



Taxation of international executives: Barbados



February 2024

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01

Overview and Introduction

1 Overview and Introduction

Residents are taxed on their worldwide income. Non-residents are taxed only on their Barbados- sourced income.

Tax rates vary according to the amount of income. The top income tax rate for income year 2024 is 28.50 percent.

The official currency of Barbados is the Barbados dollar (BBD).

Herein, the host country/jurisdiction refers to the country/jurisdiction to which the employee is assigned. The home country/jurisdiction refers to the country/jurisdiction where the assignee lives when they are not on assignment.

02

Income tax

2 Income Tax

2.1 Tax Returns and Compliance

When are tax returns due? That is, what is the tax return due date?

30 April

If this date falls on a Sunday, then the due date is the next working day. Administratively, this is also true if the due date falls on a Saturday.

What is the tax year-end?

31 December.

What are the compliance requirements for tax returns in Barbados?

Residents

Tax returns are required to be filed by a resident individual whose total income derived from sources in and out of Barbados is more than the minimum threshold of BBD25,000. Spouses file separate tax returns. There is no joint filing in Barbados.

Non-Residents

Tax returns are required to be filed by non-residents who derive any Barbados-sourced income including payments for fees or charges arising under a contract for the provision of services, amounts received from an office in Barbados, and income from royalties deemed to arise in Barbados.

2.2 Tax Rates

What are the current income tax rates for residents and non-residents in Barbados?

Residents

Income tax

There is a basic personal allowance of BBD25,000 for residents only. The personal allowance is BBD40,000 for pensioners who are 60 years of age or over and in receipt of a pension.

With effect from 1 January 2020, the tax rates for individuals are as follows:

Taxable income	Rate of tax
Up to and including BBD50,000	12.5%
Over BBD50,000	28.5%*

Non-Residents

The income tax rates are as above. No deductions or allowances in respect of the calculation of assessable income shall be made in respect of income or the production of income not derived from Barbados. The personal allowance is not available to non-residents.

2.3 Residence Rules

For the purposes of taxation, how is an individual defined as a resident of Barbados?

A person is deemed to be resident in Barbados in an income year if that person:

- Spends in the aggregate more than 182 days in Barbados in that income year; or
- Is ordinarily resident in Barbados in the relevant income year that is, if the person:
 - has a permanent home in Barbados which is permanently available for use of the person but not including accommodation solely used as vacation property; and
 - notifies the Revenue Commissioner that they intend to reside in Barbados for at least 2 consecutive income years including the year in question.

The income year is the calendar year.

Is there a de minimus number of days rule when it comes to residency start and end date?

For example, a taxpayer cannot come back to the host country/jurisdiction for more than 10 days after their assignment is over and they repatriate.

No.

What if the assignee enters the country/jurisdiction before their assignment begins?

The residency threshold addresses the aggregate days spent in the year.

2.4 Termination of residence

Are there any tax compliance requirements when entering or leaving the country/jurisdiction?

On or before entering Barbados, non-residents are required to apply for a work permit in the form or manner prescribed. The application is usually made by the entity who will be employing the individual.

On or after leaving Barbados, a final income tax return must be filed, and a Tax Clearance Certificate should be requested.

Departure tax

There is no income tax specifically related to departure. Government departure taxes are built into the cost of the airline ticket.

What if the assignee comes back for a trip after residency has terminated?

Ordinarily resident rules will apply (aggregate number of days). Communication would be between Immigration and Taxation Authorities.

Do the immigration authorities in Barbados provide information to the local taxation authorities regarding when a person enters or leaves Barbados?

If not currently in place that is the intention.

Filing requirements

Will an assignee have a filing requirement in the host country/jurisdiction after they leave the country/jurisdiction and repatriate?

The requirement to file a tax return depends on the residency and source of income of the individual. Where the individual no longer meets the residency criteria and does not derive any Barbados source income, no further returns would be required. However, where the individual derives Barbados source income, a return may be required depending on treaty considerations.

2.5 Economic employer approach

Do the taxation authorities in Barbados adopt the economic employer approach to interpreting Article 15 of the Organisation for Economic Co-operation and Development (OECD) treaty? If no, are the taxation authorities in Barbados considering the adoption of this interpretation of economic employer in the future?

Barbados taxation authorities do adopt the economic employer approach to interpreting Article 15 of the OECD treaty.

De minimus number of days

Are there a de minimus number of days before the local taxation authorities will apply the economic employer approach? If yes, what is the de minimus number of days?

There is no de minimus number of days before the local taxation authorities will apply the economic employer approach.

2.6 Types of taxable compensation

What categories are subject to income tax in general situations?

Generally, income derived from the following categories are subject to income tax:

- Earned Income.
- Income from self-employment. Trade or business partnership.
- Dividends, interest, and royalties when received.
- Foreign exchange gains realized (to extent on account of income).

Employment income is taxable when received or when the employee is entitled to receive it, if earlier. Employment income is subject to tax to the extent it was earned / derived during a period of Barbados residence, or in the case of income / derived earned while non-resident to the extent it was earned in respect of duties performed in Barbados.

Intra-group statutory directors

Will a non-resident of Barbados who, as part of their employment within a group company, is also appointed as a statutory director (i.e., member of the Board of Directors in a group company situated in Barbados trigger a personal tax liability in Barbados, even though no separate director's fee/remuneration is paid for their duties as a board member?

No. However, where the director's fees can be separately identified in respect of the Barbados company this income derived from Barbados should be liable to tax herein.

a) Will the taxation be triggered irrespective of whether or not the board member is physically present at the board meetings in Barbados?

Yes.

b) Will the answer be different if the cost directly or indirectly is charged to/allocated to the company situated in Barbados (i.e., as a general management fee where the duties rendered as a board member is included)?

Where the director's fees can be separately identified in respect of the Barbados company this income derived from Barbados should be liable to tax herein.

c) In the case that a tax liability is triggered, how will the taxable income be determined?

In the manner and at the rates prescribed above.

2.7 Tax-exempt income

Are there any areas of income that are exempt from taxation in your country/jurisdiction?

If so, please provide a general definition of these areas.

- Certain employer provided housing allowances.
- Certain employer provided tax reimbursements.
- Certain employer provided relocation reimbursements in the first year of relocation.
- Income of specially qualified non-nationals.
- Per special enactment.

Certain Employer Provided Housing Allowances

Where the employer provides a rent-free residence for an employee, amounts in excess of BBD48,000 are not taxable.

Certain Employer Provided Tax Reimbursements

Where an employer undertakes to pay the tax on the benefit enjoyed by an individual in respect of a rent-free residence as described earlier, then the benefit represented by the tax paid thereon by the employer is not included in assessable income of the employee.

Certain Employer Provided Relocation Reimbursements

Reimbursement by the employer of the actual cost of relocation will generally be exempt from income tax in the year of relocation.

Income of Specially Qualified Non-Nationals

Income tax exemptions are granted to specially qualified non-nationals as follows:

- 35 percent on income not exceeding BBD150,000
- 50 percent on income exceeding BBD150,000 but not exceeding BBD500,000 and
- 60 percent on income exceeding BBD500,000

Specially qualified non-nationals are individuals who are in receipt of a valid work permit for employment in Barbados with an entity which is a grandfathered international business company or a foreign currency earning entity for a period of not less than 3 years.

Per Special Enactment

No tax is payable under the Income Tax Act by a person who is exempted from paying income tax by any other enactment in force in Barbados. For example, statutory instruments under Cap. 67B of the Laws of Barbados.

2.8 Expatriate concessions

Are there any concessions made for expatriates in your country/jurisdiction?

Normally, there are no concessions when an expatriate comes to Barbados.

However, where the individual obtains a work permit for no less than 3 years to work with an entity which is a grandfathered international business company or a foreign currency earning entity, then there are tax concessions that allow a prescribed percentage of the employee's salary, fees, and any other emoluments:

- To be exempt from income tax in Barbados;

- To be paid in a foreign currency in a trust account without being liable to income tax in Barbados as to the amount paid or any interest earned thereon; or
- To be paid in some other prescribed manner in another currency or otherwise without being liable to income tax in Barbados, notwithstanding any provision of the Income Tax Act or the Exchange Control Act.

2.9 Salary earned from working abroad

Is salary earned from working abroad taxed in Barbados? If so, how?

An individual who is both resident and domiciled in Barbados is taxable on their worldwide income. However, foreign tax credits are available where tax is payable in a country/jurisdiction other than Barbados on profits, income, or gains derived from sources in that country/jurisdiction. The tax credit shall not exceed the amount of tax, as computed before the credit is given, which is attributable to the income derived outside Barbados.

An individual, who is resident but not domiciled in Barbados, does not include in their assessable income, salary from working abroad where that salary is not derived from an office in Barbados, and is not remitted to Barbados.

2.10 Taxation of investment income and capital gains

Are investment income and capital gains taxed in your country/jurisdiction? If so, how?

Investment income (such as dividends, interest, and rental income) is assessed to tax in the year in which it is received. However, where the individual is resident but not domiciled in Barbados, and these amounts are not derived from Barbados, or remitted to Barbados, these amounts would not be included in assessable income of the individual for Barbados tax purposes. Tax is levied at ordinary personal income tax rates, subject to the foreign tax credit rules in respect of foreign taxes paid.

Capital gains are not subject to tax in Barbados.

Dividends, interest, and rental income

Dividends, interest, and rental income are generally taxed when received. Interest is also included in assessable income when it is credited on account, reinvested, accumulated, or capitalized.

Where income is received by an individual from the rental of residential property, the tax rate to be applied is 15 percent of net rental income.

Gains from employee stock option exercises

Residency Status	Taxable at:		
	Grant	Vest	Exercise
Resident	N	N	Y/N
Non-resident	N	N	Y/N
Other (if applicable)	N	N	Y/N

Residents and non-residents would both include in income, as a benefit of employment, the difference between the market value of the shares at the time of purchase and the purchase price, being less than the market value of shares purchased by an employee from an employing company to the extent this amount is in excess of 10 percent of the assessable income of that employee for the income year. That is,

this benefit is exempt from tax to the extent it is equal to or less than 10 percent of assessable income. However, if the shares are disposed of within 5 years of the date of purchase the exempt portion of the benefit is included in assessable income.

There are also certain exemptions for shares issued in certain circumstances such as retirement gifts, or long-term service (at least 20 years) but these are not discussed in detail in this section as it would likely not apply to an expatriate.

Where the employee is resident but not domiciled in Barbados (likely the case for an expatriate employee), stock option benefits which are not derived from employment in Barbados and are not remitted to Barbados should not be taxable in Barbados.

Foreign exchange gains and losses

Capital gains are not taxable in Barbados. Therefore, the distinction of whether a particular gain is on account of an income or capital is very important. Foreign exchange gains and losses on account of income are included in the taxpayer's assessable income in Barbados if they are resident and domiciled in Barbados. Such gains and losses are included in assessable income of a resident but non-domiciled individual only if those gains or losses are derived from Barbados sources or are remitted to Barbados. A non-resident is assessable on these gains or losses only if they are derived from Barbados sources.

Principal residence gains and losses

Capital gains are not taxed in Barbados; therefore, there is no tax on gains arising from the sale of an individual's principal residence.

Capital losses

There is no capital gains tax in Barbados. Accordingly, capital losses are irrelevant for tax purposes.

Personal use items

Gains or losses realized on the disposition of personal use items are generally on account of capital. Therefore, there is no tax assessable on such gains or losses.

Gifts

There is no gift tax in Barbados.

Foreign property reporting

Not applicable.

Non-resident trusts

Not applicable

Additional capital gains tax (CGT) issues and exceptions

Are there capital gains tax exceptions in your country/jurisdiction?

If so, please discuss. Capital gains are not taxed in Barbados.

Pre-CGT assets

Not applicable.

Deemed disposal and acquisition

Not applicable.

2.11 General deductions from income

What are the general deductions from income allowed in your country/jurisdiction?

A deduction is permitted in relation to all losses and outgoings to the extent that they are incurred in gaining or producing assessable income, or are necessarily incurred in carrying on business for the purpose of gaining or producing such income, except to the extent to which they are losses or outgoings of a capital, private, or domestic nature, or are incurred in relation to the gaining or producing of exempt income. In addition, deductions are specifically permitted for certain types of expenditures such as the following:

- Costs incurred in the course of employment (for example, subscriptions to professional associations and journals).
- Amounts expended by that person and not subsequently reimbursed for travelling expenses or maintaining and operating a vehicle to the extent that the amounts expended may reasonably be regarded as representing the cost to the person of travelling in the performance of the duties of an office or employment.
- Subscriptions paid to a Registered Trade Union (maximum BBD240).
- Spousal allowance of BBD3,000 if spouse had no income or income from dividends and interest of BBD800 or less, and habitually lives with the taxpayer.
- Interest paid or payable on borrowed money used for the purpose of the production of assessable income.
- Portion of foreign taxes paid which is not allowed as a foreign tax credit.
- Certain gifts to charities registered in Barbados (maximum claim is limited to 10 percent of assessable income).

2.12 Tax reimbursement methods

What are the tax reimbursement methods generally used by employers in your country/jurisdiction?

Current year gross-up is the normal method of recognizing tax reimbursements paid by the employer.

2.13 Calculation of estimates/prepayments/withholding

How are estimates/prepayments/withholding of tax handled in your country/jurisdiction?

For example, Pay-As-You-Earn (PAYE), Pay-As-You-Go (PAYG), and so on.

Pay-As-You-Earn Withholding

Deductions from employment income are covered under the PAYE system.

If an individual is paid and/or employed, the employer will be required to withhold tax from their salary and wages and remit the tax to Barbados Revenue Authority.

When are estimates/prepayments/withholding of tax due in your country/jurisdiction?

For example, monthly, annually, both, and so on.

For employed persons, the company is required to withhold and remit, the tax computed on a monthly basis and pay to the Barbados Revenue Authority by the 15th of the following month.

Withholding taxes on interest income derived is a final tax for the individual.

2.14 Relief for foreign taxes

Is there any Relief for Foreign Taxes in your country/jurisdiction? For example, a foreign tax credit (FTC) system, double taxation treaties, and so on?

Where tax is payable in a country/jurisdiction other than Barbados on profits, income or gains derived from sources in that country/jurisdiction, the tax so payable in that country/jurisdiction shall be allowed as a credit against the tax payable in Barbados on such profits, income, or gains.

The total credit for foreign tax shall not reduce the total tax payable by the individual to less than one per cent.

2.15 General tax credits

What are the general tax credits that may be claimed in your country/jurisdiction?

Please list below.

- In addition to the tax credits described in the deductions section, the following may also be claimed:
- Foreign tax credits.

Foreign currency earnings credits if the individual carries on business in Barbados and earns assessable income from fees, premiums, payments, or rewards in respect of the undertaking of qualifying overseas construction projects or qualifying overseas professional services.

2.16 Sample tax calculation

To be provided upon request.

03

**Special considerations
for short term
assignments**

3 Special considerations for short-term assignments

For the purposes of this publication, a short-term assignment is defined as an assignment that lasts up to 11 months.

3.1 Residency rules

Are there special residency considerations for short-term assignments?

No.

3.2 Payroll considerations

Are there special payroll considerations for short-term assignments?

No.

3.3 Taxable income

What income will be taxed during short-term assignments?

Same as mentioned earlier.

3.4 Additional considerations

Are there any additional considerations that should be considered before initiating a short-term assignment in your country/jurisdiction?

In all cases, a work permit should be obtained prior to commencement of employment in Barbados.

04

Other taxes and levies

4 Other taxes and levies

4.1 Social security tax

Are there social security/social insurance taxes in your country/jurisdiction? If so, what are the rates for employers and employees?

The rates of the national insurance contributions for employees are 11.10 percent and for employer's 12.75 percent, up to the maximum insurable earnings of BBD5,200 per month from income in the year 2024.

Type of insurance	Paid by employee	Paid by employer	Total
National Insurance	6.75%	6.75%	13.50%
Non-Contributory	2.00%	2.00%	4.00%
Employment Injury	0.00%	0.75%	0.75%
Unemployment	0.75%	0.75%	1.50%
Severance	0.00%	0.50%	0.00%
Training Levy	0.50%	0.50%	1.00%
Catastrophe Fund	0.10%	0.00%	0.10%
Health Service Contribution	1.00%	1.50%	2.50%
Total	11.10%	12.75%	23.85%

Pension Plan

Not applicable.

Employment insurance

Not applicable.

4.2 Gift, wealth, estate, and/or inheritance tax

Are there real estate taxes in your country/jurisdiction?

None.

4.3 Real estate tax

Are there real estate taxes in your country/jurisdiction?

Land tax is levied on the owner of property on the value determined by the Town and Country Planning Department at the Ministry of Finance

Sales/VAT tax

Are there sales and/or value-added taxes in your country/jurisdiction?

Value-added tax is generally levied at 17.5 percent. However, with respect to the supply of accommodation at hotels, guest houses, and similar places there is a concessionary rate of 10 percent.

The VAT rate on certain mobile services is 22 percent. Certain supplies are zero-rated and exempt supplies are not subject to VAT.

4.4 Unemployment tax

Are there unemployment taxes in your country/jurisdiction?

None.

4.5 Other taxes

Are there additional taxes in your country/jurisdiction that may be relevant to the general assignee?

For example, customs tax, excise tax, stamp tax, and so on.

Expatriates should consider the applicability of customs duties and/or excise taxes which may apply to items imported to Barbados (such as automobiles).

Foreign financial assets

Is there a requirement to declare/report offshore assets (e.g., foreign financial accounts, securities) to the country/jurisdiction's fiscal or banking authorities?

It is currently so for Barbados nationals, upon request for non-nationals and possible for bank account purposes.

05

Immigration

5 Immigration

Extracts - <https://immigration.gov.bb/pages/WorkPermit.aspx>

Following is an overview of the concept of the Barbados immigration system for skilled labor.

(E.g., which steps are required, authorities involved, in-country/jurisdiction and foreign consular processes, review/draft low chart illustrating the process)

5.1 International Business Travel/Short-Term Assignments

Describe (a) which nationalities may enter Barbados as non-visa national, (b) which activities they may perform and (c) the maximum length of stay.

All non-nationals desirous of working in Barbados are required to register with immigration prior to commencing employment. The types of permits available to non-nationals are:

- [Short-term /Training attachment.](#)
- [Long-term](#)

A Special Entry and Reside Permit is available upon application for high-net-worth individuals. Certain criteria have to be fulfilled.

Describe (a) the regulatory framework for business traveler being visa nationals (especially the applicable visa type), (b) which activities they may perform under this visa type and the (c) maximum length of stay.

Short-Term work permits are valid for a period up to 11 months.

Long-Term Work Permits are valid for a period of up to 3 years (sometimes 5 years if employment is to be exercised in the international business sector).

NB: the application fee is BBD300.00 but the final fee will vary dependent on the category of work and the length of time requested and in accordance with the international standard code fee regulations.

Outline the process for obtaining the visa type(s) named above and describe (a) the required documents (including any legalization or translation requirements), (b) process steps, (c) processing time and (d) location of application.

See below.

Are there any visa waiver programs or specific visa categories for technical support staff on short-term assignments?

No.

5.2 Long-Term Assignments

What are the main work permit categories for long-term assignments to Barbados in this context outline whether a local employment contract is required for the specific permit type?

All types.

Provide a general process overview to obtain a work and residence permit for long-term assignments (including processing times and maximum validation of the permit).

5.3 Short-term work permits

The employer or 'sponsor' has the responsibility to make the application on behalf of the employee.

Requirements for short-term work permits

- A detailed cover letter from the potential employer
- [C-3 Application form](#) (in duplicate)
- 4 passport-sized photos
- A Certificate of Character from the Police of each country/jurisdiction which you have lived for at least 6 months in the past 3 years.
- A copy of the bio-data page of applicant's valid passport

5.4 Long term work permits

In order to become eligible for a long-term Permit, prospective employers must sufficiently prove that no resident or Barbadian national is capable and willing to fulfill the requirements of the position in question.

Requirements for a long-term work permit:

- [C-1, C-2 work permit forms](#) (in duplicate)
- Completed [Medical Form](#), including external X-rays which must be submitted in report form and VDRL blood test report;
- 4 passport-sized photos
- 2-character references on applicant
- Evidence of applicant's qualifications (notarised by a Notary Public)
- A detailed cover letter from potential employer outlining the nature of the business, the period of time in which the applicant will be employed, their category of employment and the reason for the request.
- 2-character references on the applicant
- A Certificate of Character from the Police of each country/jurisdiction which you have lived for at least 6 months in the past 3 years.
- If you are an entrepreneur desirous of establishing a business in Barbados, please ensure to adhere to the following:
- Proof of the transfer of funds for investment, which should be in keeping with the Central Bank regulations (bank transfer statements are acceptable).
- Certificate of Registration/ Articles of Incorporation (Original and copy)
- Related business licenses. Societies with Restricted Liability (SRL) and Foreign Currency Permit Holders certificate.

Is there a minimum salary requirement to obtain a long-term work and residence permit for assignments? Can allowances be taken into account for the salary?

No minimum requirements are in effect.

Is there a fast-track process which could expedite the visa/ work permit?

No

At what stage is the employee permitted to start working when applying for a long-term work and residence permit (assignees/ local hire)?

The employee may commence their employment in Barbados once they are in possession of a work permit.

Can a short-term permit/ business visa be transferred to a long-term permit in Barbados?

No, an application for a long-term permit will have to be completed and submitted.

Is it possible to renew work and residence permits?

Yes, work permits for both long and short term may be renewed.

Is there a quota or system or a labor market test in place?

We are not aware of a labor market quota system.

5.5 General Immigration Related Questions

Would it be possible to bring family members to Barbados?

Yes. A spouse will not be entitled to work unless in possession of a valid work permit.

Is it possible to obtain a permanent residence permit?

After an extended period of time – in excess of 7 years and at the discretion of the Immigration Department. Separate application must be made.

What if circumstances change after the Work and Residence application process (e.g., change of employment or personal situation, including job title, job role or salary)?

Changes in employer will result in a new work permit application being required. No updates are usually required for general updates in salary etc. If the role changes substantially communication with the Immigration Department may be necessary to allow them to determine whether the skills presented are necessary and warrant a Barbados work permit.

How long can a permit holder leave Barbados without their permit becoming invalid?

The holder may leave and reenter Barbados as many times as required during the duration of the work permit.

Must immigration permissions be cancelled by the end of the assignment/employment?

Yes.

Are there any penalties for individuals and/or companies in place for non-compliance with immigration law?

Yes.

5.6 Other Important Items

List any other important items to note, or common obstacles faced, in Barbados when it comes to the immigration processes.

All documentation must be provided in support of the work permit.

The length of the review process varies.

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