



BARBADOS REVENUE AUTHORITY

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POLICY NOTE

PPG No. 005/2018

Increase in Corporation Tax Rate 2018

Budgetary Proposal 2018

Background

Pursuant to the Financial Statement and Budgetary Proposal of June 11, 2018, the Minister of Finance and Economic Affairs and Investment stated:

“... . In order to restore parity between income and corporation tax Sir, we will raise the highest corporation tax from 25% to 30%. This will be effective from October 1, 2018 and this will raise \$57 million in a full year....”

However, subsequent to the Financial Statement and Budgetary Proposal a decision was made by the Minister of Finance, Economic Affairs and Investments that the new Corporation tax rate will take effect from Income Year 2018.

To give effect to the Minister’s proposal, the Barbados Revenue Authority (“the Authority”) wishes to advise:

Purpose

The purpose of the rate increase is to raise additional revenue and to reduce the debt to Gross Domestic Product (GDP).

Conditions

- Effective **Income Year 2018** the tax payable by companies except those operating under specific legislation, will increase from 25 per cent **to 30 per cent** of every complete dollar of taxable income.
- “Income Year” refers to a company’s tax year (fiscal period) in this regard.

Please note that the rate of tax remains unchanged for the following:

Life Insurance Companies	5%
Exempt Insurance Companies	8%
Approved Small Businesses	15%
Construction Companies	15%
Manufacturing Companies	15%
Rental Income from Residential Property	15%
Approved Cultural Projects	15%
International Business Companies	2.5%, 2.0%, 1.5%, 0.25%

Policy & Planning Division
Barbados Revenue Authority
September, 2018