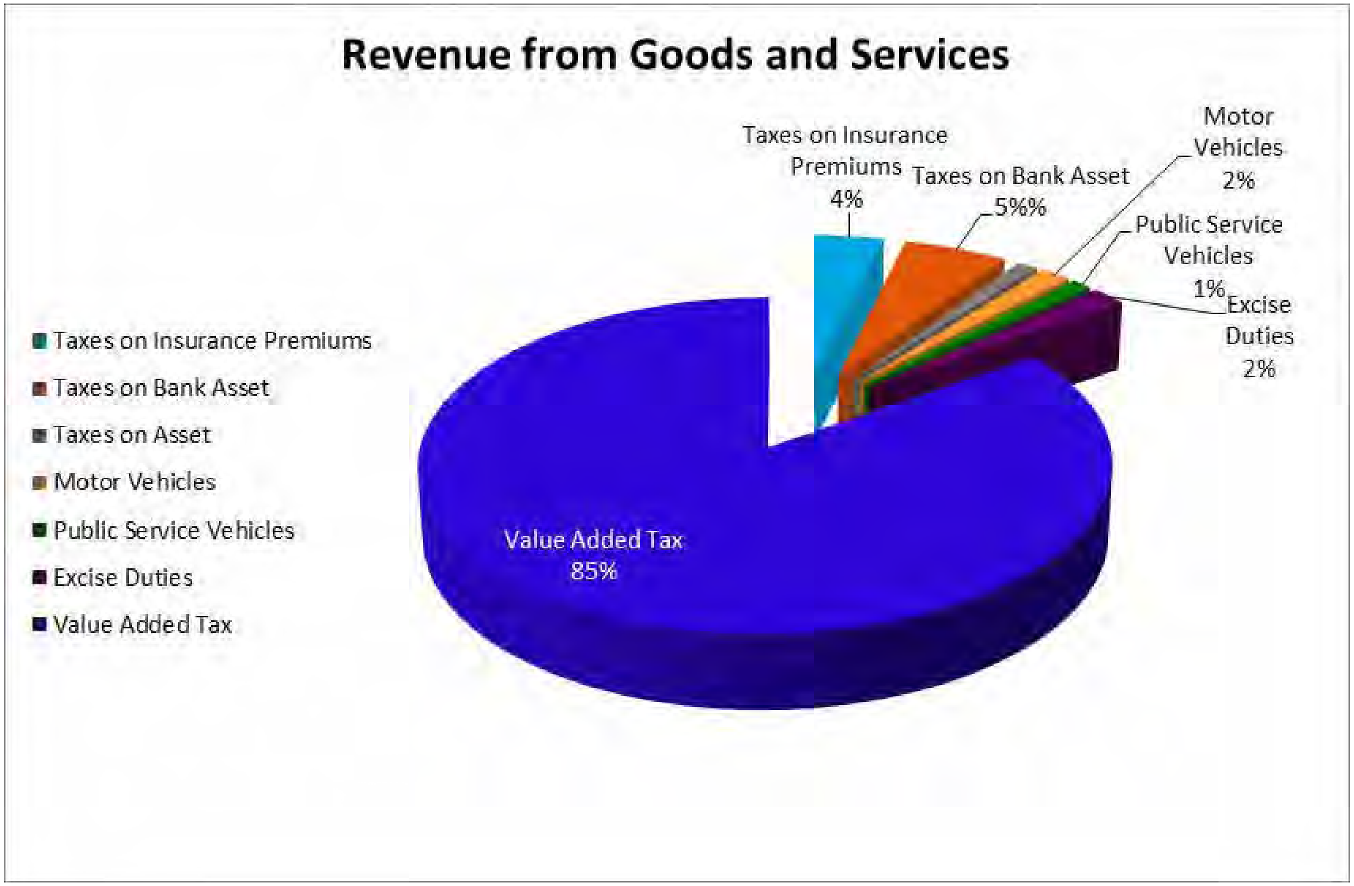
In financial year ended March 2020, the Authority recorded $1.84 billion in revenue on behalf of the Administered Activities representing a decline from the $1.98 billion recorded in the financial year ending March 2019. This represents a decrease of over $136m or 7% over the previous year. A decrease of $261m was recorded under the Incomes & Profits. However, an increase of $16m was recorded under Goods and Services which comprise mainly increases in VAT($24M) with an offsetting decrease in Motor Vehicles ($10M).

The decline in Incomes & Profits was mainly due to Corporation Tax ($168M) attributed to the provision of a three (3) month extension to the filing deadline while the decrease in Motor Vehicle resulted from the removal of road tax on privately owned vehicle.

	Goods & Services	Taxes on Income and Profits	Taxes on Property	Special Receipts	Non-Tax Revenue - Highway revenue	TOTAL REVENUE
REVISED ACTUAL 2020	718,540,018	819,069,135	238,407,459	48,364,198	13,493,744	1,837,874,554
ACTUAL PREV YEAR 2019	702,622,202	1,080,574,864	170,905,107	18,011,985	11,989,524	1,984,103,682

Taxes on Goods & Services

Goods & Services revenue for financial year ending March 2020 exceeded the actual amount for financial year 2019 by $16m. Goods & Services which performed favourably were VAT which showed a $24m increase. This was however offset by decreases in in Motor Vehicles ($10M).



Taxes on Income & Profits

Taxes on Incomes and Profits comprising mainly Corporation Tax and Personal Income Tax, saw a decrease of $261m when compared to the previous year. Corporation Tax showed a decrease of $168m over last year, while Personal Income tax and Withholding taxes reflected decreases of $81m and $11m respectively compared to prior year.

Revenue Generated from Incomes and Profits Sector

Property Taxes

Land Tax recorded a 39% increase in revenue from prior year.

Statement of Financial Position

1.1. Tax Receivables

At March 31, 2020, tax receivables net stood at $1.9b, an increase of $379m. Including interest and penalties, these increases were mainly due to Value Added Tax receivables at $121m, Corporation tax receivables of $156m and Income Tax of $45M. Land Tax receivables declined by $46m.

1.2. Other Receivables

There was an increase of $79m in Other Receivables which represents mainly funds due from the Treasury to honour tax refunds. In financial year ending March 31, 2020 refunds paid totalled $234m. Refunds paid for VAT, Corporation Tax and individual Income Tax, inclusive of Reverse Tax Credit, were $$143m, $10.7m and $78.m respectively.

1.3. Due To Treasury

Due to Treasury represents assessments on Incomes & Profits, Land Tax billings and filing of VAT returns net of collections paid over to the Treasury.

At March 31, 2020, Due to Treasury stood at $2.1b, an increase of $480m. This growth reflects the increases in the various areas of Tax Receivables.

1.4. Tax Refunds Payable

Tax Refunds Payable represents amounts due to taxpayers based on assessments on Incomes & Profits, and filing of VAT returns. There was an increase of $105.7m in Refunds Payable at March 31, 2020.

2020 ANNUAL REPORT

BARBADOS REVENUE AUTHORITY