



2022 Barbados Budget

The Barbadian
Shield

KPMG Commentary

—
March 14, 2022



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Foreword

The general theme for the 2022 Budget speech delivered by the Rt Hon. Mia Mottley, Prime Minister of Barbados was: The Barbados Shield.

As we take a global view of the occurrences over the last 24 months almost to the day, many countries still continue to grapple with much of the fallout from the impact from the COVID-19 pandemic. When Barbados and the other countries in the Caribbean are considered, the impact on small island economies has been even more devastating.

COVID 19

In short order Barbados experienced falling metrics at every juncture:

- Visitor arrivals fell from approximately 70,000 in March 2020 to 1,000 in April 2020,
- In May 2020 – 32,000 individuals or 44% of members of the National Insurance Scheme claimed against the Unemployment Fund,
- Government's fiscal surplus of 6% in 2019/2020 was eroded to a 1% primary deficit in 2020/2021,
- Government lost \$600 million of tax revenues, and
- COVID relates expenses of approximately \$390 million.

Regional Events

By 2021, La Soufriere erupted on the island of St. Vincent and later in the year Barbados was further impacted by Hurricane Elsa.

Global Events

Globally, the supply chain has been disrupted, causing a knock-on effect on food, oil and gas prices. If this was not enough, the Russian invasion of Ukraine on February 24, 2022 added further complications to the timing of a possible global recovery.

Climate Change

Climate change is to be added to the mix of events. After the industrialisation of the northern hemisphere, the globe is moving towards an average increase in temperatures of 1.5 degrees. This is trending to the point above which glaciers melt and sea levels rise.

High Debt

In 2018, the debt to GDP ratio was approximately 175% and arrears were \$2 billion.

Where we are today

As of March 11, 2022, the Governor of the Central Bank of Barbados indicated the foreign reserves stand at \$3 billion or the equivalent of 40 weeks of import cover. This is up from three weeks of import cover in 2018.

The Barbadian Shield

As the Prime Minister outlined a number of global and regional events, a number of measures were outlined as Government's response:

- The expansion of the National Insurance Scheme benefits and liquidity support to payout more than \$150 million in benefits.
- Creation of the BEST programme to support the tourism industry.
- Increase of welfare rates.
- Built and equipped a new hospital at Harrison Point.
- Completed a new Accident and Emergency Department at the Queen Elizabeth Hospital
- Purchase of vaccines.
- Introduced the Household Mitigation Unit to support families.

Please do not hesitate to contact us should you require clarification on any of the matters discussed in this document.



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Snapshot



136%

Debt to GDP



40

Weeks import cover



BDS\$3.1

Billion in foreign reserves



-4.7%

Fiscal balance



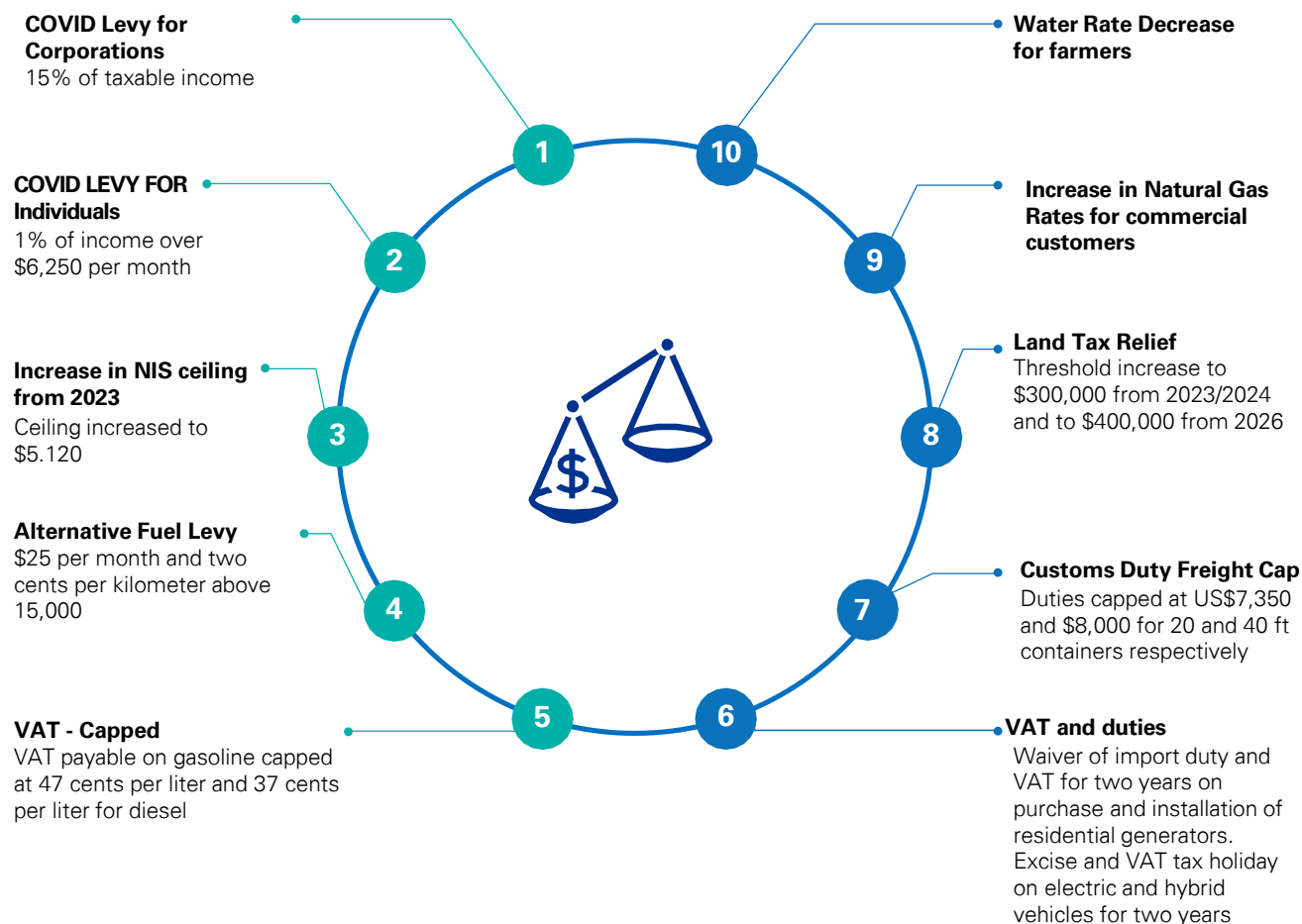
B/B-

Rating - unchanged



1.4%

Nominal GDP Growth



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“ The COVID-19 pandemic has had a significant impact on the economy, resulting in an increase in Government’s expenditure and a reduction in its tax revenue, thereby creating a fiscal deficit. ”

Grant McDonald
Managing Partner and Head of Tax

Economic Overview

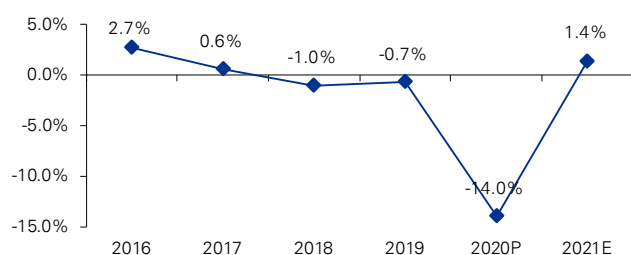
GDP growth

The Barbados economy grew by 1.4% in 2021 following a 14% contraction in 2020 with the onset of the Covid-19 pandemic. The Government of Barbados ("GOB") forecasts growth of 7% to 9% in 2022 as tourism is expected to recover.

Tourism, the backbone of the Barbados economy, saw a slight increase in 2021, representing 20% of the arrivals recorded in 2019, prior to the pandemic. The majority of this growth took place in December 2021, as more countries eased restrictions by this time. However, pre-pandemic arrivals could not be achieved as travel restrictions continued in key source markets such as Canada and some Caribbean countries. Thus, there is still room for significant growth in 2022, as more countries are lifting restrictions and airlines are increasing airlift in the region.

The slight growth in tourism was accompanied by growth in manufacturing (4%) and a decline in agriculture (4%). In February of 2022, the Ministry of Agriculture, Food and Nutritional Security reported that they have plans to work with Guyana to boost the production of black belly sheep to one million in five years. This will enable some diversification of the economy and also provide some additional food security.

GDP growth rate (YoY, %)



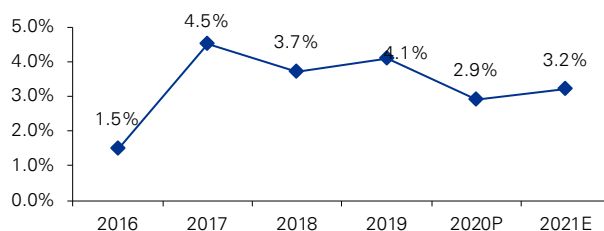
Source: Central Bank of Barbados

Inflation

Barbados is not insulated from the effects of current global inflation. The Central Bank of Barbados ("CBB") estimated inflation at 3.2% in December 2021. The highest increases in inflation were seen in transport, housing, water, electricity, gas and other fuels in 2021. This was somewhat tempered by lower prices in clothing and footwear.

The IMF has estimated inflation in Barbados at 5.4% in 2022. The current worldwide increase in fuel prices is expected to cause further increases in consumer prices locally.

Consumer prices (End of period, %)



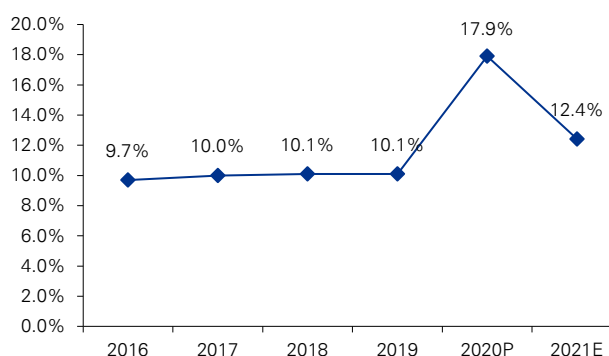
Source: Central Bank of Barbados

Unemployment

Employment on the island correlates heavily with the tourism industry. With the slight increase in the tourism sector in 2021, average unemployment declined to 12.4% from 17.9% in 2020 when the pandemic began.

As airlift increases and travel restrictions ease across the world, the expected growth in the tourism industry will drive a reduction in unemployment in the country.

Average unemployment rate (%)



Source: Central Bank of Barbados

Fiscal balance

The onset of the Covid-19 pandemic caused Barbados' fiscal balance to decline to -BBD\$154 million for 2021, -4.7% of GDP. Government revenue began increasing in 2021, as revenue from personal income taxes and property taxes increased as employment and real estate transactions increased.

However, the country faced two natural disasters in 2021 – Hurricane Elsa and ashfall from the eruption of La Soufrière volcano in neighbouring St. Vincent. The expenditure required as a result of the damages and clean up required following these natural disasters, as well as the country's continued response to the Covid-19 pandemic, is expected to further deteriorate the fiscal balance for 2021/22.

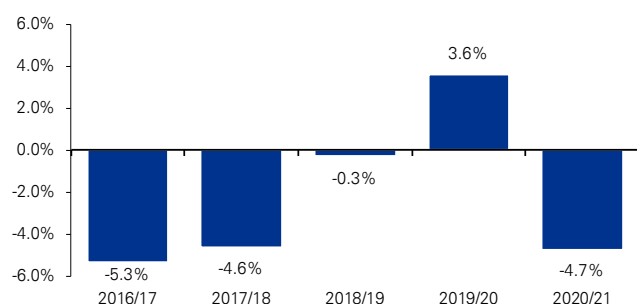
Economic Overview

Fiscal balance (continued)

The fiscal balance in 2022/23 is expected to improve significantly in the absence of natural disasters and growth in the tourism sector which will enable the collection more taxes to offset current expenditure.

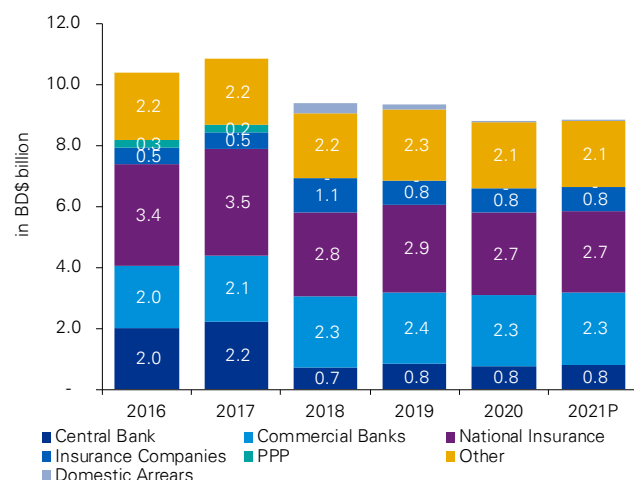
Financing of the negative fiscal balance continues to be supplied by multilateral financial institutions.

Fiscal balance (As a % of GDP)



Source: Central Bank of Barbados

Domestic debt mix



Source: Central Bank of Barbados

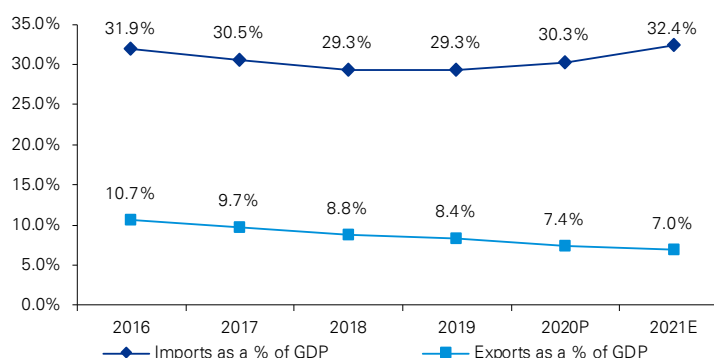
Balance of payments

The volume of Barbados' imports and exports as a percentage of GDP is diverging, an alarming trend for the correction of the country's balance of payments. This, however, is due to the effects of the Covid-19 pandemic and the natural disasters faced by the country over the last two years. The required imports are being financed mainly by long-term public debt and thus enabling a positive overall balance over the last four years.

Balance of payments (continued)

Continued financing will be required in order for the country to meet its necessary imports. The Government continues to work on the Barbados Economic Recovery and Transformation ("BERT") and is meeting the requirements of the IMF despite setbacks in recent years.

Trade balance(As a % of GDP)

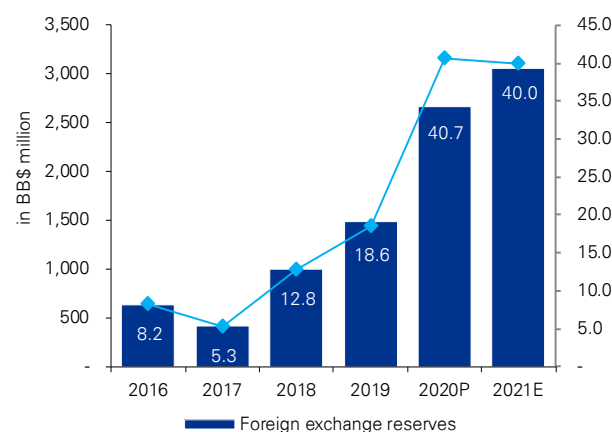


Source: Central Bank of Barbados

Foreign exchange reserves

Foreign exchange reserves have increased significantly since 2020 following the Government's external debt restructuring in 2019. This level of reserves was maintained in 2021 as the Government continues to receive financing from the IMF. The current level of foreign exchange reserves provides 40 weeks of import cover, a significant improvement from 2019 and a comfortable position for the country to be able to service its import bill and external debt.

Foreign exchange reserves cover (Weeks of imports)

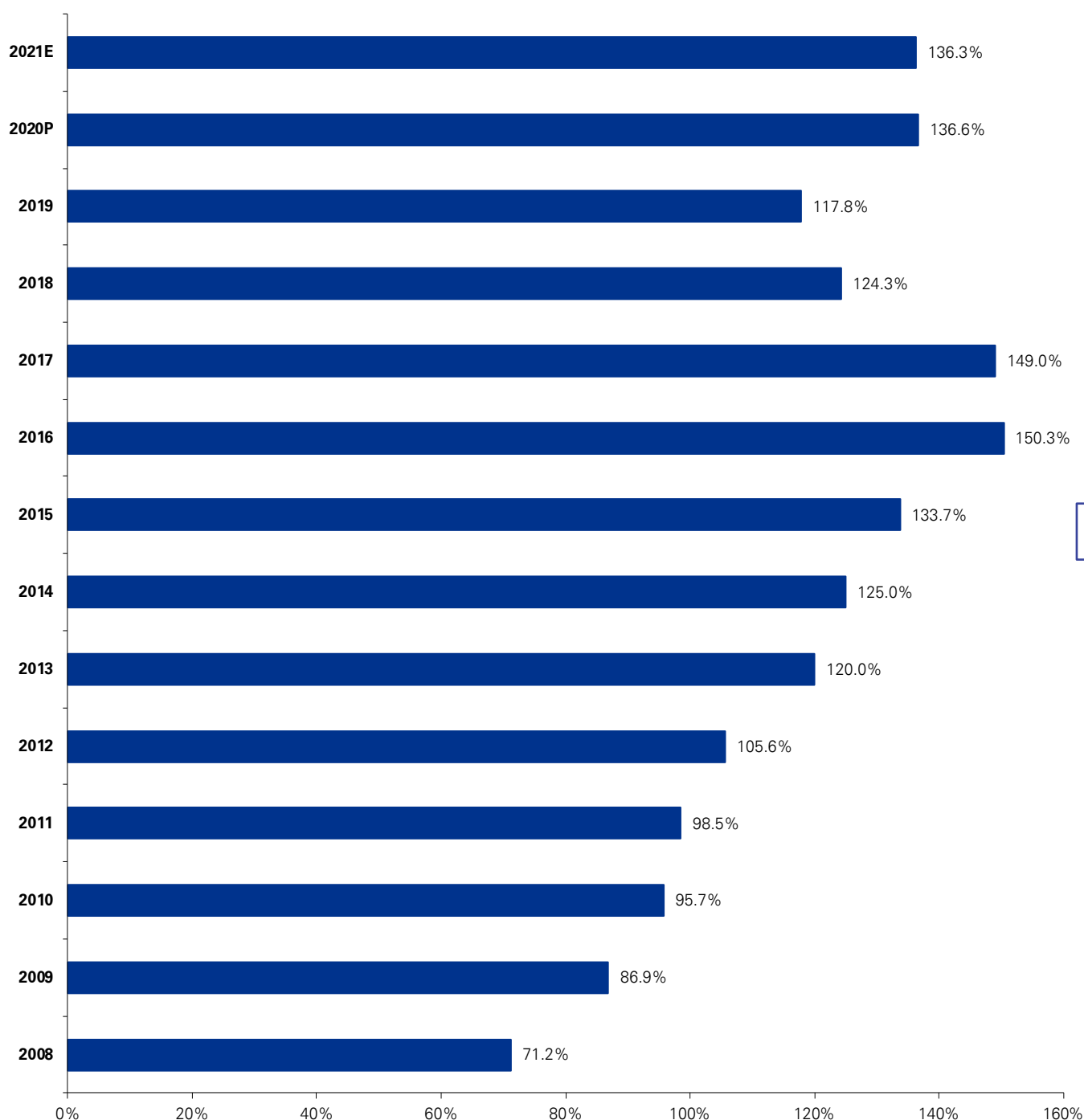


Source: Central Bank of Barbados

Public sector debt

Gross public sector debt as a percentage of GDP is estimated at 136% in December 2021. This is relatively on par with 2020 as despite the debt restructuring, the natural disasters faced in 2021 caused the country to obtain further financing to treat with the effects of these alongside the pandemic.

Debt to GDP



□ Average debt to GDP growth – 2008 to 2021

Source: Central Bank of Barbados

Selected Economic Indicators

Selected economic indicators						
In BDS\$ million, unless otherwise stated	2016	2017	2018	2019	2020	2021E
Economic indicators						
Nominal GDP	9,665.6	9,963.2	10,194.6	10,608.3	9,379.1	9,801.6
Real growth (%)	2.7%	0.6%	-1.0%	-0.7%	-14.0%	1.4%
Inflation (%)	1.5%	4.5%	3.7%	4.1%	2.9%	3.2%
Average unemployment (%)	9.7%	10.0%	10.1%	10.1%	17.9%	12.4%
Gross international reserves	639.8	411.3	999.6	1,481.0	2,660.7	3,058.8
Gross international reserves cover, weeks	8.2	5.3	12.8	18.6	40.7	40.0
Public debt outstanding						
Gross central government debt	13,294.1	13,704.1	12,573.8	12,426.4	12,761.2	13,310.7
Gross central government debt (% of GDP)	137.6%	137.4%	122.7%	117.3%	136.1%	135.8%
Gross public sector debt	14,532.2	14,848.1	12,668.2	12,498.7	12,814.7	13,358.2
Gross public sector debt (% of GDP)	150.5%	148.9%	123.6%	118.0%	136.6%	136.3%
Balance of payments						
Total imports	3,080.9	3,040.3	2,997.7	3,003.7	2,843.9	3,177.4
Total exports	1,033.7	970.8	895.9	888.2	690.4	682.0
Total imports (% of GDP)	31.9%	30.5%	29.3%	29.3%	30.3%	32.4%
Total exports (% of GDP)	10.7%	9.7%	8.8%	8.4%	7.4%	7.0%
Overall balance	(238.2)	(228.5)	588.3	481.4	1,179.7	398.2
Overall balance (% of GDP)	-2.5%	-2.3%	5.8%	4.5%	12.6%	4.1%
Ratings						
Standard & Poor's	B-	CCC+	SD	B-/B	B-/B	B-/B
Moody's	Caa1	Caa3	Caa3	Caa1	Caa1	Caa1

Source: Central Bank of Barbados, KPMG analysis, Caribbean Development Bank ("CDB"),

Summary of government operations					
In BDS\$ million, unless otherwise stated	2016/17	2017/18	2018/19	2019/20	2020/21
Fiscal balance (% of GDP)	-5.3%	-4.6%	-0.3%	3.6%	-4.7%
Total revenue	2,754.0	2,845.4	2,993.6	2,984.2	2,563.3
Current expenditure	3,053.0	3,123.8	2,826.4	2,407.9	2,716.8
Capital expenditure and net lending	225.1	171.8	197.8	191.8	276.1
Current balance	(299.0)	(278.4)	167.2	576.3	(153.5)
Total revenue (% of GDP)	27.8%	28.8%	29.2%	28.0%	28.3%
Current expenditure (% of GDP)	33.1%	33.3%	29.5%	24.4%	33.0%
Capital expenditure and net lending (% of GDP)	2.3%	1.7%	1.9%	1.8%	3.0%
Government interest payments (% of revenue)	26.9%	26.9%	12.9%	8.4%	13.4%

Source: Central Bank of Barbados

Budget Proposals

“ The onset of COVID-19 created an economic shock, as the Government was required to respond to the pandemic through providing adequate healthcare and access to vaccines for citizens of Barbados. As a result, a number of measures will now be required to stabilize the economy. ”

Christopher Brome
Partner, Advisory

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Budget Proposals

All amounts are in BDS\$ unless otherwise stated

One-off pandemic contribution levy – Corporate Profits									
Proposal	<p>Companies in telecommunications, retail sale of petroleum products by dealers, deposit-taking institutions (except credit unions), general and life insurance companies which generated income in excess of \$5 million must pay a one-time levy of 15% of Net Income for income years 2020 and 2021.</p> <p>This tax is payable to the Barbados Revenue Authority, is not deductible for corporation tax and may be paid in eight monthly payments starting July 15, 2022 to Feb 2023. The levy in respect of the fiscal year ending in 2021 is due from July to October 2022 and the levy in respect of the fiscal year ending in 2022 is due from November to February 2023.</p> <table> <tr> <th colspan="2">Levy due dates</th></tr> <tr> <th>Fiscal year</th><th>Levy due dates</th></tr> <tr> <td>2021</td><td>July 2022 to October 2022</td></tr> <tr> <td>2022</td><td>November 2022 to February 2023</td></tr> </table>	Levy due dates		Fiscal year	Levy due dates	2021	July 2022 to October 2022	2022	November 2022 to February 2023
Levy due dates									
Fiscal year	Levy due dates								
2021	July 2022 to October 2022								
2022	November 2022 to February 2023								
KPMG's view	<p>The Government is seeking to create a level of balance, by requiring those organizations which benefited during the pandemic, to contribute towards the recovery of the economy. It is anticipated that these measures will raise approximately \$100 million, which covers approximately 10% of the COVID-19 costs incurred to date (total costs over \$1 billion). This will contribute towards relieving the burden which the Government has borne over the last 24 months in providing the necessary healthcare and vaccinations to the Barbadian public and will further contribute towards reducing the requirement for additional debt funding from external sources.</p> <p>At a minimum each affected company will pay a minimum of \$750,000 per year. However, it may be noted that some companies, while having net income on their financial statements may not have taxable income, and this may pose a cashflow challenge, notwithstanding that it is payable in installments. As such, there is a concern that companies in certain industries will seek to pass on this cost to their customers as they review their pricing structures.</p>								
Who is affected	All companies within the relevant sectors earning net income in excess of \$5 million during each of their respective 2020 and 2021 financial years.								
Timing	<p>Government's financial year 2021 and 2022.</p> <p>Based on the wording of the proposal, which is not entirely clear, it appears the measure will be applied to companies whose fiscal periods end between April 1, 2020 and March 31, 2022. Further clarity will be sought when the legislation is enacted.</p>								

Budget Proposals

One-off pandemic contribution levy – Individual Income

Proposal	<p>Effective April 1, 2022, individuals receiving monthly income in excess of \$6,250 shall contribute 1% of monthly earnings as a Pandemic Contribution levy for a period of 12 months only.</p> <p>The levy is payable in addition to the individual's income tax obligation and is not deductible for tax purposes.</p> <table> <tr> <th colspan="2">Example of payments required</th></tr> <tr> <th>Monthly income</th><th>Levy payable</th></tr> <tr> <td>\$6,251</td><td>\$62.51</td></tr> <tr> <td>\$6,500</td><td>\$65.00</td></tr> <tr> <td>\$10,000</td><td>\$100.00</td></tr> <tr> <td>\$15,000</td><td>\$150.00</td></tr> </table>	Example of payments required		Monthly income	Levy payable	\$6,251	\$62.51	\$6,500	\$65.00	\$10,000	\$100.00	\$15,000	\$150.00
Example of payments required													
Monthly income	Levy payable												
\$6,251	\$62.51												
\$6,500	\$65.00												
\$10,000	\$100.00												
\$15,000	\$150.00												
KPMG's view	<p>Similar to the levy imposed on corporations, the Government is requesting Barbadians to contribute towards the recovery of the economy from the COVID-19 pandemic. Government has indicated that the levy is expected to raise in excess of \$15 million, which will also contribute towards reducing the substantial costs incurred to support the country's healthcare system, during the pandemic.</p> <p>We are cognizant that there are large numbers of expatriate employees in Barbados who work in the international business sector and who qualify for tax concessions on their employment income. At this time it is not clear whether this measure includes those employees and will propose to impose tax at 1% of their gross income.</p>												
Who is affected	All individuals earning monthly income in excess of \$6,250. Further clarity to be provided when the legislation is enacted.												
Timing	Government's financial year 2023 (April 1, 2022 to March 31, 2023).												

Car rental companies

Proposal	Authorized car rental companies will pay 50% of the license and permit fees upfront with the remainder deferred for a maximum of twelve (12) months. This measure will be effective from April 1, 2022, and will be available to the sector for 18 months.
KPMG's view	<p>This measure is aimed at easing the cash flow burden of the car rental companies as they try to get their businesses back into operation with the re-opening of the economy. This is merely a deferral of the payments and the government should not lose any revenue from the measure as long as the companies remain in business.</p> <p>This deferral is intended to aid car rental companies in the re-fleeting of car rental inventory to pre-pandemic levels to meet anticipated demands as tourism rebounds. This will be a welcome concession as car rental companies rebuild their cash flow.</p>
Who is affected	All authorized car rental companies.
Timing	Government's financial year 2023 (April 1, 2022 to March 31, 2023).

Budget Proposals

VAT	
Proposal	Effective midnight March 16, 2022, the VAT payable on gasoline will be capped at 47 cents per liter for six months. Effective midnight March 16, 2022 the VAT payable on diesel will be capped at 37 cents per liter for six months.
KPMG's view	The change related to gasoline and diesel should ease the overall increase experienced by vehicle owners when the gasoline and diesel prices rise from time to time. If the war in Ukraine continues and there are further increases in the cost of imported fuel, the government may need to consider extending this measure beyond six months.
Who is affected	All owners of gasoline and diesel-powered vehicles.
Timing	Effective March 16, 2022 (VAT on gasoline and diesel).

VAT	
Proposal	VAT on selected personal and critical care items (including vitamins, baby and adult diapers and women's sanitary care products) will be zero-rated effective April 1, 2022.
KPMG's view	There has been advocacy for the reduction in VAT on women's sanitary care products by organizations which represent women especially those suffering with endometriosis and polycystic ovary syndrome (PCOS). This reduction as well with respect to diapers and vitamins will be welcomed as the use of these items in most cases cannot be avoided.
Who is affected	All users of the affected products.
Timing	Effective April 1, 2022 for VAT on selected personal and critical care products.

Customs Duty (Freight)	
Proposal	Freight for the purpose of calculating customs duties will be capped at US\$7,350 per 20-foot container and US\$8,000 per 40-foot container from March 15, 2022 until March 31, 2023.
KPMG's view	As Barbados is heavily dependent on imported items the cap in the duties could be far-reaching. The importers should see a direct decrease in the associated costs and it is anticipated that they will pass at least a portion of the savings on to their customers.
Who is affected	Importers who use 20ft and 40ft containers directly; consumers of their products indirectly.
Timing	Effective March 15, 2022 for one year.

Budget Proposals

Excise Tax on Sweetened Beverages	
Proposal	<p>The Excise tax on sweetened beverages will be increased from 10% to 20% with effect from April 1, 2022.</p> <p>Similar tax on high salt content products will be imposed from October 2022.</p>
KPMG's view	<p>With such high incidences of non-communicable diseases like diabetes and high blood pressure, greater care needs to be taken in the population's consumption of high sugar and high salt foods.</p> <p>This measure is an attempt to raise the costs of such items to dissuade or reduce consumption.</p> <p>It may have some impact but without additional education of consumers it will not significantly change overall eating habits.</p>
Who is affected	All individuals.
Timing	Effective April 1, 2022 (excise tax on sweetened beverages) and October 2022 on high salt content products.

Waiver of import duty on residential generators	
Proposal	Effective April 1, 2022, a waiver of import duty and VAT will be granted for two years on the purchase and installation of generators at residential homes.
KPMG's view	This measure would be useful for those home owners who need a continuous and reliable power supply, for example, those who work from home or those who have ventilator systems for medical purposes. It would also be welcomed by other home owners who would benefit and not be adversely affected by power outages which occur from time to time.
Who is affected	All individuals.
Timing	Effective April 1, 2022.

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Electric and hybrid vehicles	
Proposal	<p>There will be an Excise and VAT holiday on electric vehicles for 24 months commencing April 1, 2022.</p> <p>Import duty for Used Battery Electric Vehicles will revert to 10% on April 1, 2022, the same as a new Battery Electric Vehicle and consistent with other types of vehicles.</p> <p>Reduction in the tariff for fuel cell electric and solar powered vehicles, new and used from 45% to 10%. Import duty and the excise tax for new fuel cell electric vehicles will be reduced to 20%.</p> <p>The import duty for vehicles powered by Liquefied Petroleum Gas and Compressed Natural Gas will also be reduced to 25% from 45%, consistent with the designation of natural gases as a bridging fuel to renewable energy effective April 1, 2022.</p>
KPMG's view	As Barbados seeks to "green" the economy this measure could give a boost to reducing the imports of fuel powered vehicles.
Who is affected	Any one who purchases an eligible vehicle.
Timing	Commencing April 1, 2022.

Public officers	
Proposal	<p>From April 1, 2022 the loan limit for public servants will be increased from \$50,000 to \$100,000 to facilitate the purchase of electric or alternate fueled vehicles.</p> <p>The pension legislation will be amended to allow for automatic abatement for public officers on early retirement.</p> <p>All new public officers earning above the earnings ceiling will be required to contribute to their pensions.</p>
KPMG's view	<p>Similar to the above measure, the increase in loan limit seeks to encourage public servants, who make up a large portion the work force, to purchase alternate fueled vehicles.</p> <p>The public servants helping to fund their own pensions would be similar to private sector employees who contribute to pension plans. This should be seen by civil servants as a means of safeguarding their future livelihoods.</p>
Who is affected	Public servants.
Timing	From April 1, 2022.

Budget Proposals

Increase in Commercial Natural Gas rates

Proposal	<p>In an attempt to reduce the large operating loss at the National Petroleum Corporation (NPC), government proposes to increase the natural gas rate for commercial customers with effect from April 1, 2022. Rate for commercial customers will increase to:</p> <table border="1"> <thead> <tr> <th colspan="2">Example of payments required</th></tr> <tr> <th>Consumption level cubic meters</th><th>Levy payable</th></tr> </thead> <tbody> <tr> <td>1 - 500</td><td>\$2.28</td></tr> <tr> <td>501 – 2,500</td><td>\$2.24</td></tr> <tr> <td>2,501 – 10,000</td><td>\$2.22</td></tr> <tr> <td>Over 10,000</td><td>\$2.20</td></tr> </tbody> </table> <p>In addition, for commercial customers the rental fee for the rental of meters will increase from \$15 to \$25 per month. For domestic customers, the rental fee will increase from \$5 to \$10 per month.</p>	Example of payments required		Consumption level cubic meters	Levy payable	1 - 500	\$2.28	501 – 2,500	\$2.24	2,501 – 10,000	\$2.22	Over 10,000	\$2.20
Example of payments required													
Consumption level cubic meters	Levy payable												
1 - 500	\$2.28												
501 – 2,500	\$2.24												
2,501 – 10,000	\$2.22												
Over 10,000	\$2.20												
KPMG's view	These measures are intended to ensure the NPC is sustainable and that there is continued investment and production in cheap local natural gas, however it is projected that these increase in prices will only reduce the deficit by one third, which may not be enough to realize the objective. Further, as the increased rates affect mainly commercial customers (for example in the tourism and manufacturing sectors), the increase in input cost will likely be passed on to consumers.												
Who is affected	Consumers of Natural Gas and their customers.												
Timing	Effective April 1, 2022.												

Alternative Fuel Levy

Proposal	<p>The Government proposes to introduce a new Alternate Fuel Levy (AFL) with a fixed and variable component for vehicles not powered by diesel or gasoline.</p> <p>The fixed portion of the AFL, owners of these alternate powered vehicles will be required to pay \$25 per month via direct debit or standing order on the 15th day of each month which is \$300 per year as the fixed portion of the AFL directly to government.</p> <p>The variable portion of the levy relates to annual mileage charged at two cents per kilometer above a 15,000 kms threshold annually, from July 1, 2022.</p>
KPMG's view	This will be managed via the general insurance industry and brings equity to road users as the owners of the electric vehicle are not subject to fuel tax.
Who is affected	Electric and other qualifying vehicle owners.
Timing	Effective July 1, 2022.

Budget Proposals

Increase in National Insurance Earnings limit

Proposal	To finance the government's unfunded pension obligations and partially funded pension obligations in relation to the public sector pension scheme government proposes to increase the insurance earnings ceiling to \$1,182 per week and \$5,120 per month effective January 1, 2023 with subsequent increases to take effect January 1 of each year until 2035.
KPMG's view	This annual increase in insurable earnings limit will result in annual increases in NIS contributions for employees and increases in NIS expense for employers. The employees will have less disposable income and the employers will see increased payroll cost. Some employers may be motivated to revise their pricing structure to pass this increased cost to consumers.
Who is affected	All employees and employers in Barbados who contribute to the National Insurance fund.
Timing	Effective May 1, 2022.

Interest on outstanding NIS contributions

Proposal	A moratorium on interest of any outstanding contributions is effective April 1, 2022 to June 30, 2022 once settlement of principal contributions is made within two years. Failure to settle a payment plan during this amnesty will require full payment of the original interest. The NIS is to transition to an independent state owned enterprise ("SOE") by year end.
KPMG's view	It is the employers' duty to make these social security contributions on behalf of their employees. The government's offer to grant this moratorium should be taken up by any employer who cares about the individuals they employ, so that when any issue arises and the employee needs to make a claim on the NIS they are not disappointed to learn that the contributions are not there. For the employer, the measure is an attempt to assist them to bring their compliance up to date without suffering additional interest and should be embraced.
Who is affected	All delinquent employers in Barbados who contribute to the National Insurance fund; indirectly their employees.
Timing	Effective April 1, 2022 to June 30, 2022; with two years to settle the current obligations.

Land Tax relief

Proposal	The Government Land tax threshold on residential properties will increase to \$300,000 from the 2023-2024 financial year and to \$400,000 from 2026.
KPMG's view	This initiative will lift the land tax threshold so that more owners of smaller lots of land fall outside the land tax net. However, with the present revaluation exercise being carried out, landowners cannot use their present valuations to determine if they are affected as yet.
Who is affected	Small residential land owners.
Timing	Effective tax year 2023-2024.

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Financial system

Proposal	<p>National Payments System Legislation is to be proclaimed on April 15, 2022 including the establishment of the National Payments System Council by April 30, 2022.</p> <p>Fair Credit Reporting legislation is to be proclaimed on April 15, 2022.</p> <p>Legislation is to be drafted to introduce reverse mortgages.</p> <p>Legislation is to be introduced to facilitate deposit insurance for credit unions.</p>
KPMG's view	These are important pieces of legislation which will modernize elements of the financial system in Barbados.
Who is affected	Companies who will participate in the payments system; and individuals who will be impacted.
Timing	Dates as noted above, with the exception of reverse mortgages and deposit insurance on credit unions which are dependent on legislation being drafted.

Water rate decrease for Farmers

Proposal	Fixed rate for water of \$1.80 per cubic meter across the agricultural sector effective May 1, 2022. Whereas BWA's bills for commercial customers are calculated according to the commercial rate of \$4.66 per cubic meter and the charges worked out for the entire billing period in question.
KPMG's view	This decrease in the cost of inputs for farmers should be reflected in the cost of produce if the saving is passed on to the consumers. Government will need to monitor pricing to ensure that there is no price gouging.
Who is affected	Registered Farmers and consumers of farm produce.
Timing	Effective May 1, 2022.

Sale of water by Barbados Agriculture Development Marketing Corporation BADMC

Proposal	The Government decrees that the current arrangement where BADMC extracts water from wells that they control and sells to farmers be discontinued and the extraction of the water from the well be appropriately regulated and priced.
KPMG's view	It is unclear how many farmers benefitted from this and the effect, if any, it may have on the cost of farm inputs.
Who is affected	Farmers. Consumers of farm produce.
Timing	Effective April 30, 2022.

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KPMG in Caricom

KPMG in Caricom forms part of the international network of member firms that operate in 145 countries and territories, with more than 236,000 partners and employees. These professionals collaborate across industry, service and national boundaries to deliver professional services for the benefit of their clients, KPMG people and the capital markets.

Member firms are located in Jamaica, Trinidad and Tobago, Barbados, Antigua and Barbuda, Saint Lucia and St. Vincent and the Grenadines (also practicing in Anguilla, Dominica, Grenada, Montserrat, St. Kitts and Nevis). Our practice has strong professional contacts with the KPMG member firms in the Bahamas, Bermuda, Cayman Islands, all of which have similar cultures and operating environments.

KPMG Caricom operates across the region with a specific understanding of the cultural, economic and political facets of each individual economy. In-depth industry knowledge is available through the global KPMG network which provides access to skilled member firm professionals, across a wide range of industry sectors.

Our Firm

Practising in,
12 countries

- Anguilla
- Antigua and Barbuda
- Barbados
- Dominica
- Grenada
- Guyana
- Jamaica
- Montserrat
- Saint Lucia
- St. Kitts and Nevis
- St. Vincent and the Grenadines
- Trinidad and Tobago

Offices in,
5 physical offices

- Barbados
- Jamaica (2)
- Trinidad and Tobago
- Saint Lucia

Celebrating,
100+ years
of service

Our people

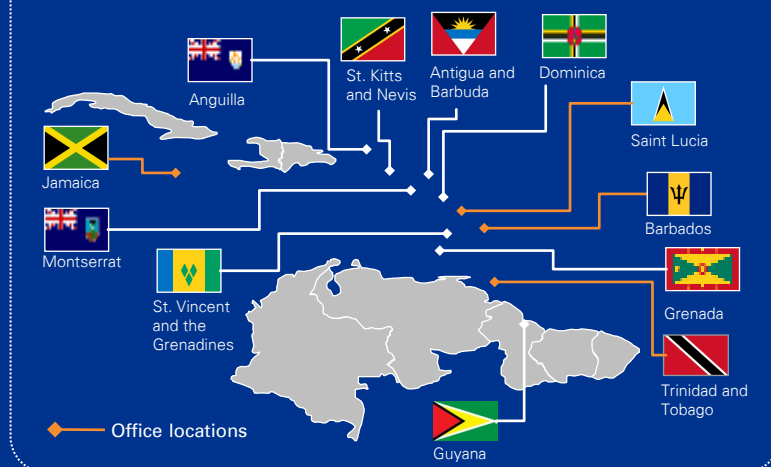


39
Partners and
Directors

70% | 30%
Gender split (F | M)

1,000+
Professionals

Our member firms



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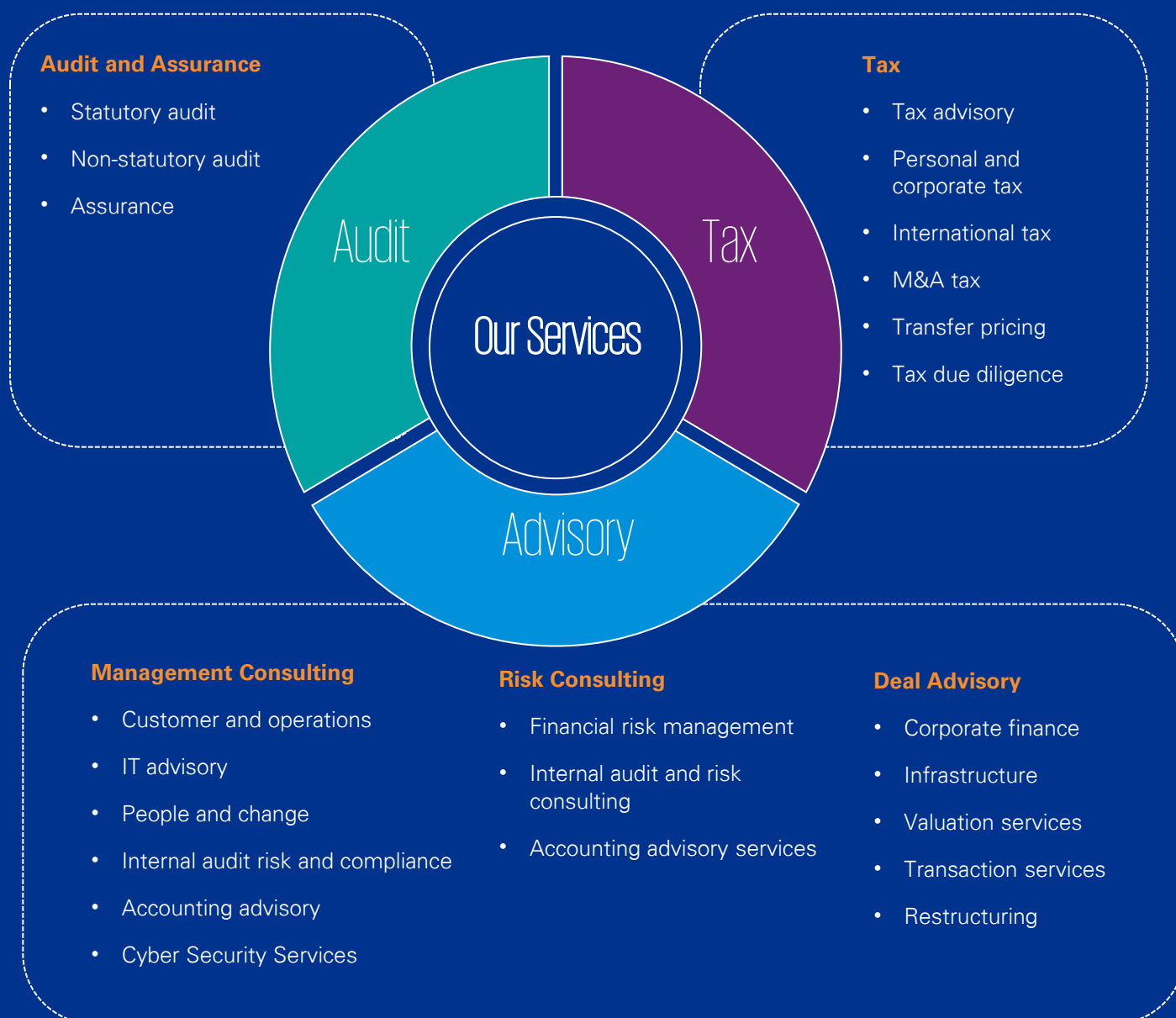
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