



BARBADOS REVENUE AUTHORITY

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Revised

POLICY NOTE

PPG No. 006/2018

Room Rate Levy

Budgetary Proposals 2018

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

“... .In the interim Mr. Speaker, my Government will introduce a Room Levy to be applied to our hotel rooms as follows...”

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

Imposition of the Levy

1. The Room Rate Levy takes effect from July 1, 2018 and is imposed on the following tourist accommodation:

- Apartments
- Guest houses
- Hotels (Luxury, “A” Class, and “B” Class)
- Vacation Rental Properties
- Villas

Applicable Rates

2. The Levy is applied to the properties listed at (1) above, at the following rates:-

- Apartment BDS \$5.00 per bedroom per night.

- Guest House BDS \$5.00 per bedroom per night.
- Hotel “B” Class BDS \$5.00 per bedroom per night.
- Hotel “A” Class BDS \$11.00 per bedroom per night.
- Hotel Luxury class BDS \$20.00 per bedroom per night.
- Vacation Rental Properties shall be 2.5% of the rate charged per bedroom per night however, where that amount exceeds BDS \$20.00 per night, the rate to be charged shall be BDS \$20.00 per bedroom per night.
- Villas shall be 2.5% of the nightly rate. However, where that amount exceeds BDS \$20.00 per night, the rate to be charged shall be BDS \$20.00 per bedroom per night.

Who charges the Room Rate Levy?

3. A person who:

- (a) Is registered under the Value Added Tax Act, Cap. 87;
- (b) Supplies tourist accommodation; and
- (c) Is registered with the Barbados Tourism Product Authority,

is required to charge the Room Rate Levy on the supply of tourist accommodation. This also includes persons who advertise tourist accommodation via online platforms.

Conditions

4. A person who provides tourist accommodation is required to charge the Room Rate Levy to all visitors or citizens of Barbados at the rates specified in (2) above.

5. A person who receives payment for the Room Rate Levy but fails to submit the sums collected to the Barbados Revenue Authority, is guilty of an offence and is liable on summary conviction to a fine of \$10,000.

6. 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.

7. 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

8. The Levy will be administered through the Tax Administration Management Information System (TAMIS) and collected by the Barbados Revenue Authority.

9. The Room Rate Levy must be reported on the Value Added Tax (VAT) return and is due when VAT is payable.

10. Persons reporting the Room Rate Levy are required to:

- i. Submit details of the Room Rate Levy by completing the **“Room, Product and Shared Economy Levy Schedule”** located on the BRA’s website: <https://www.bra.gov.bb> or a schedule with the same details. The schedule (worksheet) on the website has three (3) tabs: an *“Instructions Sheet”*, a *“Room Levy Details Sheet”* and a *“Summary Sheet”*. Instructions for completing the schedule can be found by selecting the *“Instructions”* tab on the said schedule.
- ii. Save the *“Summary Sheet”* as a pdf document and submit as an attachment when filing the VAT return.

11. After completing and uploading the relevant schedule, persons are required to click on the pencil icon at line 370 on the VAT return, complete the summary schedule and save the data. On saving the data, the total levy payable will appear at line 370.

Penalties

12. The penalties for the Room Rate Levy shall be applied as follows:

- i. The penalty for late filing is \$100.
- ii. The penalty for late payment is 10% of the levy payable; and

interest at the rate of 1% per month for each month that the levy remains outstanding. The interest will be calculated on the levy and the 10% penalty outstanding using the simple interest method.

Keeping of accounts and records

13. 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. The records must be kept for a period of five years. Failure to do so is an offence and is liable on summary conviction to a fine of \$5,000.00.

Examination of the Records

14. An officer of the Barbados Revenue Authority may, at any reasonable time, enter any premises where records or information are kept and inspect or examine the records or information that may be relevant in determining the amount of levy payable; the amount to be refunded or to ensure that the records are kept in the manner required.

Refund for overpayments

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

Waivers

16. 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

Barbados Revenue Authority

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