

POLICY NOTE

PPG No. 001/2021

Income Tax Act Cap. 73

Delinquent Companies

Background

The system of taxation in Barbados is one of self-assessment and voluntary compliance. Under the provisions of the Income Tax Act, Cap. 73 (“ITA”) every company and every other person who has carried on a business in an income year is required to determine his assessable income; calculate his taxable income; estimate the amount of tax payable by him; and deliver in the form of filing such information to the Revenue Commissioner, by a prescribed date. The income year for a company or other person carrying on a business is the fiscal period; and in the case of an individual, a calendar year.

Legislative Overview

“52. (1) Every company and every other person who has carried on a business in an income year, whether or not an assessable income has been derived by that person in that income year, shall deliver to the Commissioner a return of his assessable income for that income year together with such additional information as is prescribed, all in the prescribed form on or before

(a) in the case of a company whose fiscal period ends at any time during the period

(i) 1st January to 30th September in any year (both dates inclusive) in respect of income year 1990 and every subsequent income year, the 15th March,

(ii) 1st October to 31st December in any year (both dates inclusive), in respect of income year 1990 and every subsequent income year, 15th June; and....”

52. (2) Every person who is not required to file a return of his assessable income for an income year under subsection (1) and who was in that income year

(a) an owner of land;

(b) an owner of property, other than land, from which an assessable income was derived;

(c) a trust or estate;

shall deliver to the Commissioner a return of his assessable income for that income year together with such additional information as is prescribed, all in the prescribed form on or before ...” the prescribed filing date.

52. (5) Every company and every other person required by this section to file a return of his assessable income for an income year shall, in such return, in accordance with this Act

- (a) set out the deductions from assessable income that he wishes to claim;*
- (b) calculate his taxable income; and*
- (c) estimate the amount of tax payable by him.*

Filing and Prepayment Dates for Companies

In general, the filing dates for companies are:

- a) March 15 of the following year - for companies whose fiscal periods end during January 1 to September 30;
- b) June 15 of the following year - for companies whose fiscal periods end during October 1 to December 31;

Prepayments are made on the 15th day of March, September and December and are calculated based on 50% of the tax payable before deductions for the previous period. Any balance is payable on filing.

Regarding companies not in compliance with the above provisions, the Barbados Revenue Authority (“the Authority”) advises the following:

Filing Requirements for Delinquent Companies - which have not carried on business

Companies which have not carried on a business and have not filed Corporation Tax Returns, are required to register and file Corporation Tax Returns for Income Years **2017, 2018, and 2019** via the Tax Administration Management Information System (TAMIS) on or before September 15, 2021.

For income years **prior to Income Year 2017**, such companies are required to submit an affidavit declaring:

- (a) the periods for which no Corporation Tax Returns have been filed; and
- (b) the period for which the company has not carried on business.

Please upload this information within the 2017 corporate tax filing.

Filing Requirements for Delinquent Companies - which have carried on business

Companies which have carried on a business are required to comply with the ordinary provisions including the requirement to file corporation tax returns for all income years from the date of incorporation via the Tax Administration Management Information System (TAMIS) on or before September 15, 2021.

Penalties and Interest

The following penalties and interest shall apply:

- (a) A penalty of \$500.00 for each return not filed,
- (b) In addition, a penalty equal to five (5) per cent of the tax assessed or \$10, whichever is the greater for failing to pay the tax assessed on the date specified; and
- (c) Simple interest at the rate of one **(1) per cent per month** calculated on the amount that was not paid.

Offences

Section 79(1) (c) Income Tax Act, Cap. 73 notes:

“Every person who fails to file a return of income under section 52 as and when required by that section; is guilty of an offence and, in addition to any other penalty otherwise provided and recoverable by civil proceedings, is liable on summary conviction to a fine of not less than \$10 and not greater than \$10,000.”

Policy & Forecasting

Barbados Revenue Authority

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