



BARBADOS REVENUE AUTHORITY

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Revised

POLICY NOTE

PPG No. 007/2018

Product Development Levy

Budgetary Proposals 2018

The Minister of Finance and Economic Affairs during the Budgetary Proposal and Financial Statement of June 11, 2018, stated:

“...In addition, we will apply a 2.5% Product Levy on all Direct Tourism Services.”

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

Commencement Date and Applicable Rate

1. The Product Development Levy takes effect from July 1, 2018 and is applied to Direct Tourism Services at the rate of 2.5% of the cost of the Direct Tourism Service.

Who Charges the Product Development Levy?

2. A person who supplies Direct Tourism Services is required to charge the Product Development Levy on the supply of the Direct Tourism Services. This also includes persons who advertise Direct Tourism Services via online platforms.

Conditions

3. The Product Development Levy applies to Direct Tourism Services referred to in the Value Added Tax (Amendment) Act, 2013-22 and Value Added Tax (Amendment) Act, 2018-12. For ease of reference the Fourth Schedule of the Value Added Tax Act which details supplies related to tourism is attached.
4. Persons who provide Direct Tourism Services are required to register with the Barbados Revenue Authority.
5. Persons who provide Direct Tourism Services are required to charge the Levy on the provision of such services to a visitor or a citizen of Barbados.
6. A person who fails to submit the Product Development Levy payable to the Barbados Revenue Authority, is guilty of an offence and is liable on summary conviction to a fine of \$10,000.
7. A person who provides tourist accommodation and advertises it online or otherwise is required to include in his advertisement notification regarding the payment of the levy.
8. A person who advertises tourist accommodation but does not include in his advertisement a notification regarding the payment of the levy is guilty of an offence and is liable on summary conviction to a fine of \$5,000.00.

Administration

9. The Levy will be administered through the Tax Administration Management Information System (TAMIS) and collected by Barbados Revenue Authority.
10. The Product Development Levy must be reported on the VAT return and the payment period shall be the same as the taxable period of that person or as determined by the Revenue Commissioner.

11. Persons reporting the Product Development Levy are also required to complete and upload the **“Room, Product and Shared Economy Levy Schedule”** which is located on the Barbados Revenue Authority’s (BRA’s) website <https://www.bra.gov.bb> or a schedule with the same details. Instructions for completing the schedule on the website can be found by selecting the **“Instructions”** tab on the schedule.
12. VAT registrants who report an amount for Direct Tourism Services at line 140 are **not** required to enter an amount at line 350 as the levy payable will be calculated by the system.
13. All other persons are required to enter the total cost of the Direct Tourism Service (total sales) at line 350 and the levy payable will be calculated by the system.

Penalties

14. The penalties for the Product Development Levy are applied as follows:
 - i. The penalty for late filing is \$100.
 - ii. The penalty for late payment is 10% of the Levy that is payable; and interest at the rate of 1% per month for each month that the Levy remains outstanding. The interest shall be calculated on the levy and 10% penalty using the simple interest method.

Keeping of accounts and records

15. Every person must keep appropriate records, information and accounts so as to enable the Barbados Revenue Authority to determine the amount of the levy payable for any payment period. These must be kept for a period of five years. Failure to do so is an offence and is liable on conviction to a fine of \$5,000.00.

Examination of the Records

16. An officer of the Barbados Revenue Authority may, at any reasonable time, enter any premises where any records or information are kept and inspect or examine the records or information that may be relevant in determining the amount of Levy payable by that person.

Refund for overpayments

17. A person who has overpaid the Product Development Levy must apply to the Revenue Commissioner for the refund within two (2) years after the amount was paid.

Waivers

18. The Minister may by order waive, exempt, remit, or refund in whole or in part the amount of levy payable or paid by a person.

**Policy and Planning Unit
Barbados Revenue Authority
February 2019**

ATCH:

FOURTH SCHEDULE

(Section 7)

SUPPLIES RELATED TO TOURISM

1. The supplies referred to in section 7(11)(b) are supplies of the following goods and services:
 - (a) entertainment, other than entertainment supplied by a promoter of public entertainment, including theatrical performance, film, exhibitions, dinner shows and other performances;
 - (b) cruises other than international cruises;
 - (c) goods and services related to sport and recreation;
 - (d) goods and services provided at marinas;
 - (e) goods and services provided at spas and retreats;
 - (f) goods and services provided at conference facilities;
 - (g) meals, drinks and dining services.

2. The criteria referred to in section 7(12) are that the registrant
 - (a) has a licence from the Barbados Tourism Product Authority in accordance with the *Barbados Tourism Product Authority Act* (Act 2014-2) and is registered with the
 - (i.) Barbados Hotel and Tourism Association Inc.;
 - (ii.) Small Hotels of Barbados Inc.;and
 - (b) is in compliance with all statutory obligations in respect of this Act, the Income Tax Act, Cap 73, the *National Insurance and Society Security Act*, Cap 47 and the *Land Tax Act*, Cap. 78A.

3. (1) Where a registrant satisfies the criteria set out in paragraph 2, the Comptroller may, in such form as the Comptroller determines, register the registrant as a provider of tourism supplies.

(2) The Comptroller may cancel a registration referred to in sub-paragraph (1) where the registrant no longer satisfies the criteria set out in paragraph 2.