Societies with Restricted Liability

Societies with Restricted Liability (ISRL) can be licensed in Barbados as international societies under the Societies with Restricted Liability Act, Cap. 318B. The legislation allows for the creation of a true hybrid entity, which may be recognized as a corporation, a partnership or a disregarded entity for US tax purposes. An ISRL may not provide goods or services to residents of Barbados, nor may it acquire or hold land in Barbados other than land owned for its business held by way of a lease or tenancy agreement. The transfer of quotas (as the membership units are known) in a Society will not confer on the transferee the right to become a member or to participate in the management of the Society without the written consent of all the members.

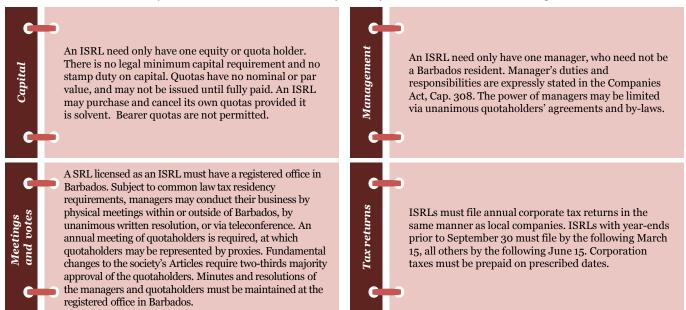
Key benefits

- Limited liability and the rights, powers and privileges of an individual.
- 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 to a minimum of 0.25%.
- · Exemption from all withholding taxes on payments to persons not resident in Barbados.
- · No capital gains tax or estate duty.
- · Modern and flexible corporate legal framework.
- · Freedom from exchange control regulations.
- · An ISRL need only have one quota holder and one manager.
- No minimum capital or "thin capitalization" requirements.
- Guarantee of benefits and exemptions for a period of 30 years upon agreement with the Minister.
- · Provisions for inward and outward re-domiciliation.
- · Access to the country's tax treaty network.
- Income tax concessions for specially qualified expatriate employees.
- Exemption from local transfer taxes and stamp duty on the sale of foreign real estate or investments, and the transfer of equity in an ISRL.
- · Exemption from all customs duties on importation of machinery, equipment or materials for use in its business.
- An ISRL may conduct business in Barbados with another ISRL or any of the following provided they are licensed in Barbados: an
 International Business Company, an International Bank and an Exempt Insurance Company.

Key legal requirements

ISRLs are organized in Barbados under the Societies with Restricted Liability Act. Organisation is achieved by filing Articles of Organisation and paying a fixed fee of US\$390. A licence to carry on activities as an international society must then be obtained from the Ministry of International Business for a fee of US\$625. An entity may undertake any business, unless its Articles circumscribe its activities.

Certain activities are restricted by the Societies with Restricted Liability Act or by other local statue, such as banking or insurance.







Accounting and auditing

Adequate accounting books and records must be maintained in Barbados, and a qualified local auditor must be appointed if the gross assets or revenue of the ISRL exceed US\$2,000,000. Accounting and auditing standards are prescribed by the Institute of Chartered Accountants of Barbados. Audited financial statements must be filed with the Ministry of International Business.

Renewal of

An ISRL licence must be renewed annually. A renewal form together with a fee of US\$500 must be submitted to the Ministry of International Business on or before December 31 of the year preceding the year for which renewal is sought. Failure to do so will result in monetary penalties. Failure to apply before February 1 of the relevant year will result in cancellation of the licence and application for a new licence will be necessary.

Estimated start-up costs of an ISRL	US\$
Government fees	
Organisation	390
Licence application fee	125
Licence	500
Professional fees (minimum)	
Organisation (inclusive of legal fees)	2,850
Corporate retainer (first year)	1,800
Disbursements (estimate)	260
	Total 5,925
Estimated recurring annual costs	
Preparing and filing licence renewal	600
Government fee for licence renewal	500
Corporation retainer fee	1,800
Audit fees	7,000 – 20,000
Tax compliance fee	1,500 – 4,500
Independent local resident manager – if required (minimum)	2,500 - 3,000

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