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CORPORATE INCOME TAX	
Resident companies	1%, 5.5%
Non-resident companies	5% on dividends and 15% on royalties, interests and fees but only Barbados sourced
Life insurance companies	5% on gross income, 6% on premium income from new business, 3% on premium income from renewals (5% or 6% respectively for non-resident life insurance companies)
IBC (International Business Company)	0.25%- 2.5%
F.S.C. (Foreign Sales Corporation)	Exempt
Offshore holdings	0.25%- 2.5%
Offshore banks	0.25%- 2.5%
Other offshore companies	0.25%- 2.5%
OTHER TAXES	
Stamp duty	1% ad valorem Local products: 10% Foreign products: 15%
Estate tax	0%, 1%, 2%, 3%
Shares or estate transfer tax	2.5%-10%
Payroll taxes	12.75% for employers 11.1% for employees 17.1% for self-employed
VAT	0%, 7.5%, 10%, 17.5%, 22%
Withholding taxes	dividends: 5% interests: 0% royalties: 0%
INCORPORATION	2-3 days
REGISTRATION COSTS	US\$ 400 – 750 statutory expenses + US\$ 1,500 – 2,800 professional fees
ADVANCE RULINGS	Usually not applied
BANK SECRECY	Applied
EXCHANGE CONTROLS	Applied, but FSC exempt
LEGAL SYSTEM	Based on <i>Common Law</i>
BILATERAL TAX AGREEMENTS	29; 6 TIEAs

1- GENERAL INFORMATION

Barbados is among the oldest democracies in the world and a member of the British Commonwealth.

The economy of the Islands was traditionally based on agriculture but, with the decline of world major prices, it has diversified into other sectors (tourism, light manufacturing, etc.) and the offshore sector.

I – Legal system

Barbados achieved full independence from the UK in 1966. The legal system is based on English Common Law.

II- Currency

The currency is the Barbados Dollar (BDS\$).

III- Economic policy

The Barbados Government is actively promoting foreign trade: the Barbados Industrial Development Corporation (BIDC) was created to provide information and to coordinate local and foreign investments.

Barbados' financial infrastructure has developed with a large representation of British and Canadian banking institutions.

Professional consultants are also available for what concerns the banking, financial, legal and corporate tax areas.

IV- Bank secrecy

Although there are no specific laws in this regard, civil and criminal law provide for sanctions for violations of bank secrecy. In addition, the Money Laundering and Financing of Terrorism (Prevention and Control) Act sets out how to report suspicious money laundering transactions.

V- Exchange controls

Exchange control is exercised by the Exchange Control Authority of the Central Bank of Barbados.

As investments in Barbados are encouraged (especially in the manufacturing and technology sector), numerous permits are granted and the significant flow of foreign currency to the Islands must be registered with the Exchange Control Authority

Authorization for the repatriation of profits and capital is normally granted, although the authorities can spread it over time.

Foreign currency receipts from sales of export products must be converted into local currency, unless the exporter is authorized by the Central Bank to have a foreign currency account.

From 1 January 2019, only companies that benefit from a foreign currency permit and FSCs (foreign sales corporations) are exempt from exchange controls. Prior to that date, all offshore companies (IBCs, international banks, exempt insurance companies and international societies with restricted liability) were exempt from currency controls.

2- BARBADOS COMPANIES AND TRUSTS

BUSINESS ENTITY	MAIN TRAITS	FORMATION	GOVERNANCE
Companies	Barbados companies have no stated authorized capital. They can have only one shareholder and the shares have no issue or nominal value. The first annual general meeting of shareholders must take place no later than 18 months from the date of incorporation. Only one director is required. Companies must have adequate accounting records. The audited financial statements must be submitted annually to the Registrar of Companies and are available to public inspection.	Company law is governed by the Companies Act 1982 and is based on the Canadian Business Corporation Act.	Companies are registered by submitting the by-laws to the Company Registrar.
Partnerships	Barbados recognizes both general and limited partnerships.	Formation may be either verbal or in writing. Limited partnerships should always be in writing and limited to 20 members.	Partnerships must always be registered, otherwise the shareholders lose the benefits of limited tax subjectivity.
Trusts	Any person can form a trust by a written deed of constitution executed by both a settlor and a trustee or by the trustee alone if the property is declared to be used for the benefit of certain beneficiaries. At the time of incorporation, a sum of US \$ 100 is allocated and subsequently more money is added to increase the fund	The trust is governed by English Common Law.	Trust registration is not required, except for mutual funds.
International Business Companies (IBC)	They use the same corporate format as resident companies, but have a different tax treatment. To qualify as an IBC, a company must: <ul style="list-style-type: none"> • be incorporated or registered in Barbados; • if not registered in Barbados, be administered and controlled in the Islands; • not carry on business as an international financial services bank, an exempt insurance company or a foreign sales corporation. 	IBC are governed by the International Business Companies Act 1965.	
Societies with Restricted Liability (SRL)	They are legal persons having the same characteristics as Limited Liability Companies.	It can be formed by one or more persons.	
Mutual funds	It can be either a company, a partnership, a society with restricted liability or similar entities, that issues securities to raise investor funds and share the investment risk, allowing investors to receive profits.	There are two types of investment funds: authorized and exempt.	

BUSINESS ENTITY	MAI TRAITS	FORMATION	GOVERNANCE
<i>Offshore insurance companies</i>	To qualify, a company has to: <ul style="list-style-type: none"> • be incorporated under Barbados laws; • limit its activities to the insurance of risks originating outside Barbados; • have a minimum issued capital of BDS\$ 250,000; • have at least one director resident in Barbados. 	They are governed by the Exempt Insurance Act 1983.	Once formed, an exempt insurance company must maintain records and books in Barbados and submit audited financial statements to the Insurance Supervisor.
<i>Offshore banks</i>	To qualify, a bank has to: <ul style="list-style-type: none"> • be incorporated in Barbados or be a qualified foreign bank; • maintain a minimum issued capital of up to BDS\$ 1m; • pay an annual licence fee of BDS\$ 50,000/100,000; • maintain a reserve equivalent to the issued capital into which 25% of profits can be transferred annually. 	They are governed by the International Financial Services Act.	
<i>Foreign Sales Corporations (FSC)</i>	To qualify as FSC, companies must be registered in Barbados under the Companies Act 1982.	They are governed by the Foreign Sales Corporation Act 1984.	Currently, the issuance of new licenses has been suspended, but existing FSCs can still renew their license.

I- Companies

Corporate law in Barbados is governed by the Companies Act 1982, effective January 1, 1985 and based on the Canadian Business Corporation Act.

Incorporation and registration

Companies in Barbados are registered by submitting the Articles of Association to the Register of Companies. A registration certificate is issued and the company assumes the rights, privileges and powers of an individual, unless otherwise specified.

Capital structure

Companies in Barbados have no stated authorized capital, can have only one shareholder, and the shares have no par value. The articles of association must specify the classes of shares and the maximum number of shares that can be issued by a company. Bearer shares are not allowed. Companies must keep a register of shareholders.

Management

The first annual general meeting of shareholders must take place within 18 months from the date of its incorporation. Thereafter, the meetings must be held within 15 months from the date of the last meeting. The provisions regarding the quorum are determined by the articles of association.

For Barbados companies only one director is required (in public companies at least three), who does not necessarily have to be resident and is appointed by the shareholders. Meetings of directors can take place both in Barbados and overseas, but in any case, the minutes must be kept in Barbados.

The powers vested in directors are defined in the Articles of Association and the Companies Act. All Barbados companies must have a registered office in Barbados.

Accounting and audit requirements

All Barbados companies must have accounting records and directors must submit audited financial statements to shareholders for approval. During the first and subsequent annual

meetings, an auditor is appointed by the shareholders who must be a member of the Institute of Chartered Accountants of Barbados.

Companies - with the exception of private companies with gross assets or turnover of less than BDS \$ 1 million - must submit audited financial statements to the Register of Companies annually.

A company registered overseas can become a resident of Barbados by transferring administration and control to the Islands and registering with the Companies Register. Similarly, a foreign company resident in Barbados can transfer their residence by shifting administration and control. An offshore company can move from the Islands to other jurisdictions, while a Barbados company will need to obtain a transfer permit from the Exchange Office.

II- Partnerships

Barbados recognizes both general partnerships and limited partnerships that are regulated by the Partnership Act, similar to the English Partnership Act 1890.

Limited partnerships can be incorporated under the Limited Partnership Act, modeled on the English Limited Partnership Act 1907.

The formation of a general partnership may be either verbal or in writing, while that of a limited partnership can only be in writing.

The limit is 20 partners, at least one of which is the general partner. The limited partners cannot participate in the administration of the company because by doing so they would run the risk of being jointly and severally liable.

There are no residency rules for partnerships other than those provided by Barbados law. However, usually at least one of the partners - especially in the case of IBCs - must be resident in the Islands.

III- Societies with Restricted Liability (SRL)

Societies with Restricted Liability have the same characteristics of the Limited Liability Companies, but with restricted liability. They can be formed by one or more persons and the articles of organisation must include the following points:

- the proposed name and purpose of the SRL;
- the duration;
- the registered office and agent in Barbados;
- the names and addresses of persons forming the SRL;
- any restrictions to the transfer of quotas or business;
- the classes and maximum number of authorised quotas;
- any other lawful provision.

International Society with Restricted Liability (ISRL)

Before January 1, 2019, an SRL or an individual or a company wishing to set up an SRL, could apply for an international company license (ISRL). This type of company benefited from reduced income tax and exemptions, but could not own land in the Islands, have cash deposits or transact with Barbados residents. Such provisions apply to some of these companies until 30 June 2021.

Share capital can be paid in the form of money or property. Any transfer of quotas must have the written approval of all shareholders. Shareholders can appoint one or more directors. The SRL must keep at the registered office the statute, the deed of incorporation, the minutes of

meeting and resolutions of members, the list of shareholders as well as the accounting records that allow the assessment of the financial position of the company on a quarterly basis.

An SRL with gross revenues exceeding BDS \$ 4 million must prepare an annual report, a copy of which must be submitted to the Register of Companies within the twenty-one days preceding the annual general meeting.

In the past, an SRL was exempt from any exchange control and could obtain the thirty-year benefits provided for by the Law: from 1 January 2019 these benefits were canceled.

It can be transferred back from abroad to Barbados, as long as this is permitted by the laws of the jurisdiction where it intends to transfer its domicile.

IV- Trusts

The English Common Law governs the establishment of trusts in Barbados, based on the Barbados Trustee Act and the Trusts.

Any person, whether resident in Barbados or not, can form a trust in the Islands by written deed of incorporation, which can be enforced by either the settlor or the trustee or only by the trustee - if it is declared that the property will be used for the benefit of certain beneficiaries.

A trustee can be appointed in the trust deed.

Trust registration is not required in Barbados, except for mutual funds.

There are no provisions regarding capital for trusts, but a sum (eg US\$ 100) is usually set aside at the time of incorporation, which is then replenished to increase the fund. Both resident and non-resident individuals and companies can act as trustees of a trust in Barbados.

The International Financial Services Act states that Barbados companies acting as trustees of an offshore trust must have a license to conduct banking business in Barbados and that the beneficiaries of an offshore trust reside overseas.

Generally one of the trustees must be a resident of Barbados. They must administer the assets of the trust according to the provisions of the articles of association and according to the laws in force. A trust is considered resident if it falls under a Barbados regulatory provision, but it can be transferred by appointing a trustee in another jurisdiction.

As there is no need to register a trust or to submit the copy of the trust deed with any government agency, secrecy is guaranteed.

There are numerous banks, trust companies and professional consultants offering trust services. Their remuneration is calculated both on the basis of the time dedicated and as a percentage of the value of the assets under management.

There are currency controls on Barbados trusts.

The Act gives a statutory definition of a union of investment funds or unit trust. The union of investment funds is defined as a trust that operates through the process of pooled funds of a number of participants in the trust, which share as beneficiaries the income or other profits derived from the purchase, participation, by the administration or by deeds of disposal on assets purchased for the trust itself.

The union of investment funds must be formed by means of a trust declaration, an original copy of which must be submitted to the Central Bank.

The trust deed can be inspected by any interested person.

Section 27 of the Act also defines the indispensable requirements for the declaration of the trust of a union of investment funds which includes:

- the procedures relating to the administration of unit trusts;
- the powers conferred on the trustee;
- the distribution and division of income, profits and losses;

- the terms and conditions governing the admission or withdrawal of investments;
 - the administration costs of the trusts;
 - other matters necessary for the purposes of defining the rights of the participants in the trust.
- Section 30 of the International Financial Services Act states that the trustees who hold a license under the Act have the powers, rights, duties and obligations incurred by the trustees, but are subject to any further provisions set forth in the Act.

Section 103 (3) of the International Financial Services Act determines that taxes on income, capital gains or other direct taxes must be paid in respect of dividends, interest or other returns on shares, securities, deposits or other loans.

No assets may be administered by a trustee if the dividends, interest or other refunds are, in respect of shares, securities, deposits or other loans of assets, owned by a non-Barbados resident.

Section 96 of the Act specifies that:

"When a trust is set up by a trustee who is not a resident of Barbados, in favor of another person who is not a resident of Barbados, the trust is exempt from any tax, duty or charge in this country, if the trust funds are in foreign currency or foreign securities and if the trust is under the administration of a licensee. "

The Act also states that no inheritance tax should be levied on shares, securities or other assets included in trusts for non-Barbados resident beneficiaries.

Non-resident beneficiaries of offshore trusts will not be subject to any income tax or other taxes on the distribution of trust assets.

There are numerous cases in which it is possible to use a trust:

- planning of real estate properties;
- protection of assets;
- accumulation of assets;
- unit trust.

The most widely used forms of trusts in Barbados are discretionary trusts where the trustee has full discretion to allocate the income and / or capital to whichever beneficiary / beneficiaries he chooses (although in some cases he must receive approval from the trustee regarding the appointment of beneficiaries and the allocation of trust assets).

Discretionary trusts offer the flexibility to avoid burdensome tax burdens, because the trust's income is taxed by the trust itself, unless the trustee exercises its discretion in the distribution of income and capital. For example, no real estate tax can be levied on the assets of a beneficiary due to rights that depend on the discretion of the trustee.

V- Mutual funds

In Barbados, mutual funds are governed by a specific law, the Mutual Funds Act 2002-22, which governs mutual funds and their directors and administrators who do business in or from Barbados. The supervisory authority is the Barbados Securities Commission.

A mutual fund can be a partnership, a Society with Restricted Liability, a unit trust or other similar entities established and organized under the laws of any territory or jurisdiction. This entity issues equity interests with the purpose of pooling investors' funds, so as to spread risk and receive profits.

The Act provides for two categories of mutual funds:

- Authorized mutual funds, where the minimum interest for the loan amounts to BDS \$ 100 or its equivalent in any other currency, or where the equity interests are

established by the Exchange. Authorized mutual funds must obtain the license from the Exchange and must deliver an offer document compliant with the Act;

- Exempt mutual funds, which have fewer than 15 investors, most of whom have the power to appoint or remove an operator of the fund. Exempt mutual funds must be registered with the Exchange.

There are no rules for the capitalisation of mutual funds.

The Act extends its application to all business activities taking place in or from Barbados, regardless of the laws of the territory in which the fund was established, and requires anyone to provide fund management, investment advice or services administrative offices in or from Barbados must hold a license.

All public funds must appoint an auditor approved by the Exchange Commission to prepare the annual fund audit. The annual audited accounts must be provided to the Commission within four months after the end of the financial year.

The tax status of a mutual fund will depend on the form in which it was formed, but mutual funds are generally only taxed on income accumulated or remitted to the Islands.

3- TAXATION SYSTEM

I- Individuals

Individuals resident and domiciled in Barbados are taxed on their income worldwide, regardless of whether or not it is remitted to the Islands. Individuals resident, but not domiciled in Barbados, are taxed on income derived from Barbados, i.e. both on income derived from a working activity in the Islands, and on foreign income remitted to them. Non-resident individuals are taxed on income derived from sources in Barbados.

Residence is determined if an individual spends more than 182 days in a calendar year in Barbados.

Tax rates range from 12.5%, for annual income up to BDS \$ 50,000, to 28.5% for income above BDS \$ 50,000, with a personal deduction of BDS \$ 25,000 (BDS \$ 40,000 for individuals who are over the age of 60 and receive a pension).

A deduction on the basis of PAYE is applied to wages and salaries.

II- Resident entities

A company is resident, for tax purposes, if registered in Barbados or if, despite being registered abroad, is managed and controlled in Barbados. All income recorded by resident companies - with the exception of dividends deriving from the Islands - is subject to tax at the following rates:

<i>Taxable income</i> <i>BDS\$</i>	<i>Tax rate</i> <i>%</i>
Up to 1 million	5.5
Between 1 million and 20 million	3
Between 20 million and 30 million	2.5
Over 30 million	1

Life insurance companies are taxed at 5% on gross income, 6% on premium income from new business and 3% on premium income from renewals (6% and 5% respectively in the case of non-resident life insurance companies). In other cases, starting from 1 January 2019 the rates are: 0% for Class 1 licensees and 2% for Class 2 and 3 licensees. Capital gains are not taxed in

Barbados.

Pandemic contribution levy (expired). A one-off pandemic contribution levy applied to companies undertaking domestic business in the telecommunications, retail sale of petroleum products by dealers, commercial banking and general and life insurance sectors. The levy did not apply to credit unions, trust companies, public entities, or qualified persons granted a foreign currency permit. The levy applied if the income of the company in the 2020 and 2021 fiscal years exceeded BDS\$5 million. The levy was 15% of the taxable income and was payable in 8 instalments between July 2022 and February 2023. The levy was not deductible for corporate income tax purposes.

The levy also applied to individuals whose monthly income exceeded BDS\$6,250. The levy was 1% of monthly income and applied for a period of 12 months from 1 April 2022. The levy was not deductible for a tax purposes.

III- Non-resident entities and foreign local units

From 1 January 2019, non-resident companies are subject to 5% tax on dividend income from Barbados. The 15% tax on income from royalties, interest and management fees originating in Barbados was eliminated as of April 1, 2019.

In addition to the corporate tax of 25%, the profits of local units are subject to an additional 5% tax on remittances.

IV- Other taxes

Branch profits

Companies are subject to a further 5% tax on remittances, in addition to corporation tax.

Social security contributions

Wages are subject to compulsory contributions to the national insurance scheme at rates of 12.75% for employers and 11.1% for employees. For self-employed individuals, the rate is 17.1%. The wage ceiling for contributions is BDS \$ 5,120 per month in 2023.

Stamp duty

Stamp duty is payable on various documents at a rate of 1% ad valorem, with the exception of exempt companies.

An additional stamp duty is also applied to bills of entry on imported goods at the rate of 10% for regional and 15% for non-regional goods.

VAT

The standard rate is 17.5%, but the following reduced rates are applied: 10% on hotels and similar accommodation; 7.5% on some goods and other services related to tourism; 0% on exports, some foods and medicines; 22% on certain mobile phone services.

Land and property tax

An annual tax of 0% to 1% is levied on land and real estate, based on the value of land and improvements.

In the case of foreign ownership, the rates are 3% for unimproved land and 2% for improved land.

Properties with a value of up to BDS \$ 300,000 are exempt from the tax.

Estate, inheritance and gift taxes

These taxes are not applied in Barbados.

Transfer tax

The sale of shares or real estate property is subject to a tax going from 2.5% to 10%, depending on the residence of the parties involved in the transaction (with the exception of exempt

companies).

Lottery winning tax

It is applied at a rate of 15% to winnings over BD \$ 100,000.

Municipal solid waste tax

It is due annually by the owner in two installments at a rate of 0.3% calculated on the value of the property. Pension holders who own properties valued at BD \$ 190,000 or less are exempt, while owners of agricultural land pay only 50% of the tax due.

Domestic assets tax

It is paid by deposit-taking licensees, credit unions and insurance companies at a rate of 0.35%.

V- Tax returns

All individuals are required to file returns not later than April 30 of the following year. Payroll taxes are withheld at source.

Company returns must be filed by March 15 or June 15 of the following year, according to the end of the company's fiscal year.

The tax is payable in two installments. The decisions of the tax authorities can be appealed and the last instance is presented to the Privy Council in England.

VI- Withholding taxes

Tax is withheld on payments to non-residents as follows:

Interests	0%
Dividends	5%
Royalties	0%
Rents	25%
Personal services	0 %

Payments by international banks and corporations to non-residents were exempt from withholding taxes prior to January 1, 2019.

Non-residents who file regular returns of rental income from property in Barbados can file for a waiver of withholding tax. Although withholding taxes are deductible by law, the Commissioner may waive the payment of the withholding tax if this is not a violation of an A.F.B.

VII- Tax incentives

Tax incentives are of different types.

The Fiscal Incentives Act 1974, which granted new manufacturing companies an exemption from corporate tax and customs duties for periods of six to ten years, as well as the exemption from withholding taxes on dividends and carry forward of losses, was repealed from January 1, 2019.

The Caribbean Community and Common Market (CARICOM) establishes a duty-free market for products manufactured within the region.

The Lomé Convention establishes some privileged access rights to the EU and the Caribbean Basin Initiative provides privileged access to the USA for certain products manufactured in Barbados.

Other incentives include deductions for investment on the costs of equipment, plants, agricultural subsidies, building permits, for eco-sustainable and environmentally friendly

companies and for cultural projects that stimulate economic activity and development.

VIII- Resident trusts

A Barbados trust is subject to income tax in the following circumstances:

- if either the settlor or the beneficiaries, or both, are resident in Barbados;
- if the trust assets are located in Barbados;
- if the trust receives income outside Barbados and such income is then remitted to Barbados.

IX- Resident partnerships

Generally, Barbados partnerships are transparent entities for tax purposes. The partners are liable for tax on their partnership income at variable rates, depending on whether they are individuals or corporations, resident or non-resident and/or the partnership receives income in the Islands.

4- OFFSHORE COMPANIES

While previously there were four types of offshore companies that benefited from special tax incentives in Barbados, now, as of January 1, 2019, this benefit only applies to the Barbados FSC, a type for which the issuance of new licenses is currently suspended.

I- *International Business Company (IBC)*

IBCs were regulated by the International Business Companies Act, which was repealed as of 31 December 2018, with no possibility of issuing new licenses, except for the safeguard provisions applied to some IBCs until 30 June 2021.

Unlike IBCs from other Caribbean jurisdictions (British Virgin Islands, Turks & Caicos and Bahamas), Barbados IBCs used the same corporate form as a resident Barbados company, despite having a different tax treatment.

To qualify as an IBC, a company had to:

1. be incorporated or registered in Barbados
2. if not incorporated in Barbados, be managed and controlled in the Islands
3. not carry on business as offshore banks, exempt insurance companies or foreign sales companies.

IBCs were taxed at rates between 0.25% and 2.5% and were exempt from any tax or withholding tax, with the exception of the BDS \$ 10 stamp duty on supplies.

II- Offshore insurance companies

Exempt insurance companies were governed by the Exempt Insurance Act, repealed as of 31 December 2018, with no possibility of issuing new licenses, except for the safeguard provisions applied to some exempt insurance companies until 30 June 2021.

To be qualified under the act, a company had to:

1. be incorporated under the laws of Barbados;
2. limit its activities to insurance against risks of foreign origin;
3. have a minimum issued capital of BDS \$ 250,000;
4. have at least one director resident in Barbados.

Once formed, an exempt insurance company was required to maintain records and books in

Barbados and submit financial statements audited by the Supervisor of Insurance, enclosing a certificate confirming the value of the assets.

For the first 15 years of operation, the insurance companies were exempt from all income taxes, capital gains and other direct taxes. After 15 years they were taxed at 8% on the first BD \$ 250,000 and the excess was exempt. They paid no withholding tax on dividends or interest, they were exempt from the provisions of the Exchange Control Act and paid a 20,000 BDS\$ license fee annually.

III- Offshore international financial services banks

International Financial Services Banks in Barbados were governed by the provisions of the International Financial Services Act, which was repealed from 31 December 2018, with no possibility of issuing new licenses, except for the safeguard provisions applied to some banks until 30 June 2021.

Banks had to obtain a license from the Minister of Finance, for which it was necessary:

1. be incorporated in Barbados or be a qualified foreign bank;
2. have a minimum issued capital of up to BDS \$ 1 million or up to BD \$ 4 million, depending on the type of bank;
3. pay between BD \$ 50,000 and BDS \$ 100,000 for the annual license;
4. maintain a reserve equal to issued capital into which annually transfer at least 25% of profits, in the event that the fund is lower than the issued capital.

Offshore banks were subject to profit tax at rates between 0.25% and 2.5%. Dividends and interest paid to non-residents were exempt from withholding tax and banks were not subject to the provisions of the Exchange Control Act.

IV- Foreign Sales Corporation (FSC)

Barbados is a US recognized jurisdiction for the incorporation and management of FSCs. To qualify as FSC companies must be incorporated in Barbados under the Companies Act, but cannot do business with CARICOM countries.

They are exempt from income tax, withholding tax, transfer tax, customs duties and currency controls and pay an annual fee of US\$ 1,000 for regular FSCs and US\$ 500 for FSCs whose annual turnover is less than US\$ 5 million.

Currently, the issuance of new licenses has been suspended, but existing licenses can be renewed annually.

Shareholders of FSC companies who are not resident in Barbados are exempt from tax on dividends, interests, royalties, liquidation distribution, withholding tax and real estate taxes, transfer taxes, etc. Before January 1, 2019, this exemption applied to all offshore companies.

V- Offshore trusts

Prior to January 1, 2019, the International Financial Services Act and the International Trusts Act, repealed as of December 31, 2018, regulated trusts and mutual funds in Barbados and provided that they were exempt from any tax, if the beneficial owner was not a resident of the Islands.

VI- Offshore partnerships

There are no specific rules regarding offshore partnerships. Since it is a transparent entity for tax purposes, the status is determined by the residence of the partners and the source of the partnership income. If the partners are non-resident individuals or corporations and the income

derives from or is remitted to Barbados, the company is exempt from taxes and withholding taxes.

VII- Other offshore companies

Offshore holding companies

Holding companies established as IBC (*International Business Company*) or ISRL (*International Society with Restricted Liability*) were entitled to the benefit of the favourable tax rates of 0.25% and 2.5 %.

Offshore finance companies

Finance companies could also be IBC or ISRL and be subject to the same tax rates. There were no limits to the amount of interest that could be deducted, regardless of whether it was paid at arm's length, provided that the borrowed money was used to produce income.

There were no regulatory provisions relating to the debt/equity ratio for offshore finance companies.

Offshore licensing companies

There are no specific regulatory provisions concerning offshore licensing companies, apart from those applicable to all offshore companies. These companies, when established as IBCs or ISRLs, are taxed at rates ranging from 0.25% to 2.5%.

Offshore trading companies

There are no specific regulatory provisions regarding offshore trading companies, apart from those provided for all offshore companies. These companies, when established as IBCs or ISRLs, are taxed at rates ranging from 0.25% to 2.5%.

Offshore administration companies

There are no specific regulatory provisions regarding offshore administration companies, apart from those provided for all offshore companies. These companies, when established as IBCs or ISRLs, are taxed at rates ranging from 0.25% to 2.5%.

Offshore shipping companies

The Shipping Act 1994 allows for the registration of vessels under the Barbados flag, while the Shipping (Incentives) Act 1982 offers incentives to shipping companies licensed in Barbados for the carriage of cargo or passengers.

Authorized shipping companies benefit from exemption from payment of customs duties and taxes for 10 years.

The Shipping Act 1994 establishes the amount of taxes for each ship flying the flag of Barbados:

- for ships up to 2,000 net tons: US \$ 2,760;
- for ships between 2,001 and 5,000 net tons: US \$ 1.20 per net registered tonnage plus US \$ 400;
- for ships between 5,001 and 25,000 tons: US \$ 0.50 per net registered tonnage plus US \$ 4,000;
- for ships over 25,001 tons: US \$ 0.20 per net registered tonnage plus US \$ 11,500.

Offshore real estate companies

There are no specific regulatory provisions relating to these companies, apart from those in force for all offshore companies.

Capital gains from the sale of real estate are exempt.

VIII- Financing offshore legal entities

All Barbados companies must be registered with the Registrar of Companies. Companies

registered abroad but resident in Barbados or with a local unit in Barbados must also be registered.

The completion of the procedures necessary for registration takes a minimum of two days and the costs amount to approximately BDS \$ 850, but may also vary depending on the services provided by the management company. "Shelf companies" can also be established (ie companies that have ceased the activity for which they were established but which retain their name and formal existence), although, in practice, their use is quite rare, given the speed with which companies in Barbados are formed.

5- BILATERAL TAX AGREEMENTS

Barbados has concluded tax treaties with a number of countries, which, in some cases, provide for an exemption from withholding taxes.

	<i>Dividends</i>	<i>Interests</i>	<i>Royalties</i>
	%	%	%
<i>Non-treaty countries</i>	5	0	0
<i>Treaty countries</i>			
Austria	5	0	0
Bahrain	0	0	0
Botswana	5	0	0
Canada	5	0	0
CARICOM	0	0	0
China	5	0	0
Cuba	5	0	0
Cyprus	0	0	0
Czech Republic	5	0	0
Finland	5	0	0
Iceland	5	0	0
Italy	5	0	0
Luxembourg	0/5	0	0
Malta	5	0	0
Mauritius	5	0	0
Mexico	5	0	0
Netherlands	0/5	0	0
Norway	5	0	0
Panama	5	0	0
Portugal	5	0	0
Qatar	0	0	0
San Marino	0/5	0	0
Seychelles	5	0	0
Singapore	0	0	0
Spain	0/5	0	0
Sweden	5	0	0
United Arab Emirates	0	0	0
United Kingdom	0	0	0

United States of America	5	0	0
Venezuela	5	0	0

Barbados has signed TIEAs with the following countries, based on the OECD model convention: Colombia, Denmark, Greenland, Faroe Islands, South Africa and United States.