

POLICY NOTE

PPG No. 002/2019

Land Tax Act Cap. 78A

Budgetary Proposals 2019

Land Tax

The Minister of Finance and Economic Affairs during the Budgetary Proposal and Financial Statement of March 20, 2019, stated:

“...Consequently, Mr. Speaker, the following measures are proposed for residential properties: Individuals whose property is valued at \$150 000 and less will continue not to pay any land tax. Similarly, there will be no increase in land tax rates for properties valued up to \$450, 000.

Properties valued above \$450,000 and up to \$850,000 will attract an increased rate of 0.7% up from 0.45% effective this coming Fiscal year, 2019-20. Those properties with a value of over \$850,000 will now pay a rate of 1.0%, up from 0.75%. However, the maximum amount of tax that can be collected on such a property now goes to \$100,000 up from \$60,000. Mr. Speaker, the rate on non-residential properties rises to 0.95% from 0.7%.

In an effort to protect low-income property owners, we have decided to exclude vacant lots of 4,000 square feet or less from any increase in property tax. However for larger lots over 4,000 sq. ft, the rate to be now applied will be 1.0% up from 0.8%...”

To give effect to the Minister’s proposals, the Barbados Revenue Authority (“the Authority”) advises that:

Applicable Rates

Effective tax year 2019-2020, the following rates will apply to the Land Tax structure:

Improved Non-Residential and Residential Land

Tax Year	Non- Residential Improved	Residential Improved	
2019-2020	0.95%	0.0% on first	\$150,000
		0.1% on the next	\$300,000
		0.7% on the next	\$400,000
		1.0% on excess over	\$850,000

Using the table above for **Residential Property**, the following will apply:

Example 1

A home owner with a property valued at \$150,000 or less would **not** be required to pay land tax.

Example 2

A home owner with a property valued at \$250,000 would be required to pay \$100.00 per annum, as calculated in the table below:

Value (\$)	Rate (%)	Tax Due (\$)
150,000	0.0	0.00
100,000	0.1	100.00
250,000		100.00

Example 3

A homeowner with a property valued at \$450,000 would be required to pay \$300.00 per annum, as calculated in the table below:

Value (\$)	Rate (%)	Tax Due (\$)
150,000	0.0	0.00
300,000	0.1	300.00
450,000		300.00

Example 4

A homeowner with a property valued at \$500,000 would be required to pay \$650.00 per annum, as calculated in the table below:

Value (\$)	Rate (%)	Tax Due (\$)
150,000	0.0	0.00
300,000	0.1	300.00
50,000	0.7	350.00
500,000		650.00

Example 5

A homeowner with a property valued at \$1,000,000 would be required to pay \$4,600.00 per annum, as calculated in the table below:

Value (\$)	Rate (%)	Tax Due (\$)
150,000	0.0	0.00
300,000	0.1	300.00
400,000	0.7	2,800.00
150,000	1.0	1,500.00
1,000,000		4,600.00

Vacant Land

- Vacant land (land with no building or residence) measuring less than 4,000 sq. ft. is taxed at 0.8%.
- Vacant land measuring over 4,000 sq. ft. valued up to \$450,000 is taxed at 0.9%.
- Vacant land measuring over 4,000 sq. ft. and valued over \$450,000.00 is taxed at 1%.

Improved Land - Commercial, Industrial and other

Improved land where there is a building other than a residence is taxed at 0.95%. This includes land on which there are hotels, villas and other business properties.

Ceiling

The maximum land tax payable has been increased to \$100,000. This applies only to land on which a dwelling house is erected and where the house is used exclusively as a residence.

Discount

- The discount offered for early payment of land tax is **5%** once the full tax due is paid by August 31, 2019.
- Taxpayers are advised that they may pay their Land Tax bill in **four equal monthly installments**, the first of which must be made by **July 26, 2019**. The last installment must be paid on or before **October 30, 2019**.
- Provided that the payments are made in the above manner, a **5%** discount will be given. The discount will be applied when the final payment is made.
- In all other circumstances, to obtain the **5%** discount, the bill must be fully paid on or before **August 31, 2019**, as outlined in the first bullet.

Taxpayers are not required to formally enter into a payment arrangement to benefit from the discounts. Simply go to the cashier and make your payment in accordance with the above criteria.

Rebates

All rebates previously granted remain unchanged.

Policy and Planning

Barbados Revenue Authority

April 2019