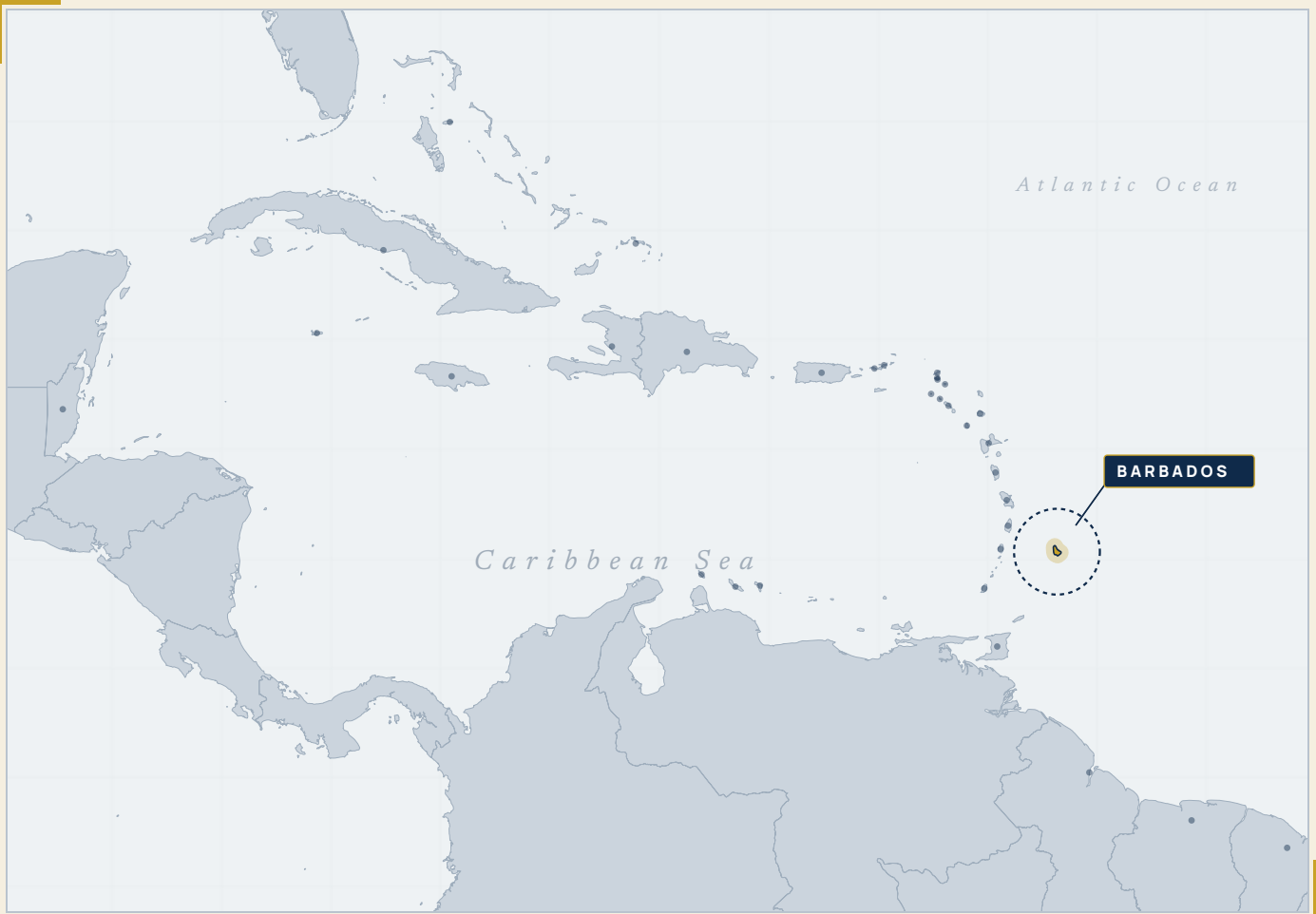




CARIBBEAN TAX SERVICE DESK · EASTERN CARIBBEAN AND LESSER ANTILLES

Barbados

Tax Guide

A guide to corporate, personal and indirect taxes in Barbados

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FOREWORD

Barbados has rebuilt its corporate tax system around a 9% general rate and the global minimum tax, while keeping one of the region's widest treaty networks.

Barbados combines a familiar common-law framework with a tax system that has changed significantly since 2024: a single 9% corporate rate, a 15% top-up tax for large multinational groups, monthly prepayments, the return of group relief and lower personal income tax rates from 2026. Value added tax, national insurance, land tax and property transfer tax complete the picture, and the Barbados Revenue Authority expects timely, electronic compliance.

This guide explains the main taxes on companies and individuals in plain language, current to October 2026 and including the 2026 Budget measures. It is written for investors, finance teams and individuals with interests in Barbados.

Tax matters are handled by Dawgen Global's Caribbean Tax Service Desk, managed from Kingston. We would be glad to help you plan, comply and resolve issues with confidence.

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

Executive Chairman, Dawgen Global

How to use this guide

This guide summarises the main taxes that apply to companies and individuals in Barbados. It is general information, current to October 2026, and is not a substitute for advice on your circumstances. Rates and rules change; speak to us before you act. Our companion Doing Business guide covers set-up, employment and regulation.

FOUNDATIONS

01 Investment basics

Barbados has a fixed exchange rate, exchange controls administered by the Central Bank and IFRS-based reporting. Tax is administered by the Barbados Revenue Authority (BRA).

CORPORATE INCOME TAX**9%**

5.5% for approved small businesses;
special rates for some sectors

TOP-UP TAX**15%**

Minimum tax for groups with revenue of
€750 million or more, from 2024

VALUE ADDED TAX**17.5%**

Registration above BBD 350,000 a year
from 1 October 2026

PERSONAL INCOME TAX**11.5% / 27.5%**

27.5% above BBD 50,000 of taxable
income, from income year 2026

NATIONAL INSURANCE**12.75% employer**

11% employee, on earnings up to BBD
5,360 a month

CAPITAL GAINS**None**

2.5% property transfer tax on land and
shares instead

Currency and foreign exchange

The Barbados dollar (BBD) is pegged at BBD 2 to US\$1. Exchange controls apply: payments abroad go through banks as authorised dealers, and foreign investment should be registered so it can be repatriated. Foreign currency permit holders are exempt.

Accounting and audit

Companies prepare financial statements under IFRS. Companies above set revenue or asset thresholds need an audit. Financial statements support the annual tax return.

Principal business entities

Company limited by shares

Public company

External company (branch)

Society with restricted liability

Partnership

Sole trader

Companies are taxed as separate entities. Partners and sole traders are taxed personally on their share of profits.

The tax system

The BRA administers income tax, top-up tax, VAT, PAYE, land tax, property transfer tax and stamp duty. Customs collects duties, and the National Insurance and Social Security Service collects contributions.

BUSINESS TAX

02 Corporate taxation

Resident companies pay tax on worldwide income; non-resident companies pay tax on Barbados-source income, including branch profits.

Residence and basis

A company is resident if its central management and control is exercised in Barbados. A branch of an external company is taxed on its Barbados profits on the same basis as a local company.

Taxable income

- ◆ Worldwide income less expenses incurred to produce assessable income
- ◆ Capital allowances replace book depreciation: straight-line at prescribed rates, with initial allowances in the year of acquisition
- ◆ Industrial buildings 4% a year; an extra renewable energy allowance for qualifying spending
- ◆ Not deductible: goodwill, most start-up costs, income tax, and fines and penalties
- ◆ Accrued interest not paid within two years (one year for related parties) is added back

Taxpayer	Rate
Companies generally, including banks and branches	9%
Approved small businesses (Small Business Development Act)	5.5%
International shipping	5.5% falling to 1% by income band
Insurers: Class 1 (related-party risk)	0%
Insurers: Class 2 and Class 3	2%
Qualifying intellectual property income, on election	4.5%

Minimum tax and surtax

There is no surtax and no alternative minimum tax for most companies. Members of multinational groups with consolidated revenue of €750 million or more are subject to the 15% top-up tax under the Corporation Top-up Tax Act, 2024 (see section 05).

The 2024 reform

From income year 2024 the 9% general rate replaced the former tiered rates of 5.5% to 1%. Since then, the loss carry-forward period has been cut to five years, group relief has returned and monthly prepayments apply to most companies. Refundable jobs and research and development credits were introduced for qualifying activities.

BUSINESS TAX

03 Corporate taxation (continued)

Dividends

Dividends between Barbados-resident companies are exempt. Dividends from a non-resident company are exempt where the Barbados company holds at least 10% of the equity and the holding is not a portfolio investment.

Capital gains

There is no capital gains tax. Property transfer tax of 2.5% applies to transfers of Barbados land and of shares in private companies; shares listed on the Barbados Stock Exchange are exempt.

Losses

Losses are carried forward for five income years (seven before 2025) and may offset no more than 50% of taxable income in any year. There is no carry-back.

Foreign tax credit

Credit is given for foreign tax on foreign income, under treaties or unilaterally, but cannot reduce Barbados tax below 1% of taxable income. Excess credits cannot be carried forward.

Holding companies and groups

There is no separate holding company regime beyond the dividend exemptions. From income year 2025, current trading losses may be surrendered between Barbados-resident companies in a 75% group taxed at the 9% rate, subject to conditions.

Tax incentives in brief

Incentive	Main benefit
Small Business Development Act	5.5% tax rate and duty relief for approved, mainly locally owned businesses
Jobs credit	Refundable credit of 25% to 100% of eligible payroll, for fintech and certain distribution businesses
R&D credit	Refundable credit of 50% of qualifying research spending in Barbados
Digitisation credit	100% credit for business digitisation spending, extended by the 2026 Budget
Foreign currency permits	Exchange control exemption and stamp duty, transfer tax and import relief

CROSS-BORDER PAYMENTS

04 Withholding taxes and tax treaties

Withholding tax is deducted at source and paid to the BRA. Treaty rates require evidence that the recipient is resident in the treaty country.

Payment	Resident company	Resident individual	Non-resident	Treaty range
Dividends	0%	15%, final	5%; nil if paid from foreign-source income	0% to 15%
Interest	15%	15%, final (nil for pensioners aged 60 or over)	Confirm with the BRA; government securities exempt	0% to 15%
Royalties	None	None	Confirm with the BRA	0% to 15%
Management and technical fees	None	None	Confirm with the BRA	0% to 15% where fees are covered
Branch remittances	Not applicable		5% on Barbados profits remitted; nil on foreign-source profits	Treaty relief may apply

Tax treaties

Austria, Bahrain, Canada, China, Cuba, Cyprus, the Czech Republic, Finland, Iceland, Italy, Luxembourg, Malta, Mauritius, Mexico, the Netherlands, Panama, Portugal, Qatar, San Marino, Seychelles, Singapore, Spain, Sweden, Switzerland, the United Arab Emirates, the United Kingdom, the United States and Venezuela. Others, including Botswana, Rwanda and Hong Kong, are signed but not yet in force.

CARICOM agreement and TIEAs

The CARICOM agreement covers Antigua and Barbuda, Belize, Dominica, Grenada, Guyana, Jamaica, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, and Trinidad and Tobago. Dividends are exempt; interest, royalties and fees are taxed at 15%. Information exchange agreements are in force with Denmark, the Faroe Islands, Greenland and South Africa.

Claiming treaty rates

Hold evidence of the recipient's residence and beneficial ownership before applying a treaty rate, and confirm the domestic rate on interest, royalties and fees paid abroad with the BRA.

INTERNATIONAL RULES

05 Anti-avoidance and international rules

Barbados has adopted the global minimum tax and the main OECD transparency standards, with thin capitalisation rules but no CFC regime.

Transfer pricing

There is no comprehensive transfer pricing legislation yet, and formal rules are expected. The BRA may adjust or disregard transactions not at arm's length whose main purpose is to reduce assessable income. Groups with revenue of US\$850 million or more file country-by-country reports.

Thin capitalisation

Interest on debt owed to a non-resident related party holding more than 10% is not deductible to the extent total debt exceeds 1.5 times equity.

CFC rules and general anti-avoidance

There is no controlled foreign company regime. The BRA may disregard artificial transactions that reduce tax.

Economic substance

The Companies (Economic Substance) Act was repealed from 1 January 2025. Substance rules now sit in the Income Tax Act and apply to resident insurance and international shipping businesses taxed below 9%, which report with their annual return.

Pillar Two

A qualified domestic minimum top-up tax of 15% applies from fiscal years beginning on or after 1 January 2024 to groups with revenue of €750 million or more, with safe harbours and a de minimis exclusion. The first return and payment are due 18 months after the first year-end, then 15 months.

Information exchange

- ◆ **FATCA:** Model 1 agreement with the United States, in force since 2015
- ◆ **CRS:** automatic exchange since 2017; CRS amendments signed in 2024
- ◆ **Crypto-assets:** reporting framework planned, with first exchanges in 2028
- ◆ **Multilateral Instrument:** in force from 1 April 2021

CORPORATE COMPLIANCE

06 Compliance for corporations

Companies self-assess and file electronically through the BRA's online system (TAMIS).

Tax year and returns

Companies are taxed on their fiscal year. There are no consolidated returns: each company files its own, with group relief claimed where available.

1

Monthly prepayments

One-twelfth of the tax for the year before the preceding year. Reductions can be sought.

15TH MONTHLY

2

Return and balance: Jan to Sep year-ends

Due after the year-end.

15 MAR

3

Return and balance: Oct to Dec year-ends

Due after the year-end.

15 JUN

Approved small businesses pay two 50% instalments instead.

Penalties and interest

Late filing and late payment attract fixed fees and percentage penalties, and interest of 1% a month on unpaid tax. Missed prepayments attract a penalty and interest. The 2025 Budget lowered late filing fees and capped total interest and penalties; confirm the current amounts with the BRA.

Audits, records and rulings

Keep records for at least five years after the income year, and do not destroy them without the Commissioner's permission. Reassessment can reach back nine years where there has been misrepresentation or non-disclosure. There is no advance ruling procedure.

Objections and appeals

Objections are filed online through TAMIS within the time allowed after an assessment. Appeals go to the Revenue Appeals Tribunal within 30 days of the BRA's decision, or if no decision is made within six months, and then to the High Court. Time limits are strict.

Practical points

Review prepayments if profits fall. Reconcile PAYE, NIS, VAT and withholding filings to the accounts before the annual return, and answer BRA queries in writing within the time stated.

BEYOND INCOME TAX

07 Other taxes on corporations

Tax	Rate and base	Who pays
National insurance	Employer 12.75%, employee 11%, on earnings up to BBD 5,360 a month (2026)	Employer, plus employee share
Resilience and Regeneration Fund	0.25% of gross earnings, no ceiling	Employer and employee each
Land tax	Annual, 0% to 1% of improved value for homes by band; 0.95% for non-residential property; 0.8% to 1% for vacant land	Owner of land
Property transfer tax	2.5% on land with a building above BBD 150,000, on private company shares above BBD 50,000, and on vacant land	Usually the seller
Stamp duty	1% (BBD 10 per BBD 1,000) on transfers of property, leases and private company shares	Usually the seller
Capital duty	None	—
Asset tax	0.35% a year of average domestic assets, paid quarterly	Banks, deposit-takers, credit unions, insurers
Insurance premium tax	Life 6% new business, 3% or 5% renewals; property 4.75%; other general 4%	Insurers
Foreign exchange fee	2% on foreign currency purchases, unless from a foreign currency account	Purchaser
Tourism levies	Room rate levy per night by property type; product development levy 3.75%; shared economy levy 10%	Tourism businesses
Excise and fuel tax	Specific or ad valorem rates on fuel, alcohol, tobacco, vehicles, sweetened drinks and salty snacks	Importers, manufacturers

There are no other payroll taxes. Holders of foreign currency permits may be exempt from property transfer tax and pay reduced stamp duty.

INDIVIDUALS

08 Personal taxation

Residents pay income tax on worldwide income above a personal allowance; non-residents pay on Barbados income without allowances.

Basis of taxation

- ◆ **Resident and domiciled:** worldwide income
- ◆ **Resident, not domiciled:** Barbados income, plus foreign income to the extent it is remitted or a benefit is obtained in Barbados
- ◆ **Non-resident:** Barbados-source income only

Residence tests

An individual is resident in a year if present in Barbados for more than 182 days in total, or if ordinarily resident. A non-domiciled person with a permanent home in Barbados may be ordinarily resident if they elect to live there for at least two consecutive years.

Filing status

Each individual files separately; joint filing by spouses is not available.

Taxable income (from income year 2026)	Rate
First BBD 50,000	11.5%
Above BBD 50,000	27.5%

The rates were 12.5% and 28.5% before 2026. Taxable income is income after the personal allowance, so a resident with no other deductions reaches the higher rate at BBD 75,000.

Taxable income

Employment income including benefits in money or kind, business and professional profits, rents, interest, royalties, directors' fees and pensions. Residential rental income is taxed at 15%. Local dividends and interest are taxed at source.

Allowances

Allowance (residents only)	BBD a year
Personal allowance	25,000
Pensioners aged over 60 (from income year 2025)	75,000
Spouse with no income	3,000

INDIVIDUALS

09 Personal taxation (continued)

Capital gains

There is no capital gains tax. Property transfer tax and stamp duty apply when land or private company shares change hands, including some gifts.

Deductions, reliefs and credits

- ◆ Charitable donations to registered charities, generally up to 10% of assessable income
- ◆ Annual medical examinations for people aged 40 or over, up to BBD 750
- ◆ Union and professional subscriptions up to BBD 240
- ◆ Renewable energy spending at 150%, capped at BBD 10,000 a year
- ◆ Bonus taken in employer shares, up to the lower of 75% or BBD 7,500
- ◆ Reverse tax credit of up to BBD 1,700 for lower incomes (from 2025)

Pensions and employment benefits

Pensions are taxable, with the higher pensioner allowance. Contributions to registered pension plans are relieved within statutory limits. Benefits in money or kind, such as housing and board, are taxable; hotel workers' meal allowances are exempt from April 2025.

Tax	Position for individuals
National insurance (employee)	11% of earnings up to BBD 5,360 a month
Resilience and Regeneration Fund	0.25% of gross earnings
Property transfer tax	2.5% on transfers of land and private company shares above the thresholds
Stamp duty	1% on most transfers of property
Land tax	Annual charge on improved value; reduced for pensioners in their own homes
Inheritance and gift tax	None
Estate duty	None
Net wealth tax	None
Capital acquisitions tax	None

Self-employed persons pay national insurance and the Resilience Fund on their own earnings at the rates set for them by the National Insurance and Social Security Service.

INDIVIDUAL COMPLIANCE

10 Compliance for individuals

Most employees meet their obligations through PAYE. Others with business, rental or foreign income must file and pay by the due dates.

Employees and PAYE

The tax year is the calendar year. Employers deduct PAYE and national insurance each pay period and pay them by the 15th of the following month. A return is required from individuals who carry on a business or whose assessable income exceeds BBD 25,000 (BBD 75,000 for pensioners).

Returns and payment

When	What
30 April	Annual return for the prior year; balance of tax, or 50% of it for mainly employed taxpayers
30 September	Remaining 50%, where tax is paid in two halves
15 June, September, December	Instalments of 25% of last year's tax where business or rental income exceeds 25% of the total

Returns can be filed online. Late filing and payment attract fees, penalties and interest of 1% a month.

Non-residents and expatriates

- ◆ Each individual needs a taxpayer identification number from the BRA
- ◆ Pay for work done in Barbados is generally taxable from the first day
- ◆ Non-residents receive no personal allowance or personal deductions
- ◆ Non-domiciled residents are taxed on foreign income only to the extent it is remitted or benefits them in Barbados
- ◆ Treaties may exempt short assignments by residents of treaty countries
- ◆ Foreign staff need a work permit from the Immigration Department

Barbados Welcome Stamp

The 12-month Welcome Stamp lets remote workers employed overseas live in Barbados. Under the Remote Employment Act, holders are generally not taxed in Barbados on income from their overseas employment; Barbados-source income remains taxable.

INDIRECT TAXES

11 VAT and customs

Value added tax (VAT) is charged on most goods and services supplied in Barbados and on imports.

Rate	Applies to
17.5% standard	Most goods, services and imports
22%	Mobile voice, data and text services
10%	Hotel and other tourist accommodation, eligible tourism services and, from 1 July 2026, car rentals
Zero-rated	Exports, basic foods, prescription drugs, international freight and certain supplies to international business
Exempt	Most financial services, sales and rentals of real estate, medical services and education

Registration and returns

Registration is required once taxable supplies exceed BBD 350,000 a year (BBD 200,000 before 1 October 2026), and is voluntary below.

Returns and payment are usually due every two months, by the 21st of the following month; large taxpayers file monthly.

2026 Budget relief

From 1 April 2026 to 31 March 2027, VAT and duty on selected food, personal care and construction goods are calculated on the free-on-board value, and VAT on fuel is capped. The VAT and excise holiday on electric vehicles is extended to 31 March 2029.

Input tax recovery

Registered businesses credit VAT on business purchases and imports against output tax. VAT relating to exempt supplies is not recoverable.

Imported and digital services

Overseas suppliers of digital and online services to consumers in Barbados must register and account for VAT, with no threshold. Businesses should check with the BRA whether VAT applies to other services they import.

Customs and excise

Import duty follows the CARICOM Common External Tariff, mostly 0% to 20% of customs value, with higher rates on some goods. VAT and, for some goods, excise tax are added. Manufacturers and farmers are exempt on many business inputs.

ADMINISTRATION

12 Tax calendar and administration

Main tax laws

Income Tax Act; Corporation Top-up Tax Act, 2024; Value Added Tax Act; Land Tax Act; Property Transfer Tax Act; Stamp Duty Act; Excise Tax Act; Customs Act; National Insurance and Social Security Act; Exchange Control Act; Foreign Currency Permits Act; Small Business Development Act; Remote Employment Act.

Authorities

The BRA administers domestic taxes and the Customs and Excise Department collects duties. Appeals go to the Revenue Appeals Tribunal, then the High Court.

Recent and upcoming changes

- ◆ **2024:** 9% general corporate rate; 15% top-up tax; jobs and R&D credits
- ◆ **2025:** group relief returned; five-year loss carry-forward; monthly prepayments for all companies; Economic Substance Act repealed; pensioner allowance BBD 75,000
- ◆ **2026 Budget:** personal rates cut to 11.5% and 27.5%; VAT threshold BBD 350,000 from 1 October; 10% VAT on car rentals from 1 July
- ◆ **Ahead:** transfer pricing rules and crypto-asset reporting

When	What
15th monthly	PAYE, national insurance and Resilience Fund; corporate tax prepayments
21st after each VAT period	VAT return and payment, usually every two months
15 March	Corporate returns and balance, year-ends January to September
1 April	Most budget measures take effect
30 April	Individual returns and payment
15 June	Corporate returns and balance, year-ends October to December; individual instalment
15 and 30 September	Individual instalment; second half of individual tax
15 December	Individual instalment
15 months after year-end	Top-up tax return and payment (18 months for the first year)

The BRA sometimes extends deadlines by guidance note. When a date falls on a weekend or public holiday, it normally moves to the next working day.

YOUR PARTNER

13 How Dawgen Global helps

Our Caribbean Tax Service Desk, managed from Kingston, supports companies and individuals with every Barbados tax, from registration to dispute.

Tax compliance

Corporate and personal returns, prepayments, instalments and tax clearance.

Corporate tax advisory

Structuring, capital allowances, losses, group relief, dividends and transactions.

International tax and transfer pricing

Treaty claims, withholding tax, top-up tax, substance and documentation.

Indirect taxes (VAT and customs)

VAT registration, returns, refunds, digital services and customs reviews.

Payroll and employment taxes

PAYE, national insurance, the Resilience Fund and benefit reviews.

Tax disputes and authority engagement

BRA audits, objections, appeals and settlement of arrears.

Incentives and investment planning

Small business approval, jobs and R&D credits, foreign currency permits and tourism concessions.

Private client and expatriate tax

Residence and domicile, Welcome Stamp holders, property and assignees.

Tax technology and reporting

Tax calendars, provisions, Pillar Two data and reporting processes.

Start with a conversation

Tell us about your plans or your tax question in Barbados, and we will set out the steps and timeline 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 Barbados

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Key official sources

- Barbados Revenue Authority (bra.gov.bb)
- Ministry of Finance, Economic Affairs and Investment (gov.bb)
- Barbados Customs and Excise Department (customs.gov.bb)
- Corporate Affairs and Intellectual Property Office (caipo.gov.bb)
- National Insurance and Social Security Service (nis.gov.bb)
- Central Bank of Barbados (centralbank.org.bb)
- Invest Barbados (investbarbados.org)
- Parliament of Barbados (barbadosparliament.com)

