

# Barbados

Barbados has met all aspects of the terms of reference (OECD, 2021<sup>[3]</sup>) (ToR) for the calendar year 2020 (year in review), except for identifying and exchanging information on all new entrants to the grandfathered IP regime (ToR I.A.1.3). Barbados receives one recommendation on this point for the year in review.

In the prior year report, as well as in the 2017 and 2018 peer reviews, Barbados had received the same recommendation. As this issue has not been fully addressed, this recommendation remains in place.

Barbados can legally issue five types of rulings within the scope of the transparency framework.

In practice, Barbados issued rulings within the scope of the transparency framework as follows:

| Type of ruling   | Number of rulings |
|--|-------------------|
| Past rulings   | 2                 |
| Future rulings in the period 1 September 2017 – 31 December 2017 | 0                 |
| Future rulings in the calendar year 2018                         | 1                 |
| Future rulings in the calendar year 2019                         | 0                 |
| Future rulings in the year in review                             | 1                 |

No peer input was received in respect of the exchanges of information on rulings received from Barbados.

## A. The information gathering process (ToR I.A)

116. Barbados can legally issue the following five types of rulings within the scope of the transparency framework: (i) preferential regimes;<sup>1</sup> (ii) cross-border unilateral APAs and any other cross-border unilateral tax rulings (such as an advance tax ruling) covering transfer pricing or the application of transfer pricing principles; (iii) rulings providing for unilateral downward adjustments; (iv) permanent establishment rulings; and (v) related party conduit rulings.

117. For Barbados, past rulings are any tax rulings within scope that are issued either: (i) on or after 1 January 2015 but before 1 September 2017; or (ii) on or after 1 January 2012 but before 1 January 2015, provided they were still in effect as at 1 January 2015. Future rulings are any tax rulings within scope that are issued on or after 1 September 2017.

118. In the prior years' peer review reports, it was determined that Barbados's undertakings to identify past and future rulings and all potential exchange jurisdictions were sufficient to meet the minimum standard. In addition, it was determined that Barbados's review and supervision mechanism was sufficient to meet the minimum standard. Barbados's implementation remains unchanged, and therefore continues to meet the minimum standard.

119. Barbados has met all of the ToR for the information gathering process and no recommendations are made.

## B. The exchange of information (ToR II.B)

120. Barbados has international agreements permitting spontaneous exchange of information, including being a party to (i) the *Multilateral Convention on Mutual Administrative Assistance in Tax Matters: Amended by the 2010 Protocol* (OECD/Council of Europe, 2011<sup>[4]</sup>) ("the Convention") and (ii) bilateral agreements in force with 40 jurisdictions.<sup>2</sup>

121. For the year in review, the timeliness of exchanges is as follows:

| Future rulings within the scope of the transparency framework | Number of exchanges transmitted within three months of the information becoming available to the competent authority or immediately after legal impediments have been lifted | Delayed exchanges   |                        |                    |
|---|--|---|------------------------|--------------------|
|   |  | Number of exchanges transmitted later than three months of the information on rulings becoming available to the competent authority | Reasons for the delays | Any other comments |
|   | 1  | 0   | N/A                    | N/A                |

| Follow up requests received for exchange of the ruling | Number | Average time to provide response | Number of requests not answered |
|--|--------|----------------------------------|---------------------------------|
|  | 0      | N/A                              | N/A                             |

122. In the prior year's peer review report, it was determined that Barbados's process for the completion and exchange of templates were sufficient to meet the minimum standard. With respect to past rulings, no further action was required. Barbados's implementation in this regard remains unchanged and therefore continues to meet the minimum standard.

123. Barbados has the necessary legal basis for spontaneous exchange of information, a process for completing the templates in a timely way and has completed all exchanges. Barbados has met all of the ToR for the exchange of information process and no recommendations are made.

## C. Statistics (ToR IV)

124. The statistics for the year in review are as follows:

| Category of ruling   | Number of exchanges            | Jurisdictions exchanged with |
|--|--------------------------------|------------------------------|
| Ruling related to a preferential regime  | 0                              | N/A                          |
| Cross-border unilateral APAs and any other cross-border unilateral tax rulings (such as an advance tax ruling) covering transfer pricing or the application of transfer pricing principles   | 0                              | N/A                          |
| Cross-border rulings providing for a unilateral downward adjustment to the taxpayer's taxable profits that is not directly reflected in the taxpayer's financial / commercial accounts   | 0                              | N/A                          |
| Permanent establishment rulings  | <i>De minimis</i> rule applies | N/A                          |
| Related party conduit rulings  | 0                              | N/A                          |
| <i>De minimis</i> rule   | 1                              | N/A                          |
| IP regimes: total exchanges on taxpayers benefitting from the third category of IP assets, new entrants benefitting from grandfathered IP regimes; and taxpayers making use of the option to treat the nexus ratio as a rebuttable presumption | 0                              | N/A                          |
| <b>Total</b>   | 1                              |                              |

## D. Matters related to intellectual property regimes (ToR I.A.1.3)

125. Barbados offered two intellectual property regimes (IP regime)<sup>3</sup> that were abolished as of 1 July 2018 and are subject to transparency requirements under the Action 5 Report (OECD, 2015<sub>[1]</sub>). It states that the identification of the benefitting taxpayers will occur as follows:

- **New entrants benefitting from the grandfathered IP regime:** Transparency obligations apply for the two regimes, because grandfathering is provided to entrants that entered the regime after the relevant date from which enhanced transparency obligations apply. During the year in review, Barbados changed its law to require taxpayers to declare IP property and additional information to identify related party transactions. In parallel, the Barbados Revenue Authority (BRA) conducted an assessment based on the financial statements of newly formed International Business Companies and International Societies with Restricted Liability. As a result, the BRA identified two new entrants that potentially benefitted from the grandfathered IP regime, but is still auditing these entities. Therefore, Barbados has made relevant progress in the identification process, but it is not yet completely finalised. Barbados is therefore recommended to identify and exchange information on all new entrants to the grandfathered IP regime as soon as possible (ToR I.A.1.3).
- **Third category of IP assets:** not applicable as the IP regimes has been abolished.
- **Taxpayers making use of the option to treat the nexus ratio as a rebuttable presumption:** not applicable as the IP regimes has been abolished.

## Summary of recommendations on implementation of the transparency framework

| Aspect of implementation of the transparency framework that should be improved | Recommendation for improvement |
|--|--------------------------------|
|--|--------------------------------|

Barbados did not identify or exchange information on new entrants to the grandfathered IP regime.

Barbados is recommended to identify and exchange information on all new entrants to the grandfathered IP regime as soon as possible. This recommendation remains unchanged since the 2017, 2018 and 2019 peer review reports.

## References

- OECD (2021), *BEPS Action 5 on Harmful Tax Practices - Terms of Reference and Methodology for the Conduct of the Peer Reviews of the Action 5 Transparency Framework*, OECD Publishing, Paris, <http://www.oecd.org/tax/beps/beps-action-5-harmful-tax-practices-peer-review-transparency-framework.pdf>. [3]
- OECD (2015), *Countering Harmful Tax Practices More Effectively, Taking into Account Transparency and Substance, Action 5 - 2015 Final Report*, OECD/G20 Base Erosion and Profit Shifting Project, OECD Publishing, Paris, <https://dx.doi.org/10.1787/9789264241190-en>. [1]
- OECD (ed.) (2017b), *Harmful Tax Practices - 2017 Progress Report on Preferential Regimes*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264283954-en>. [2]
- OECD/Council of Europe (2011), *The Multilateral Convention on Mutual Administrative Assistance in Tax Matters: Amended by the 2010 Protocol*, OECD Publishing, Paris, <https://dx.doi.org/10.1787/9789264115606-en>. [4]

## Notes

<sup>1</sup> Credit for foreign currency earnings.

<sup>2</sup> Participating jurisdictions to the Convention are available here: [www.oecd.org/tax/exchange-of-tax-information/convention-on-mutual-administrative-assistance-in-tax-matters.htm](http://www.oecd.org/tax/exchange-of-tax-information/convention-on-mutual-administrative-assistance-in-tax-matters.htm). Barbados also has bilateral agreements with Antigua and Barbuda, Austria, Bahrain, Belize, Botswana, Canada, China (People's Republic of), Cyprus, Cuba, Czech Republic, Dominica, Finland, Grenada, Guyana, Iceland, Italy, Jamaica, Luxembourg, Malta, Mauritius, Mexico, Netherlands, Norway, Panama, Portugal, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, San Marino, Seychelles, Singapore, Spain, Sweden, Switzerland, Trinidad & Tobago, Qatar, United Arab Emirates, United Kingdom, United States and Venezuela.

<sup>3</sup> 1) International business companies and 2) International societies with restricted liability.



**From:**  
**Harmful Tax Practices – 2020 Peer Review Reports  
on the Exchange of Information on Tax Rulings  
Inclusive Framework on BEPS: Action 5**

**Access the complete publication at:**

<https://doi.org/10.1787/f376127b-en>

**Please cite this chapter as:**

OECD (2021), “Barbados”, in *Harmful Tax Practices – 2020 Peer Review Reports on the Exchange of Information on Tax Rulings: Inclusive Framework on BEPS: Action 5*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/70f2c27e-en>

This work is published under the responsibility of the Secretary-General of the OECD. The opinions expressed and arguments employed herein do not necessarily reflect the official views of OECD member countries.

This document, as well as any data and map included herein, are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area. Extracts from publications may be subject to additional disclaimers, which are set out in the complete version of the publication, available at the link provided.

The use of this work, whether digital or print, is governed by the Terms and Conditions to be found at <http://www.oecd.org/termsandconditions>.