

Regular Barbados companies

Regular Barbados Companies (RBCs) incorporated under the Companies Act, Cap.308 which are tax resident in Barbados are liable to corporate tax on their worldwide income at the rate of 25%. However, when income is derived from the provision of certain qualifying overseas professional services to residents outside the CARICOM market, and this income is remitted through the Barbados banking system, or an overseas bank account approved by the Central Bank of Barbados, a foreign currency earnings credit (FCEC) will be applied against the tax otherwise payable when computing the tax payable on this income.

Foreign currency earnings credit

Through the application of this FCEC, the effective tax rate of an RBC may be reduced to as low as 1.75%, provided that 81% or more of the income of the company will qualify for the rebate of income tax. The table below illustrates how the FCEC is calculated for a company.

Profits from foreign currency earnings as percentage of total profits	Rebate of income tax as a % of income tax on net profits from foreign currency earnings	Effective tax rate
20% and under	35%	16.25%
Over 20% but under 41%	45%	13.75%
Over 41% but under 61%	64%	9.00%
Over 61% but under 81%	79%	5.25%
81% and over	93%	1.75%

The qualifying overseas professional services included in the Barbados Income Tax Act (BITA) are as follows :

- architectural, surveying, valuation, design or planning services;
- economic evaluation and research;
- engineering services (including contract supervision);
- construction projects;
- management consultancy;
- public accountancy services;
- administrative services;
- legal, trust and corporate secretarial services;
- entertainment;
- medical and dental services;
- cultural services and sports;
- services in respect of insurance business including re-insurance of risks undertaken in the course of carrying on an insurance business and investment or other business activities undertaken in connection with the insurance business by a company registered under the Insurance Act.
- information services;
- education services;
- investment management services;
- e-commerce services;
- product warranty services;
- shipping services;
- exploration, extraction and mining, oil and gas activities;
- mining activities; and
- licensing and sub-licensing of intellectual property.



Other advantages of using RBCs

Tax

- No tax on dividends received by a Barbados resident company from a non-resident company where:
 - the Barbados resident company owns > 10% of the capital of the non-resident company; and
 - the investment is not held as a portfolio investment.
- Dividends paid out of foreign-sourced income to a non-resident shareholder are exempt from withholding taxes.
- No capital gains tax.
- Foreign tax credits.
- No property transfer tax or stamp duty on sale of shares to a person who is resident outside of Barbados, whether or not the transferor is resident in Barbados, where the assets of the company concerned consists of foreign assets and its income is derived solely from sources outside Barbados.
- Access to most of Barbados' double tax treaty network.

Operational

- No thin capitalisation rules.
- Provisions for inward and outward re-domiciliation.
- RBCs can be exempted from exchange control regulations, with the approval of the Central Bank of Barbados.