BARBADOS
REVENUE AUTHORITY
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POLICY NOTE
P&F No. 001/2022
Policy & Forecasting
Budgetary Proposals and Financial Statement 2022

Pandemic Contribution Levy - Companies

On March 14, 2022 the Minister of Finance and Economic Affairs, Culture, Security and Public Service ("the Minister") announced the Budgetary Proposals and Financial Statement for the Financial Year 2022/23. Through the Budget, the Minister introduced a Pandemic Contribution Levy on Corporate Profits in certain sectors.

To put the said Pandemic Contribution Levy into effect, the Barbados Revenue Authority ("the Authority") informs as follows:

Definitions

"**commercial bank**"	refers to a commercial bank licenced under Part II and a merchant bank or finance company licenced under Part III of the Financial Institutions Act, Cap. 324A.
"fiscal year"	means the financial year of a company.
"life and general insurance company"	means an insurance entity licensed under the Insurance Act, Cap. 310 as a Class 2 licensee.
"net income"	means pre-tax profits of a company based on income from sources within Barbados, as calculated in accordance with IFRS or GAAP;
"telecommunications company"	means a company, firm or business regulated under the Telecommunications Act, Cap. 282B.
"majors engaged in the sale of fuel"	means any firm or company who carries on, directly or otherwise, the business of storage, distribution and sale of Liquefied Petroleum Gas and Aviation Fuel, in bulk or retail.

Commencement
The commencement date of the Pandemic Contribution Levy for companies is July 1, 2022.

Scope
The Pandemic Contribution Levy is:

1. applicable to:

    - telecommunications companies;
    - life and general insurance companies;
    - majors engaged in the sale of fuel; and
    - commercial banks

where a subject company has net income of $5 million or more in either fiscal year 2020 and/or fiscal year 2021. Thus, if a company has net income of $5 million in either year, the levy still applies in respect of both years.

2. The levy shall not apply to
    - a credit union;
    - a trust company;
    - a public entity; or
    - a qualified person who has been granted a foreign currency permit under the *Foreign Currency Permits Act, 2018-44.*

Expiration Date
The Pandemic Contribution Levy will expire on March 31, 2023.

Applicable Rate and Method of Calculation
The applicable rate of the Pandemic Contribution Levy is 15%.

The Pandemic Contribution Levy is calculated on net income recorded in the company's financial statements as prepared in accordance with IFRS or GAAP for the fiscal years 2020 and 2021. Therefore,

a. on July 15, 2022 the company is required to pay 3.75% of its net income in respect of fiscal year 2020.

b. on August 15, 2022 the company is required to pay 3.75% of its net income in respect of fiscal year 2020.

c. on September 15, 2022 the company is required to pay 3.75% of its net income in respect of fiscal year 2020.

d. on October 15, 2022 the company is required to pay 3.75% of its net income in respect of fiscal year 2020.

e. on November 15, 2022 the company is required to pay 3.75% of its net income in respect of fiscal year 2021.

f. on December 15, 2022 the company is required to pay 3.75% of its net income in respect of fiscal year 2021.

g. on January 15, 2023 the company is required to pay 3.75% of its net income in respect of fiscal year 2021.

h. on February 15, 2023 the company is required to pay 3.75% of its net income in respect of fiscal year 2021.

Conditions

1. This levy is payable in addition to the company's corporate tax obligations and **is not deductible for tax purposes.**

2. The Barbados Revenue Authority is responsible for the collection of the levy and the administration and enforcement of any law enacted to facilitate same.

3. The expiration of the levy does not nullify the obligation to pay and therefore sums subsisting thereafter continue as a liability until the amount due and owing is fully satisfied.

Administration

Companies will be required to file a return to be known as a Pandemic Contribution Levy Return. This return shall be filed on or before the prescribed payment dates between July 15, 2022 to February 15, 2023 inclusive as set out above.

Payment of the levy can be made in the form of cash, cheque, debit card, credit card or via online payment services. Corporations are encouraged to utilise online payment services where possible.

Penalties and Interest

In circumstances where a company

a. fails to pay; or
b. pays after the prescribed payment date; or
c. fails to deliver the return

a **penalty** of **$500** will be imposed in each instance, in addition to **interest at the rate of 1%** calculated for each month during which any part of that amount was not paid on the largest amount of levy and penalty that was due and unpaid at any time in that month.

Policy and Forecasting
March 24, 2022