



International Banks

An international bank is defined as a business that receives funds through

- The acceptance of foreign money deposits payable upon demand or after a fixed period or after notice;
- The sale or placement of foreign bonds, foreign certificates, foreign notes, or other foreign debt obligations or foreign securities; or
- Any other similar activity involving foreign money or foreign securities.

These funds can be used, either in whole or in part for:

- The activities of the licensee carrying on the above businesses, for the account of, or at the risk of, that licensee;
- Loans, advances and investments;
- The purchase or placement of foreign bonds, foreign certificates, notes or other foreign debt obligations or other foreign securities; or
- Any other similar activity involving foreign money or foreign securities.

Trust activities

In terms of trust activities, international banking includes the acceptance in trust from persons resident outside of Barbados, or from prescribed persons, of:

- Money in foreign currencies or in foreign securities or both;
- Foreign personal or movable property; or
- Real or immovable property located outside Barbados.

Key incentives

The key incentives to carry on international banking from Barbados include:

- Tax on income on a sliding scale, from a maximum of 2.5% to a minimum of 0.25%.
- A tax credit in respect of taxes paid outside of Barbados, but only insofar as it reduces the tax payable in Barbados to a minimum of 0.25%.
- Exemption from withholding taxes on payments of dividends, interest or fees.
- No capital gains tax or estate duty.
- Freedom from exchange control regulations
- Books and records may be kept in a foreign currency.
- Statutory confidentiality provisions for customers of the bank.
- Provisions for inward and outward re-domiciliation.
- Access to Barbados's tax treaty network.
- Income tax concessions for specially qualified expatriate employees.
- Certain trust established with an international bank as trustees are exempt from Barbados income tax.

Key legal requirements

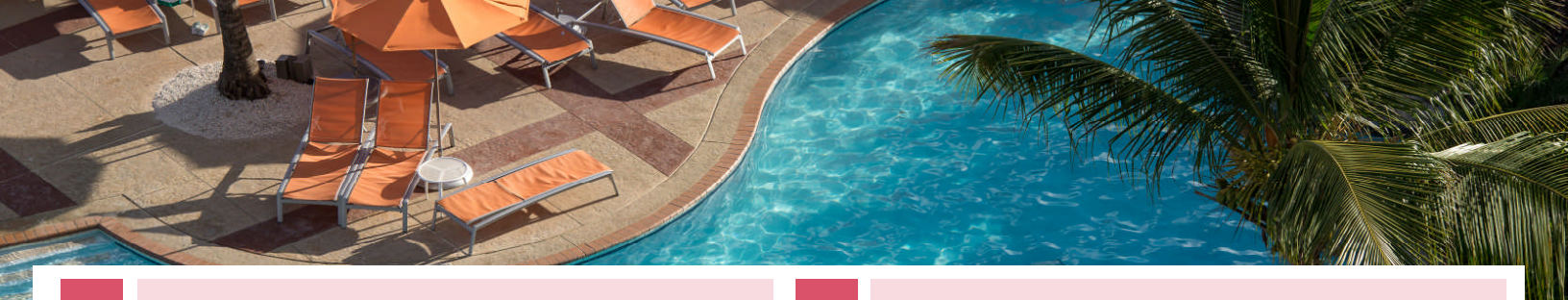
An international bank must be incorporated in Barbados under the Companies Act, Cap. 308. Incorporation is achieved by filing Articles of Incorporation with the Registrar of Companies and paying a fixed fee of US\$390. A licence application is submitted to the Central Bank of Barbados and the initial licence fee of US\$25,000 is paid. Thereafter, this licence fee of US\$25,000 is an annual fee. A licensed bank may only carry on business permitted under the International Financial Services Act, 2002.

Capital

A company need only have one shareholder. Shares have no nominal or par value, and may not be issued until fully paid. A company may purchase and cancel its own shares provided it is solvent. A company that intends to operate as an international bank is required to have a minimum paid up capital of US\$2,000,000 if it accepts third-party deposits, or US\$500,000 if it does not accept third-party deposits.

Management

At least one director of an international bank must be a resident citizen of Barbados. A company need only have one director. Director's duties and liabilities are expressly stated in the Companies Act, Cap. 308. A unanimous shareholders' agreement may restrict the power of directors. Minutes of all meetings and resolutions of directors must be maintained at the registered office in Barbados. Alternate directors are permitted.



Meetings and votes

Directors may conduct their business by unanimous written resolution, or meet by telephone. An annual meeting of shareholders is required, at which shareholders may be represented by proxies. Fundamental changes to the company's Articles require two-thirds majority approval of the shareholders. Minutes and resolutions of the shareholders must be maintained at the registered office in Barbados.

Tax returns

International banks must file tax returns and financial statements in the same manner as local companies. Those with year-ends prior to September 30 must file by the following March 15, all other by the following June 15. Corporation taxes must be prepaid at prescribed dates.

Accounting and auditing

International banks are required to file audited financial statements with the Central Bank of Barbados within four months of the year-end, and also to make quarterly financial returns. Adequate accounting books and records must be maintained in Barbados, and a qualified local auditor appointed.

Estimated start-up costs for an International Bank

US\$

Government fees

Incorporation	390
Licence	25,000*

Professional fees (minimum)

Central Bank application	19,700
Incorporation (inclusive of legal fees)	5,300
Corporate retainer (first year)	2,500
Disbursements (estimate)	510
Audit fee – opening balance sheet (estimate)	2,500
Total	55,900

Independent local resident director – if required (minimum start-up and recurring)	2,500 – 3,000
------------------------------------------------------------------------------------	---------------

Estimated recurring costs

Government fee for licence renewal	25,000*
Corporation retainer	2,500
Audit fees	10,000 – 50,000
Tax compliance fee	2,500 – 5,000

Note: extended corporate secretarial services are billed on a time-spent basis.

*this fee applies to licensees not taking third-party deposits. Licensees taking third-party deposits pay a fee of US\$50,000.

A company may be licensed as an international bank in Barbados under the International Financial Services Act, 2002. Activities of international banks are regulated by the Central Bank of Barbados.