

# Barbados

## Overall findings

<b>Overall determination on the legal framework: In Place But Needs Improvement</b>
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Barbados' legal framework implementing the AEOI Standard is in place but needs improvement in order to be fully consistent with the requirements of the AEOI Terms of Reference. While Barbados' international legal framework to exchange the information with all of Barbados' Interested Appropriate Partners (CR2) is consistent with the requirements, its domestic legislative framework requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures (CR1) has deficiencies significant to the proper functioning of elements of the AEOI Standard. Most significantly, Barbados' legal framework includes categories of jurisdiction-specific Non-Reporting Financial Institutions that are not in accordance with the AEOI Standard and there are some deficiencies with respect to the enforcement framework.

The methodology used for the peer reviews and that therefore underpins this report is outlined in Chapter 2.

## Conclusions on the legal framework

### *General context*

Barbados commenced exchanges under the AEOI Standard in 2018.

In order to provide for Reporting Financial Institutions to collect and report the information to be exchanged, Barbados:

- enacted Section 83 of the Income Tax Act of Barbados; and
- introduced the Income Tax (Automatic Exchange of Information) Regulations 2017.

Under this framework Reporting Financial Institutions were required to commence the due diligence procedures in relation to New Accounts from 1 July 2017. With respect to Preexisting Accounts, Reporting Financial Institutions were required to complete the due diligence procedures on High Value Individual Accounts by 31 December 2017 and on Lower Value Individual Accounts and Entity Accounts by 31 December 2018.

With respect to the exchange of information under the AEOI Standard, Barbados is a Party to the Convention on Mutual Administrative Assistance in Tax Matters and activated the associated CRS Multilateral Competent Authority Agreement in time for exchanges in 2018.

### *Detailed findings*

The detailed findings for Barbados are below, organised per Core Requirement (CR) and sub-requirement (SR), as extracted from the AEOI Terms of Reference ([www.oecd.org/tax/transparency/documents/aeoi-terms-of-reference.pdf](http://www.oecd.org/tax/transparency/documents/aeoi-terms-of-reference.pdf)).

***CR1 Domestic legal framework: Jurisdictions should have a domestic legislative framework in place that requires all Reporting Financial Institutions to conduct the due diligence and reporting procedures in the CRS, and that provides for the effective implementation of the CRS as set out therein.***

<b>Determination: In Place But Needs Improvement</b>
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Barbados' domestic legislative framework is in place and contains most of the key aspects of the CRS and its Commentary requiring Reporting Financial Institutions to conduct the due diligence and reporting procedures, but it needs improvement in relation to the scope of Reporting Financial Institutions required to report information (SR 1.1) and the framework to enforce the requirements (SR 1.4). Most significantly, Barbados' legislative framework provides for three jurisdiction-specific Non-Reporting Financial Institutions that are not in accordance with the requirements, does not provide for sanctions on Account Holders and Controlling Persons for the provision of a false self-certification and sets out non-recurring record keeping obligations with respect to the reportable accounts subject to annual reporting.

**SR 1.1** Jurisdictions should define the scope of Reporting Financial Institutions consistently with the CRS.

Barbados has defined the scope of Reporting Financial Institutions in its domestic legislative framework in a manner that is largely consistent with the CRS and its Commentary. However, deficiencies have been identified. More specifically, Barbados provides for three jurisdiction-specific Non-Reporting Financial Institutions that are not in accordance with the requirements. The definition of Reporting Financial Institutions, including the provision of Non-Reporting Financial Institutions, is material to the proper functioning of the AEOI Standard.

**Recommendations:**

Barbados should amend its domestic legislative framework to remove three entries from its jurisdiction-specific list of Non-Reporting Financial Institutions as they do not meet the requirements. The entries are: (i) the Co-operative Credit Union League Ltd; (ii) the Agency for Micro Enterprise Development Ltd (Fund Access); and (iii) the Enterprise Growth Fund Ltd.

**SR 1.2** Jurisdictions should define the scope of Financial Accounts and Reportable Accounts consistently with the CRS and incorporate the due diligence procedures to identify them.

Barbados has defined the scope of the Financial Accounts that are required to be reported in its domestic legislative framework and incorporated the due diligence procedures that must be applied to identify them in accordance with the CRS and its Commentary.

**Recommendations:**

No recommendations made.

**SR 1.3** Jurisdictions should incorporate the reporting requirements contained in Section I of the CRS into their domestic legislative framework.

Barbados has incorporated the reporting requirements in its domestic legislative framework in accordance with the CRS and its Commentary. While a deficiency has been identified with respect to the reporting of the account number, it is considered to be relatively minor as an account number or functional equivalent is required to be reported.

**Recommendations:**

Barbados should amend its domestic legislative framework to require Reporting Financial Institutions to always report an account number when one exists, rather than a functional equivalent.

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**SR 1.4** Jurisdictions should have a legislative framework in place that allows for the enforcement of the requirements of the CRS in practice.

Barbados has a legislative framework in place to enforce the requirements in a manner that is largely consistent with the CRS and its Commentary. However, deficiencies have been identified. More specifically, Barbados' legislative framework:

- does not impose sanctions on Account Holders and Controlling Persons for the provision of a false self-certification; and
- does not include rules requiring Reporting Financial Institutions to keep records in accordance with the requirements.

These are key elements of the required enforcement framework and are therefore material to the proper functioning of the AEOI Standard.

**Recommendations:**

Barbados should amend its domestic legislative framework to include sanctions on Account Holders and Controlling Persons for the provision of a false self-certification.

Barbados should amend its domestic legislative framework to require Reporting Financial Institutions to maintain records for at least five years from the deadline to report the information, rather than five years from the end of the calendar year for which the record was made.

***CR2 International legal framework: Jurisdictions should have exchange relationships in effect with all Interested Appropriate Partners as committed to and that provide for the exchange of information in accordance with the Model CAA.***

<b>Determination: In Place</b>
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Barbados' international legal framework to exchange the information is in place, is consistent with the Model CAA and its Commentary and provides for exchange with all of Barbados' Interested Appropriate Partners (i.e. all jurisdictions that are interested in receiving information from Barbados and that meet the required standard in relation to confidentiality and data safeguards). (SRs 2.1 – 2.3)

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**SR 2.1** Jurisdictions should have exchange agreements in effect with all Interested Appropriate Partners that permit the automatic exchange of CRS information.

Barbados has exchange agreements that permit the automatic exchange of CRS information in effect with all its Interested Appropriate Partners.

**Recommendations:**

No recommendations made.

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**SR 2.2** Such an exchange agreement should be put in place without undue delay, following the receipt of an expression of interest from an Interested Appropriate Partner.

Barbados put in place its exchange agreements without undue delay.

**Recommendations:**

No recommendations made.

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**SR 2.3** Jurisdictions should ensure that the exchange agreements in effect provide for the exchange of information in accordance with the requirements of the Model CAA.

Barbados' exchange agreements provide for the exchange of information in accordance with the requirements of the Model CAA.

**Recommendations:**

No recommendations made.

**Comments by the assessed jurisdiction**

No comments made.



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