

POLICY NOTE

PPG No. 003/2019

Income Tax Act Cap. 73

Budgetary Proposals 2019

Reverse Tax Credit (RTC)

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

“...Mr. Speaker, beginning for the income year 2018...effective immediately that my government will pay the RTC to individuals with gross income between \$18,001 and \$25,000...”

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

Commencement

From income year 2018 individuals earning up to a maximum of \$25,000 may apply for the Reverse Tax Credit.

Who qualifies for the Reverse Tax Credit?

An Individual who:

- a) is resident in Barbados and,
- b) earns \$25 000 or less annually but not more than \$2,083.33 monthly;
- c) worked for at least four months during the income year and earned a **minimum** of \$1,000 per month, or \$250 per week.

Note:

The following are not entitled to the Reverse Tax Credit:

- a) directors,
- b) self-employed persons and,
- c) persons in receipt of income from goods and services.

Conditions

- Individuals who file within 2 years of the income year, in which they are eligible, are entitled to a RTC of \$1,300.
- Individuals whose annual income is more than \$18,000 but not more than \$25,000 are entitled to claim the Reverse Tax Credit from income year 2018. However, individuals who fall within this band will be instructed when to file.

Administration

The Reverse Tax Credit will be administered through the Tax Administration Management Information System (TAMIS).

To apply for the Reverse Tax Credit individuals are required to be registered in TAMIS and follow the steps below:

- Log into TAMIS, select the ***“Returns”*** tab and then click the ***“Add Return”*** tab;
- Select the Tax Type as ***“Reverse Tax Credit Claim”***, then the ***“Year”*** for which the return is to be filed. Click on ***“Create Return”*** and ***“Start”***;
- Complete the necessary information on the return.;
- Click ***“Next”*** to go to the ***“Return Summary”*** page;
- Read and agree to the ***“Declaration”*** and click the ***“Check Box”***;
- Click the ***“Submit”*** button to complete the filing process.

Policy and Planning

Barbados Revenue Authority

April 2019