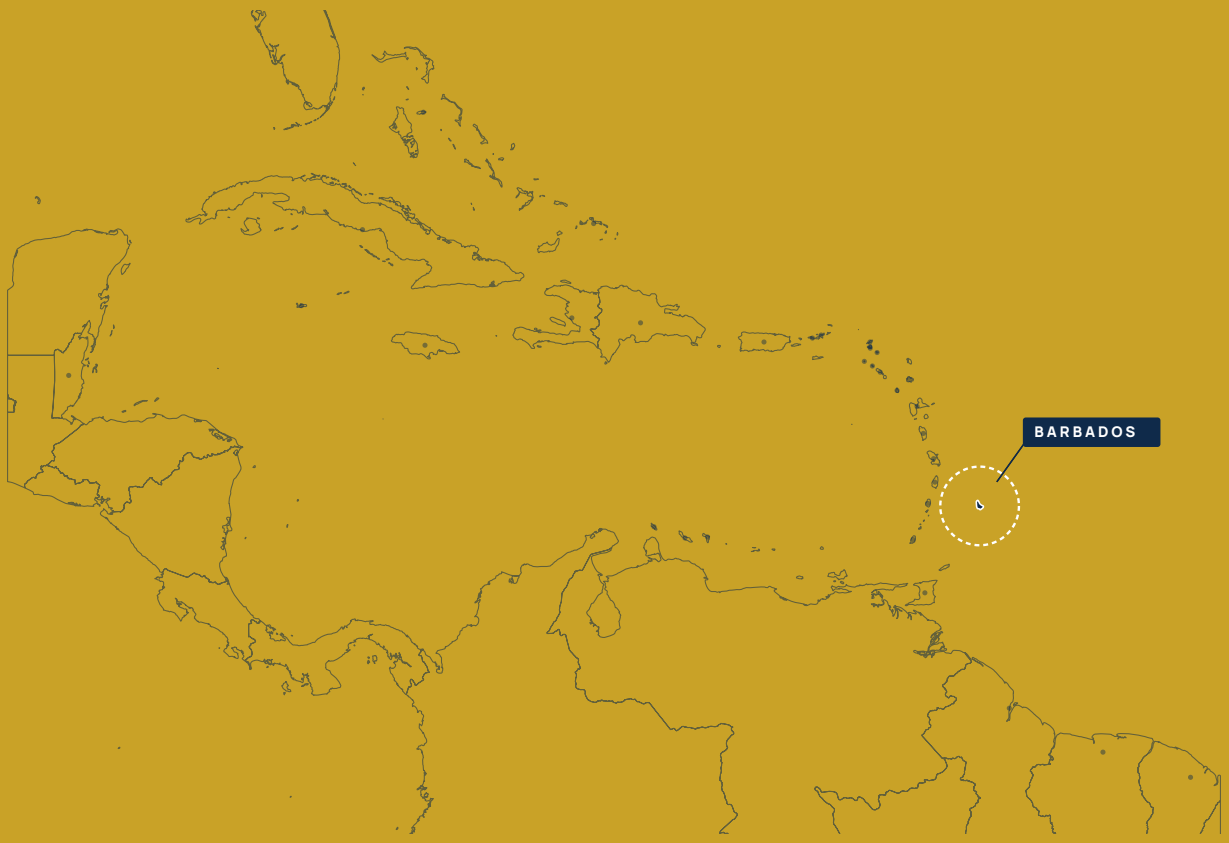



**TOTAL BUDGET**
BBD 6.14 billion
Estimates, including debt repayment

**PRIMARY SURPLUS**
4.8% of GDP
Projected BBD 817.5 million, 2026/27

**PUBLIC DEBT**
93.7% of GDP
End-June 2026; 60% targeted by 2036

CARIBBEAN TAX SERVICE DESK · EASTERN CARIBBEAN AND LESSER ANTILLES

# Barbados Budget Review 2026/27

*What the 2026/27 Budget means for businesses and individuals*

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## FOREWORD

The 2026/27 Budget is a relief budget. It cuts personal income tax, cushions the rise in fuel and import costs, and keeps the primary surplus that has brought public debt down.

This is the first Budget presented since Barbados completed its IMF-supported programme in 2025. It lowers both personal income tax rates, raises the VAT registration threshold for small businesses, extends relief on electric vehicles and changes how import taxes are valued for a year. The general corporate tax rate stays at 9%. Most measures took effect on 1 April 2026; others follow on 1 July and 1 October 2026.

This review sets out the figures, the measures and their effective dates, and what they mean for each sector. It should be read with our Doing Business in Barbados guide and the Barbados Tax Guide.

Barbados is served through Dawgen Global's Caribbean Service Desk, managed from our headquarters in Kingston, with tax matters handled by our Caribbean Tax Service Desk. We would be glad to help you work through the impact on your business.

**Dr. Dawkins Brown, Ph.D., MCMI, ACFE**

Executive Chairman, Dawgen Global

### How to use this guide

This review summarises the 2026/27 Budget and what it means for businesses and individuals in Barbados. It is general information, current to October 2026; measures may change as they pass into law. Our companion Doing Business and Tax Guides give the wider picture. Speak to us before you act.

OVERVIEW

# 01 Budget at a glance

The Estimates of Expenditure and Revenue for the financial year 1 April 2026 to 31 March 2027 were laid in Parliament on 24 February 2026. The Minister of Finance, Hon. Ryan Straughn, presented the Financial Statement and Budgetary Proposals to the House of Assembly on 16 March 2026.

TOTAL ESTIMATES
BBD 6.14 billion
Accrual basis, including capital and debt repayment

REVENUE
BBD 5.18 billion
Cash basis, 2026/27 estimate

PRIMARY SURPLUS
4.8% of GDP
BBD 817.5 million projected for 2026/27

PUBLIC DEBT
93.7% of GDP
End-June 2026, down from 94.8% in March 2026

CAPITAL SPENDING
BBD 889.8 million
Cash basis, 2026/27 estimate

CORPORATE TAX
9%
Unchanged; 5.5% for approved small businesses

### Five key messages

- **Lower personal income tax.** The rates fall to 11.5% and 27.5% from income year 2026, with higher credits for low earners and pensioners.
- **Help with living costs.** Temporary fuel excise cuts, capped VAT on fuel and support with electricity fuel charges.
- **Cheaper imports for a year.** Selected food, personal care and building goods are taxed on their free-on-board value to 31 March 2027.
- **Room for small firms.** The VAT registration threshold rises to BBD 350,000 from 1 October 2026.
- **Debt still falling.** A large primary surplus continues, with debt targeted at 60% of GDP by 2036.

ECONOMY

# 02 Economic context

The economy has grown for five years in a row, but more slowly in 2026, as tourism demand softened and oil prices rose early in the year.

REAL GDP
+1.4%
January–June 2026; about 2% projected for 2026

GROWTH IN 2025
2.7%
Estimate presented with the Budget

INFLATION
1.4%
12-month average to May 2026; 2% point to point

UNEMPLOYMENT
6.1%
End-March 2026

RESERVES
BBD 3.1 billion
End-June 2026, 25.9 weeks of imports

EXCHANGE RATE
BBD 2 = US$1
Fixed peg, unchanged

## Where growth comes from

Tourism provides about half of the output of the traded sector. Long-stay arrivals reached record levels in 2025 and edged higher in early 2026, but shorter stays reduced visitor nights. In the first half of 2026 the non-traded sector grew 1.5% and the traded sector 0.4%.

## Price pressures

Oil prices rose sharply in March 2026. The Budget responded with temporary relief on fuel and electricity, rather than permanent cuts in tax rates on fuel.

## Outlook

The Central Bank of Barbados expects growth of about 2% in 2026, at the lower end of its earlier range of 2% to 3%, with inflation remaining low. Medium-term growth of about 2% a year is expected.

### After the IMF programme

The IMF-supported arrangements ended in June 2025. Barbados now follows its own Barbados Economic Recovery and Transformation programme (BERT 2026), which sets a debt ceiling and a primary surplus floor.

PUBLIC FINANCES

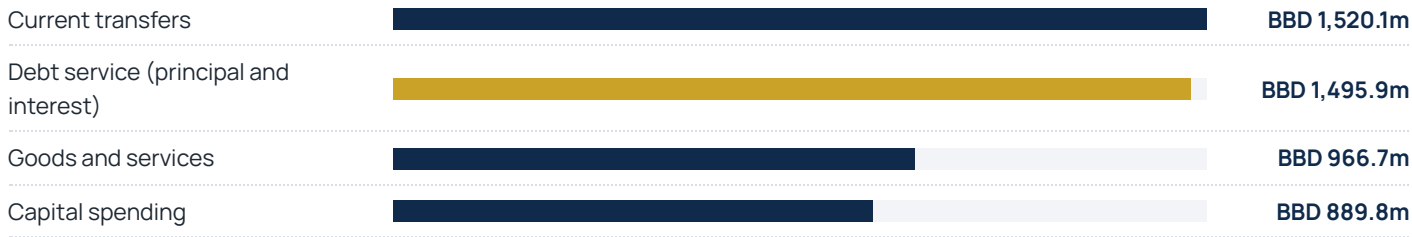
# 03 Fiscal framework

The 2026/27 Estimates provide for revenue to exceed spending before debt repayment, leaving a primary surplus of 4.8% of GDP.

| BBD million, 2026/27 estimates | Cash basis | % of GDP |
|---|---|---|
| **Revenue** | 5,179.0 | 30.3% |
| **Expenditure, excluding debt repayment** | 5,075.5 | 29.7% |
| of which current spending | 4,185.7 | 24.5% |
| of which capital spending | 889.8 | 5.2% |
| **Overall balance (revenue less expenditure)** | +103.5 | +0.6% |
| **Primary balance** | +817.5 | +4.8% |

GDP is estimated at BBD 17,064.7 million. On an accrual basis, current revenue is BBD 5,275.9 million and total spending including debt repayment BBD 6,138.6 million.

### Selected spending lines, 2026/27




Spending on goods and services rises by BBD 376.2 million and current transfers by BBD 368.4 million, or 32%, on the revised 2025/26 figures. The gold bar includes debt repayment, which sits below the line.

### Outturn so far

To the end of June 2026 the Government recorded an overall surplus of BBD 347.4 million and a primary surplus of BBD 537.5 million, well above the programme floor, although both were narrower than a year earlier.

BUSINESS TAX

# 04 Tax measures for businesses

The corporate tax rates are unchanged. The measures for businesses are targeted credits, tourism and transport concessions and a higher VAT threshold.

| Measure | What changes | Effective | Who is affected |
|---|---|---|---|
| **VAT registration threshold** | Rises from BBD 200,000 to BBD 350,000 of taxable supplies a year | 1 Oct 2026 | Small businesses |
| **Digitisation credit** | The 100% credit for spending on digitisation, process re-engineering and system upgrades is extended | Income year 2026 | All companies investing in systems |
| **Tourism concessions** | Automatic three-year extension of qualifying Tourism Development Act concessions | 1 Apr 2026 | Hotels and tourism projects |
| **Stand-alone restaurants** | Approved restaurants may import spirits free of duty and VAT; relief on commercial kitchen equipment | 1 Jul 2026 | Restaurants |
| **Car rentals** | VAT falls from 17.5% to 10% as an eligible tourism service; approved fleets get relief on hybrid and electric vehicles and charging equipment | 1 Jul 2026 | Car rental companies |
| **Staff retraining** | Government funds 75% of approved retraining costs through the NIS retraining fund | 2026/27 | Employers |
| **Micro-business finance** | Higher loan limits, a factoring fund, a registry for movable collateral and a business compliance desk | 2026/27 | Micro and small firms |

### Unchanged

Corporate income tax of 9%, or 5.5% for approved small businesses; the 15% top-up tax for large multinational groups; monthly prepayments; group relief; and VAT at 17.5%.

### Still to come

Formal transfer pricing rules and qualified refundable tax credits were discussed but are not yet law. We will update clients as legislation is published.

INDIVIDUALS

# 05 Tax measures for individuals and households

Every taxpayer gains from the lower rates, and the credits for low earners and pensioners go further.

| Taxable income | Before 2026 | From 2026 |
|---|---|---|
| **First BBD 50,000** | 12.5% | 11.5% |
| **Above BBD 50,000** | 28.5% | 27.5% |

The new rates apply from income year 2026. Taxable income is after the BBD 25,000 personal allowance, so a person earning BBD 75,000 saves about BBD 500 a year.

### Credits and allowances

- Pensioner allowance BBD 75,000 (income year 2025)
- Reverse tax credit up to BBD 1,700 for income up to BBD 25,000, and a BBD 750 credit for income of BBD 25,001 to 35,000
- Compensatory income credit: the income limit rises from BBD 35,000 to BBD 50,000
- Electric and hybrid vehicle battery replacements deductible over five years

| Payroll contribution | Employee | Employer |
|---|---|---|
| **National insurance** | 11% | 12.75% |
| **Resilience and Regeneration Fund** | 0.25% | 0.25% |

Contribution rates are unchanged. National insurance applies to earnings up to BBD 5,360 a month in 2026, rising to BBD 5,450 in 2027. The minimum wage rose to BBD 10.71 an hour in January 2026.

### Cost-of-living support

From 1 April 2026, a cash credit of BBD 100 a month for one year is paid through the National Insurance and Social Security Service to low-income pensioners, people over 65 without a pension and welfare recipients.

INDIRECT TAXES

# 06 Indirect taxes, customs and other revenue

Much of the relief comes through customs valuation, fuel taxes and import concessions, most of it for a limited period.

| Measure | Change | Effective |
|---|---|---|
| **Free-on-board valuation** | VAT and import duty on selected food, personal care and construction goods are calculated on the free-on-board value | 1 Apr 2026 to 31 Mar 2027 |
| **Freight ceilings** | Freight and insurance above US$3,000 for a 20-foot container and US$6,000 for a 40-foot container are left out of the tax base | 1 Apr 2026 to 31 Mar 2027 |
| **Fuel excise** | Cut by 10 cents a litre on gasoline and diesel for three months, subject to review | 1 Apr 2026 |
| **VAT on fuel** | Capped at 47 cents a litre on gasoline and 37 cents on diesel | To 31 Mar 2027 |
| **Electric vehicles** | VAT and excise holiday extended, with import duty at 10% | To 31 Mar 2029 |
| **Personal imports** | Goods up to BBD 150 free of duty and VAT; BBD 150 to 200 free of duty but subject to VAT | 1 Apr 2026 |
| **Security and home equipment** | Duty and VAT waived on security systems, and for one year on dashcams and GPS devices; waivers on generators, water tanks and pumps extended two years | 1 Apr 2026 |
| **Travel fee** | Air travel and tourism development fee cut from US$35 to US$20 for CARICOM travellers | 1 Jul 2026 to 30 Jun 2027 |

### Unchanged

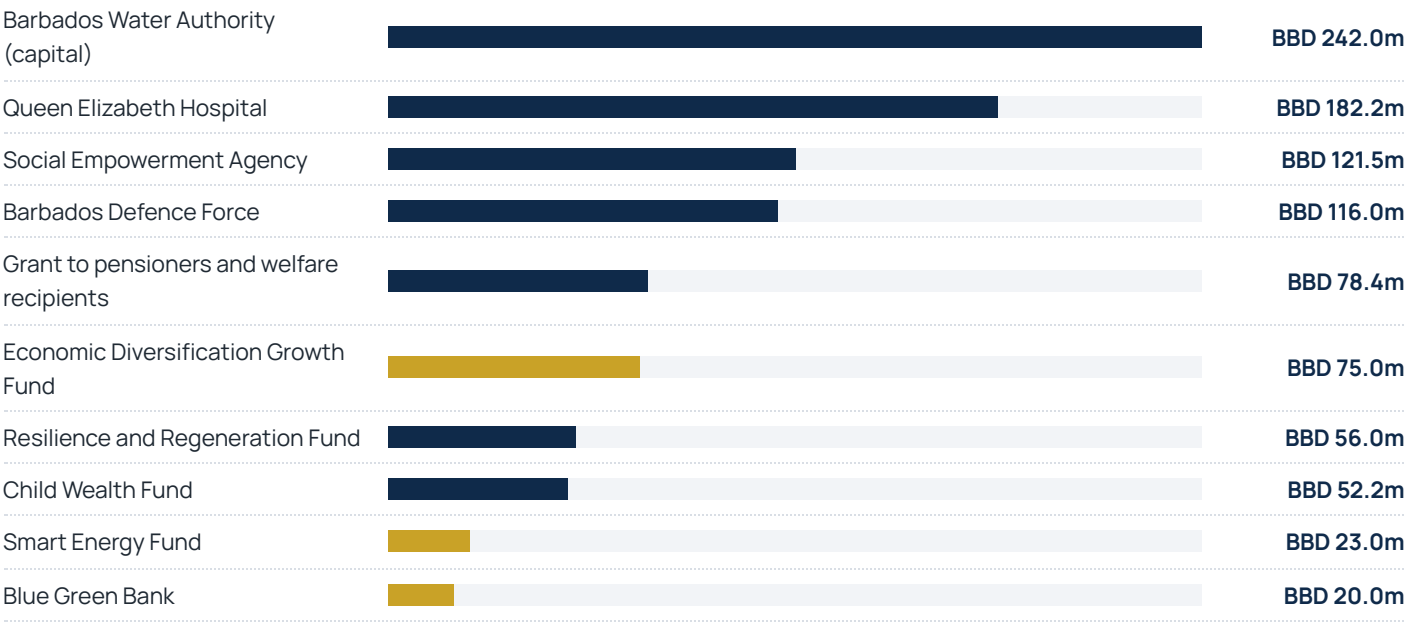
VAT at 17.5%, 22% on mobile services and 10% on hotel accommodation and eligible tourism services; the 2% foreign exchange fee; land tax, property transfer tax and stamp duty.

SPENDING

# 07 Spending priorities and capital programme

Capital spending rises sharply, with water, health, housing and new growth sectors at the centre of the programme.

### Selected provisions in the 2026/27 Estimates




Gold bars are capitalisations of funds and banks that lend to or invest in business.

### Infrastructure

- Water and sewerage
- Health facilities
- Bridgetown Port
- Fishing harbour
- Roads and traffic
- Airport
- Housing
- Renewable energy

### Growth and agriculture

- Diversification fund for film, creative, green technology and digital services
- Plug-and-play industrial zones
- Rebates for farm security, organic inputs and beekeeping

DEBT

# 08 Debt, financing and fiscal rules

Debt has nearly halved as a share of GDP since 2018. The aim is 60% of GDP by 2036.

### Public debt, % of GDP

| | |
|---|---|
| 2018 peak | 178.9% |
| End-March 2026 | 94.8% |
| End-June 2026 | 93.7% |
| Target, 2036 | 60% |

Gross public sector debt was BBD 15.1 billion at the end of June 2026, BBD 250.8 million below the BERT 2026 ceiling.

### Fiscal oversight

An independent Fiscal Council was reconstituted in May 2026. It assesses the credibility of budget projections, adherence to fiscal commitments and long-term risks, and publishes its assessments.

### Financing 2026/27

Debt service, principal and interest, is estimated at BBD 1,495.9 million. The primary surplus covers interest and part of the principal, with the balance refinanced.

- Reserves of BBD 3.1 billion support the fixed exchange rate
- Primary surplus at the end of June 2026 was BBD 353.5 million above the programme floor
- Development partners continue to fund climate resilience and infrastructure

### Risks to watch

Oil prices, tourism demand in key source markets, the cost of climate events and the finances of state-owned enterprises.

SECTOR IMPACT

# 09 What it means for your sector

| Sector | What the Budget means |
|---|---|
| **Tourism and hospitality** | Automatic three-year extension of qualifying concessions. Duty-free spirits for approved stand-alone restaurants and 10% VAT on car rentals from 1 July 2026. A lower travel fee for CARICOM visitors for a year. |
| **Financial services** | Rates unchanged, including the 15% top-up tax for large groups. Credit unions may invest more of their funds in productive sectors. New collateral registry and factoring fund. |
| **Construction and real estate** | Building materials taxed on free-on-board value to 31 March 2027. A larger capital programme in water, health, housing and ports. |
| **Manufacturing and distribution** | Lower import valuation on selected goods and freight ceilings for a year. Update pricing and customs systems, and plan for the end of the relief. |
| **Energy and transport** | Temporary fuel excise cuts and VAT caps. Electric vehicle holiday to 2029, relief for rental fleets and battery deductions for individuals. |
| **Technology and digital** | Digitisation credit extended. Diversification fund for digital and creative services, and a national cyber security operations centre. |
| **Agriculture** | Rebates for farm security, organic inputs and beekeeping, and support for water and electricity costs. |
| **SMEs** | VAT threshold of BBD 350,000 from 1 October 2026. Larger micro-business loans and a compliance desk for small business filings. |
| **Employers generally** | Update PAYE for the 2026 rates. Retraining funded at 75%. Contribution rates unchanged. |

ACTION PLAN

# 10 Action points and key dates

## Businesses

- [ ] Check whether VAT registration is still needed under the BBD 350,000 threshold
- [ ] Apply free-on-board valuation to qualifying imports
- [ ] Plan for the relief ending on 31 March 2027
- [ ] Claim the digitisation credit for 2026 spending
- [ ] Review tourism concessions and car rental VAT
- [ ] Diary the 15 March and 15 June return dates

## Individuals

- [ ] Check payroll applies the 2026 rates
- [ ] Claim credits and the pensioner allowance
- [ ] File 2026 returns by 30 April 2027

| Date | What happens |
|---|---|
| **1 January 2026** | Minimum wage BBD 10.71; new NIS ceiling |
| **16 March 2026** | Budget presented |
| **1 April 2026** | Free-on-board valuation; fuel and import relief; cost-of-living credit |
| **1 July 2026** | 10% VAT on car rentals; restaurant spirits relief; lower CARICOM travel fee |
| **1 October 2026** | VAT threshold BBD 350,000 |
| **31 March 2027** | Valuation relief and fuel VAT caps end |
| **15 March 2027** | Corporate returns, January–September year-ends |
| **30 April 2027** | Individual returns for 2026 |
| **31 March 2029** | Electric vehicle holiday ends |

Corporate return dates depend on the year-end.

YOUR PARTNER

# 11 How Dawgen Global helps

Our Caribbean Tax Service Desk, managed from Kingston, helps businesses and individuals turn the Budget into a plan.

### Budget impact assessment

Modelling the measures against your costs, prices, margins and tax position.

### Tax planning and restructuring

Group relief, top-up tax, credits and the timing of investment.

### Compliance updates and payroll changes

PAYE for the new rates, VAT registration reviews and prepayments.

### Incentives and concessions

Tourism concessions, foreign currency permits and the digitisation credit.

### Cash flow and pricing reviews

Forecasts and repricing for customs relief and its end in 2027.

### Engagement with the tax authority

Objections, audits and correspondence with the BRA and Customs.

### Start with a conversation

Tell us how the 2026/27 Budget affects your plans, and we will set out the steps for your situation. Some regulated services are performed by affiliated firms; we will advise you of the arrangements when you make a request. Fees are tailored to each client's circumstances and set out in an engagement letter. Email **barbados@dawgen.com** or **info@dawgen.global**, or call (876) 926-5210.

# Talk to the Caribbean Tax Service Desk about the 2026/27 Budget

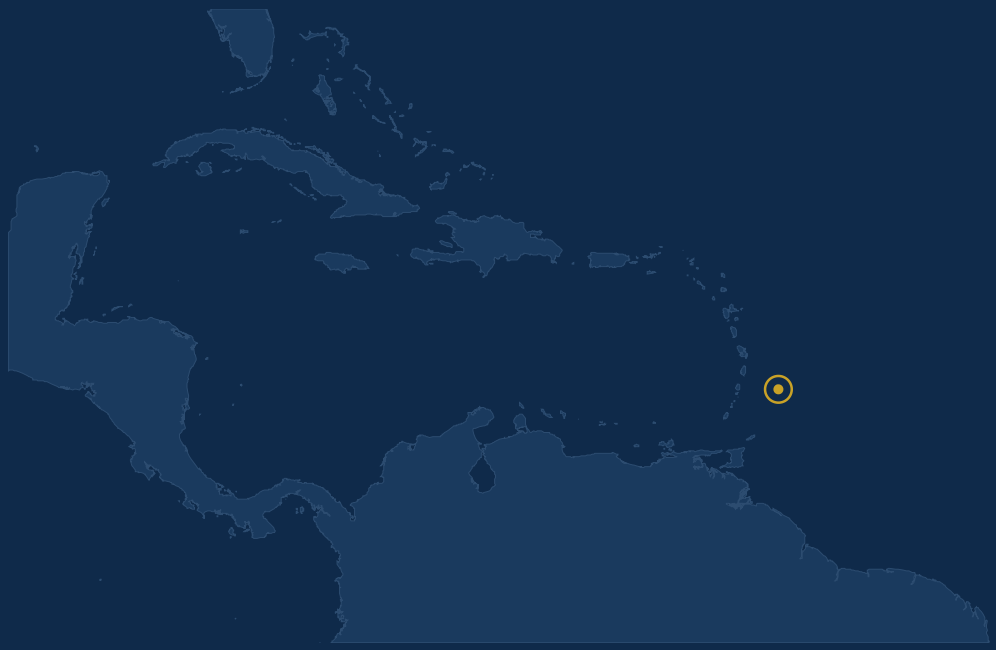
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## Key official sources

- Ministry of Finance, Economic Affairs and Investment (gov.bb)
- Parliament of Barbados (barbadosparliament.com)
- Barbados Revenue Authority (bra.gov.bb)
- Barbados Customs and Excise Department (customs.gov.bb)
- Central Bank of Barbados (centralbank.org.bb)
- Barbados Statistical Service (stats.gov.bb)
- National Insurance and Social Security Service (nis.gov.bb)
- International Monetary Fund (imf.org)



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