



A Summary of the Budgetary Proposals and Financial Statement for Financial Year 2024/25

On Monday, March 18, 2024, the Honorable Prime Minister and Minister of Finance and Economic Affairs, Culture, Security and the Public Service, Mia Amor Mottley, S.C, M.P, announced the Budget Proposals and Financial Statement for the financial year 2024/2025.

Tax and Key Fiscal Announcements

The Minister announced policies including:

- 1. Business Facilitation:** A new entity for business facilitation to be known as Business Barbados to be established as a commercial state owned enterprise, managed by predominantly business persons from the private sector. It will have three components – a corporate digital registry to replace CAIPO, an intellectual property agency and a business facilitation arm.
- 2. Public Private Partnerships:** To facilitate the establishment of these public private partnerships, with effect **from April 1, 2024, there will be an established 50% tax credit for investments in projects identified and approved by the Government in the context of our National Development Strategy.**
- 3. Reviewing Tax Structures and New Investment Funds:** Our policy aligns us with international standards, with a normal corporation tax rate of 9% and a top-up tax at 15% for in-scope multinational companies with revenue for the group of 750,000,000 euros or more. There is also provision for a jobs tax credit and a research and development tax credit. There will also be new legislation for funds and asset management.

4. **Modernisation of the Tax System:** To this end, modern **Transfer Pricing legislation** will be introduced. Tax treaties will be revised and extended to take advantage of our tax reform and make us more attractive to foreign investors. There will be an amendment of the Economic Substance Act to reduce reporting obligations.
5. **Taxation - Digitisation and Business Process Re-engineering:**
 - 5.1 The government will establish a new national data center that will drive technology innovation in Barbados and the region. There will be digitalization of all government systems under a national project titled Government Tech Barbados.
 - 5.2 Government proposes with effect **from April 1, 2024, to introduce a 100% tax credit for local companies digitising and/or reengineering their business processes and upgrading their systems up to June 30, 2025, for use within the same income year on completion.**
 - 5.3 With effect **from April 1, 2024 the introduction of a 50% tax credit for centres offering artificial intelligence, coding, robotics and digital training.**
6. **Unlocking the Mortgage Market:** To bring greater certainty to title and to relieve attorneys of long and complex title searches of State lands, the Government will shortly be amending the Crown Lands (Vesting and Disposal) Act to provide that all lands transferred from the State shall have indefeasible title. There are other inputs into transactions that slow down the process of completing mortgages, which are in the hands of the State i.e. BRA Tax Clearance Certificates; National Insurance Clearance Certificates and Certificates of Good Standing from the Corporate Registry. Where these matters require simply the checking of records, as for the most part they will, we will be putting systems in place for these to be delivered within 3 working days and eventually in real time. There will be an amendment to the Property Act and all tax clearances will be issued online by the Barbados Revenue Authority.
7. **Renewable Energy:** A new Electricity Supply Bill will be introduced to facilitate battery storage and government intends to enter the market to procure batteries. The Government will begin the process of engaging in direct negotiation with international suppliers of storage systems to determine what is available and most affordable. A new energy taskforce will be established.
8. **Population and Skills Management:** **With effect from April 1, 2024, the introduction of a 50% tax credit for the provision of elderly care facilities and hospices.**
9. **Incentivize the creative industries:** Tax incentives - **effective April 1, 2024, a 50% refundable tax credit will be introduced for the purchase of local art up to \$1 million for the outfitting of investment projects.**

- 10. Capital Projects:** Climate - effective April 1, 2024:
- (a) an additional 25% **non-refundable tax credit** to boost the 50% research and development tax credit for projects related to the Ocean and to the Greening of the economy;
 - (b) a 50% **refundable tax credit** for projects resulting in net zero emissions.
- 11. Coastal Management:** **With effect from April 1, 2024 a 50% tax credit be introduced for beach rehabilitation, coral reef restoration and other marine conservation works** approved by the Coastal Zone Management Unit.
- 12. Household Generators:** From April 1, 2024, the **waiver of import duty and VAT** on the purchase and installation of generators and transfer switches at residential homes, irrespective of the fuel type, be extended for a further 2 years.
- 13. Water Tanks, Pumps:** From April 1, 2024 that there be a **waiver of VAT** on the sale and installation of water tanks, septic tanks and electrical pumps for residential properties for 2 years. The Barbados Water Authority is to establish a water tank installation programme which households can access and pay via their water bill over a 2 year period.
- 14. The Household and Community Resilience Programme:** From April 1, 2024, will provide a **20% rebate on the assessed land tax** for residential properties that suffer from perennial flooding from rainfall and associated damage, provided that they have valid home insurance with flood insurance coverage.
- 15. Agriculture:**
- (a) a rebate on the purchase of cows of 80% up to \$6,400 per cow;
 - (b) a livestock emissions rebate of 45% on the purchase of hay for 3 years;
 - (c) an increase in the rebate for establishing pastures of up to \$1,000 per acre;
 - (d) a rebate of 60% up to \$40,000 on the purchase of harvesters and other equipment;
 - (e) a young heifer replacement incentive of \$1,000 per heifer;
 - (f) an increase in the rebate for repairing infrastructure up to 40% with a maximum of \$60,000;
 - (g) a rebate of 60% up to \$60,000 for dairy farmers to invest in digital technologies.

16. **Concessions:**

- (a) from January 1, 2025, all beneficiaries of concessions, rebates or exemptions granted before January 1, 2005 will have to re-apply;
- (b) any current concession agreements for more than 20 years granted before January 1, 2005 will remain in place until the expire;
- (c) from April 1, 2024, new investments of more than \$200,000,000 will have 20 years to use the concessions with an annual aggregate concession level of up to \$1,000,000;
- (d) from April 1, 2024, new investments of between \$100,000,000 and \$200,000,000 will have 15 years to use the concessions with an annual aggregate concession level of up to \$750,000;
- (e) from April 1, 2024, new investments of between \$50,000,000 and \$100,000,000 will have 10 years to use the concessions with an annual aggregate concession level of up to \$500,000;
- (f) from April 1, 2024, new investments of between \$25,000,000 and \$50,000,000 will have 5 years to use the concessions with an annual aggregate concession level of up to \$250,000;
- (g) a Monitoring and Enforcement Unit will be established by the Ministry of Finance to oversee the administration and use of concessions and rebates;
- (h) new penalties will be introduced for the breach of conditions.

17. **Electricity Bills:** With effect **from April 1, 2024 until September 30, 2024, a VAT reduction on electricity bills where residential customers will pay only 10% VAT on the first 250 kilowatt-hours of electricity instead of the usual 17.5% rate.**

18. **Laboratory Services:** Effective **April 1, 2024, there will be a 50% tax credit for construction of laboratories.**

19. **Special Needs Education:** Effective **April 1, 2024 there will be a 75% tax credit for the provision of educational and life skills facilities for persons with special needs.**

Additionally, with **effect from April 1, 2024, there will be a 50% tax credit for the provision of educational centres for gifted persons.**

20. **Human Capital:** From June 1, 2024 five (5) paid personal lieu days per year to deal with emergent personal and family matters, which you can give back in half-day or whole-day slots in agreement with the Head of Department.

21. **Sports Infrastructure:** With effect **from April 1, 2024, the introduction of 50% tax credit for the provision/development of entertainment and sports venues.**