



2021
**ANNUAL
REPORT**



BARBADOS REVENUE AUTHORITY ANNUAL REPORT AND FINANCIAL STATEMENTS 2020/2021

Presented to the Minister of Finance, Economic Affairs and Investment pursuant to Section 23 of The Barbados Revenue Authority Act 2014-1



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About Us

Vision

To be a model tax administration committed to serving our taxpayers and contributing to the economic well-being of our nation

Mission

To administer tax and promote voluntary taxpayer compliance in a cost-effective manner by providing quality services to taxpayers through an empowered and engaged staff.

Purpose

Advancing the socio-economic development of Barbados.

Values

- ▶ Fairness
- ▶ Accountability
- ▶ Integrity
- ▶ Responsiveness
- ▶ Professionalism

Supported by the characteristics of

- ▶ Courtesy
- ▶ Consistency
- ▶ Cooperation
- ▶ Communication

Role

The Barbados Revenue Authority (“the Authority”) was established on April 1, 2014 as a statutory corporation. As a tax administration, our mandate includes tax collection, international tax relations with other jurisdictions for the exchange of information and operating to ensure the financial well-being of our nation. In addition to its core functions, the Authority provides cashiering services to the Barbados Licensing Authority (BLA) and provides cashiering and information technology services to the Customs and Excise Department (CED).

Taxpayers' Rights & Obligations

Taxpayers in their dealings with the Barbados Revenue Authority have the right to:

- ▶ Be respected
- ▶ Be informed
- ▶ Receive quality service based on the principles of integrity and honesty
- ▶ A fair system administered in an even-handed manner
- ▶ Privacy and confidentiality of their information
- ▶ Expect that the Authority has a technically proficient and professional workforce
- ▶ Appeal to an independent Tribunal against any assessment of the Authority

Taxpayers are required to comply with certain key obligations:

- ▶ To register with the Barbados Revenue Authority
- ▶ To file returns and provide information on incomes, transactions and relevant activities
- ▶ To report correctly and completely
- ▶ To pay the amount of tax due on time, in accordance with the law

Our Board



Ian Carrington
BOARD MEMBER
Director of Finance and
Economic Affairs



Richard Greene
BOARD MEMBER
Education and Research
Officer, NUPW



William Layne
Chairman of the
Board of Directors



Sandra Osborne
Deputy Chairman
of the Board of Directors



Cheryl Bennett-Inniss
BOARD MEMBER
Chief Technical Officer



Louisa Lewis-Ward
Revenue Commissioner



Calvert (Cally) Boyea
BOARD MEMBER



Kay-Ann Brathwaite
BOARD MEMBER



Vincent Yearwood
BOARD MEMBER

Our Senior Management Team



Louisa Lewis-Ward
Revenue Commissioner



Trevor Forde
Director Tax Operations



Anthony Gittens
Director Audit and Compliance (ag)



Carolyn Barton
Director Support Services & Quality Assurance



Janelle Jones-Carter
General Counsel



Deanna Forde-Walcott
Senior Manager Audit



Sonia Jones
Senior Manager Tax Collections



Kathleen Pilgrim
Senior Manager Process & Institutional Risks (ag)



Roger Blackman
Senior Manager Information Technology



Elson Browne
Senior Manager Policy & Forecasting (ag)

Chairman's Message

In accordance with the Barbados Revenue Authority Act 2014-11, I have the honour to present the Annual report of the Barbados Revenue Authority for the year ended March 31, 2021. The Year April 1 2020 to March 31 2021 was a challenging one for the Barbados Revenue Authority. The roll out of the TAMIS System continued and problems were experienced by both taxpayers and staff of the Authority. A comprehensive review of the Authority's information communication technology (ICT) platforms will be conducted in the upcoming year.

Apart from the TAMIS issues, the Authority had to contend with the impact of COVID-19 on its operations. The lockdown and the slowdown in economic activity in the country affected the way the Authority does business, challenging the collections and operations teams to drive online functions as the optimal taxpayer option for payment. In addition the decline in economic activity affected tax collections. Revenue collected during the year declined by \$0.2 billion or 11% over the preceding year, moving from \$1.8 to \$1.6 billion. There were reductions in most of the areas of taxation.



William Layne

Chairman of the Board of Directors

A new Revenue Commissioner took office in June 2020 and the Board extends a warm welcome to Mrs. Louisa Lewis-Ward who came to the Authority from KPMG where she was a Tax Partner. The Authority also said goodbye during the year to a number of staff members who retired, including Mr. Wayne Forde, who acted as Revenue Commissioner prior to the appointment of Mrs. Lewis-Ward. To the retirees the Board wishes them a long and healthy retirement.

Looking forward to the coming year, one of the major issues will be improving revenue collection and managing receivables in a challenging environment.

Board Operations

Board Composition

Pursuant to the Barbados Revenue Authority Act, 2014, the Board comprises of nine (9) directors, six (6) of whom are appointed to serve for a term not exceeding three (3) years. The remaining three (3) directors are directors by virtue of their office, namely, the Revenue Commissioner, the Director of Finance and Economic Affairs and the Chief Technical Officer in the Ministry of Transport and Works. One (1) of the six (6) appointed directors must be nominated by the trade union representing the highest number of employees within the Authority, and the other five (5) appointed directors are selected by the Minister of Finance and are, in his/her opinion, qualified and experienced in economics, accounts, finance, tax, law, public administration or business or such other areas as are required for the discharge of the functions of the Board in his/her opinion.

Board Meeting Attendance

Directors	Number of Meetings Attended	Percentage of Meetings Attended
William Layne	11	100.00%
Sandra Osborne	10	90.91%
Kaye-Anne Brathwaite	9	81.82%
Calvert Boyea	10	90.91%
Richard Green	10	90.91%
Vincent Yearwood	11	100.00%
Cheryl Bennett-Inniss	11	100.00%
Ian Carrington	9	81.82%
Wayne Forde	1	100.00%
Carolyn Barton	1	100.00%
Louisa Lewis-Ward	9	100.00%

Board Committees

Committees of the Board

The Board has established four (4) standing Committees to facilitate in-depth consideration of matters within the scope of the respective Committees:

- ▶ **Audit and Risk Committee:** Vincent Yearwood (Chair), William Layne and Calvert Boyea
- ▶ **Human Resources Committee:** Sandra Osborne (Chair), Richard Green and Vincent Yearwood
- ▶ **Information Technology Committee:** Kaye-Anne Brathwaite (Chair), Calvert Boyea and Cheryl Bennett-Inniss
- ▶ **Tenders Committee:** Cheryl Bennett-Inniss (Chair) Ian Carrington and Kaye-Anne Brathwaite

The major activities of these Committees for the Financial Year 2020/2021 are set out below:

Audit and Risk Committee

- ▶ Reviewing the Authority's Audit and Risk operations every quarter of the Financial Year
- ▶ Reviewing and approving the Audit and Risk Committee Charter for the Financial Year 2020/2021
- ▶ Reviewing Internal Audit and Risk Reports
- ▶ Reviewing and approving the Annual Business Plan and work plan for the Enterprise Risk Management Department for the Financial Year 2020/2021
- ▶ Reviewing Management's responses to the Auditor General's Report for the Financial Year ending March 31, 2019
- ▶ Reviewing matters relative to the audit for the Financial Year ending March 31, 2020
- ▶ Reviewing the format of the presentation of the Authority's financial statements
- ▶ Ensuring the Authority's risks were being mitigated
- ▶ Considering the Authority's Exchange of Information on Request framework

Human Resources Committees

- ▶ Addressing the Human Resources matters emanating from the Auditor General's Report for the Financial Year ended March 31st, 2019
- ▶ Reviewing and approving Leave Applications
- ▶ Reviewing and approving Vehicle Loan Applications
- ▶ Reviewing and approving Private Work Applications
- ▶ Reviewing and approving a Training Loan Application
- ▶ Considering disciplinary matters and ensuring that there was adherence to the Employment Rights Act, 2012
- ▶ Conducting interviews for Senior Management posts within the Authority
- ▶ Reviewing the General Terms and Conditions of Employment of the Authority
- ▶ Recommending the removal of bracketed posts within the Authority to the Board

Information Technology Committee

- ▶ Ensuring that there were sufficient disaster recovery measures in place for the Authority's IT systems
- ▶ Ensuring that the Authority's networks were sufficiently secure
- ▶ Considering the Authority's online facilities for the payment of taxes
- ▶ Considering questions relative to Cloud Storage
- ▶ Considering all major IT issues, including issues relative to TAMIS
- ▶ Considering all major IT projects, including the Cloud Suite Project and the Teammate application project
- ▶ Reviewing IT-specific risks
- ▶ Reviewing staff's IT needs in light of remote working
- ▶ Reviewing an IT Consultant's report on the Authority's IT services, delivery, capability and technological needs

Tenders Committee

- ▶ Recommending the award of a contract for the procurement of 100 laptops to facilitate remote working

Revenue Commissioner's Review 2020-21

The financial year 2020-2021 was by no means 'business as usual' for the Barbados Revenue Authority. Throughout the period under review we had to deal with the vagaries of the COVID-19 pandemic which impacted the country just as the financial year started. From lockdowns and making adjustments in how we operate, to balancing and facilitating staff working in-office or from home so we could continue providing service as an essential public service institution. Nevertheless, we responded to the challenges and disruptions imposed by the pandemic environment and we were able to achieve measureable results. This Annual Report highlights the Authority's major achievements for the financial year 2020-2021.

Revenue Collection

Since assuming the responsibilities of Revenue Commissioner from June 2020, I have witnessed the hard work and dedication of the Authority's staff. Together, we executed our role in administering tax and related revenue collection activities that support our government's social and economic programmes, by collecting just over BBD\$1.585 billion in revenue for the fiscal period. This however, was 1% lower than total revenue collected during the previous fiscal by BBD\$16 million, a result of the pandemic and a rapidly slowing economy. The decline was primarily attributed to reduced collections in Value Added Tax (VAT), Income Taxes and Land Tax. Secondary impact was felt with declines in withholding tax, fuel tax and room rate levy, with the levy reflecting the impact which the pandemic had on the tourism sector. Nevertheless, VAT and Income Taxes continued to be the largest contributors to tax revenues.



Louisa Lewis-Ward
Revenue Commissioner

Value Added Tax (VAT) - Domestic

The revenue recorded for VAT during the year was BBD\$454.01 million. When compared to the previous financial period, the year-to-date collections declined by 19.4%. However, VAT continues to be the largest contributor to tax revenues and therefore our policy around that tax will be carefully monitored in the upcoming period.

Corporate Income Tax

In relation to corporation tax, revenue recorded for the year was BBD\$558.3 million. There was a significant uptick in tax payable in a few industries for tax year 2020. Companies prepay in December, and March, with a final payment made in June. The prepayments underperformed and led to the surge in collections experienced in June 2020. This buffered some of the negative impact on revenue collection.

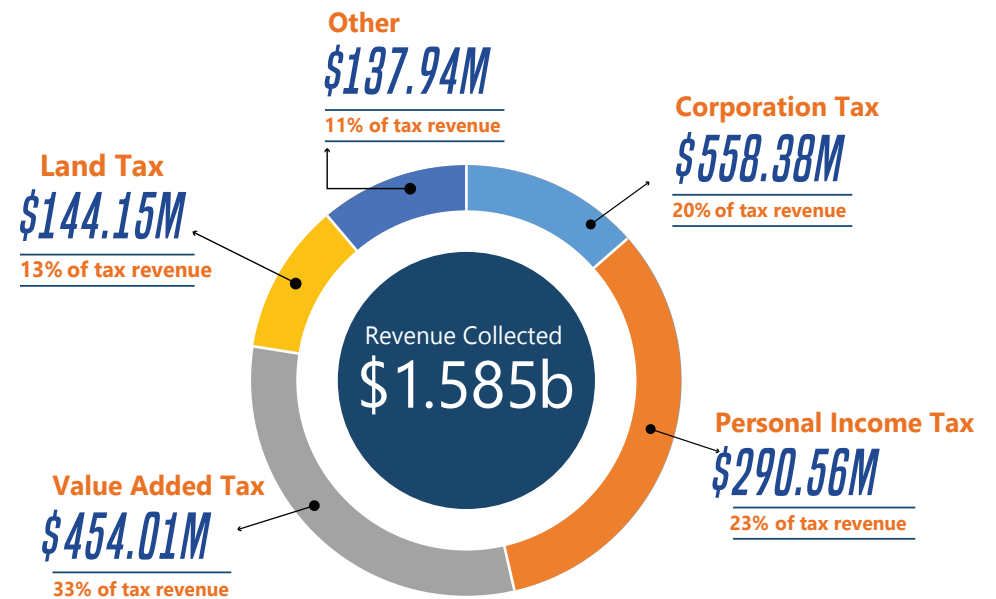
Revenue Collection

For the fiscal period 2020-2021, we collected \$1.585B in revenue to help fund government programmes. This was a 1% decline in year on year revenue collections which was primarily attributed to declines in VAT, Income Taxes and Land Tax.

Corporate taxes performed well buffering some of the negative impact. Nevertheless, VAT and Income Taxes continued to be the largest contributors to tax revenues.

There was a significant uptick in Corporate tax payable in a few industries for tax year 2020. This led to the surge in collections experienced during June 2020. The bulk of tax revenue came from companies operating in the international sector (grandfathered entities and Qualifying Insurance Companies (QIC)) at 85%, while the domestic sector yielded 15% of revenue collections.

It is unlikely however, that these companies will have a similar performance in 2021 given the impact of the pandemic and the potential cessation of business activity planned by some companies.





MEETING OUR OBJECTIVES

Performance Highlights



We collected
\$1.585 billion
in tax revenue

We added
12,030 registrants
to our listing just surpassing the 12,000 target.
Registrants by tax type at the end of the period:



PIT - 170,929



VAT - 8,345



CIT - 12,498



PAYE - 7,660

100% 
of **tax returns** filed **online**

Refunds paid

TAX  **\$238M**

Tax Arrears



We collected
\$23.5M in tax arrears.

This represents only **69%** 
of the **\$34.2M** target set.

By the end of the year, the stock
of arrears increased by
5% to **\$1.895 billion.**

Performance Highlights

Tax Clearance Certificates

We processed:



2371

General Clearances



3638

Land Tax Clearances



432

Estate Clearances



406

Foreign Currency
Clearances

On-time Filing Rate

Small & Medium Enterprises



PAYE 35%



PIT 51%



VAT 42%



CIT 53%

Large Taxpayers



VAT 79%



CIT 88%



PAYE 75%

Performance Highlights

Land Valuations & Assessment

While property values normally last for a three-year cycle, the Authority continued with the values from the 2017/18 to 2019/20 cycle, in response to the pandemic. Land tax bills for foreign based property owners were not delivered as overseas mailing restrictions were in place. Systems were implemented to email the bills to customers who supplied email addresses.



1,801 parcels of land added to the register

This exceeded our target of adding 1000 parcels. All of the National Housing Corporation lots which had not previously been added were placed on the system, some condominiums were subdivided into their individual units and some developments were added.



2,018 Change of Ownership requests processed and completed



580 Change of Address requests submitted and completed



93% of Government Acquisition valuations completed



96% of First-time Homeowners valuations completed



81% of objections to property valuations completed



94% of PTC valuations completed

Performance Highlights

Audit

With the advent of the pandemic the approved audit listing moved from a selection of 659 to 350 taxpayer audits. The targeted audit completion rate was set at 85% however, only 57% of the audits were completed, as officers were reassigned to assist with handling the volume of taxpayer queries and requests coming in during the period of the lockdown.

We conducted 160 audit cases of domestic entities with estimated recoveries of over \$7M, reduced losses claimed by \$1.2M and reduced VAT refund claims by \$179,075. On the international business sector side, we completed 75 audit cases with estimated recoveries of \$1.8M and reduced losses claimed by \$3.7M.

Audit of Large Taxpayer

For the year, there was 69% audit coverage of the taxpayers classified as large taxpayers, just below the 73% audit coverage target set.



Enhancing Organisational Structure & Corporate Governance



Strengthen Accountability and Transparency Mechanisms

The Authority has undergone a realignment to streamline its operations in an IT environment. The new structure comprises four (4) divisions which are:



Pandemic Response

In response to the global COVID-19 outbreak, we expanded the Business Continuity framework with the development and implementation of a Pandemic Plan. Additionally, we developed a Work from Home Policy to guide operations within the reality of the pandemic.

Policy Changes

During the financial year, government introduced a number of measures in response to the impact of the pandemic as a means of stimulating economic activity.

VAT Loan Fund

We coordinated the execution of the \$40 million VAT Loan Fund. This fund was introduced as a measure to assist companies who pay VAT and could demonstrate that their cash flow was severely diminished by expenditure measures to contain the outbreak of the COVID-19 pandemic. The fund offered a maximum loan amount of 50% of the last VAT filing and payment before the outbreak of the pandemic interest free over a 12-month period.

Land Tax Relief

Property owners benefitted from an extension of the 10% discount deadline from 23 September 2020 to 30 November 2020. The 10% discount was accorded to those taxpayers who paid the land tax due, in full within the extended period. Additionally, taxpayers also benefitted from a 5% discount if the tax due was paid by the 31 December 2020.

Welcome Stamp

The major economic success was the enactment of the Remote Employment Act 2020 which allowed non-nationals the option to work remotely from Barbados for a period of twelve (12) months. The Authority issued guidance and clarity as to the tax treatment of individuals who were in possession of a 12-month Barbados Welcome Stamp and entities which allowed their employees to work remotely from Barbados.

The Remote Employment Act 2020 provides that an individual to whom a Stamp has been granted shall not engage in employment in Barbados other than employment for which the Stamp was granted.

Additionally, a non-resident company which allows its employees to work remotely from Barbados under the 12-month Barbados Welcome Stamp regime should not ordinarily have a taxable presence in Barbados, where it remains liable to tax in its country of residence.

Grandfathered Entities

Guidance notes were issued to entities that opted to be grandfathered until 30 June 2021. Those companies whose fiscal period ended 30 June 2021 would file returns using the applicable grandfathered tax rates. Whereas those grandfathered companies whose fiscal period ended after 30 June 2021 would file returns using rates applicable to entities not grandfathered.

Land Adjudication

In order to enable processing of Land Tax matters during the period of lock down, we initiated new electronic Procedures for Land Adjudication and other Land Tax matters. A guidance note outlining the new procedures and requirements was developed to facilitate the adjudication process.

Extensions

There was a filing and payment extension for Value Added Tax and P.A.Y.E for the month of February 2021.

Fostering Compliance

Fostering Compliance

There were no advisory or compliance visits conducted during the period under review. Despite the restrictions in place due to the pandemic, taxpayers were still able to benefit from the education and engagement activities in which the Authority participated or hosted.

Engagement & Communication:

Stakeholder engagement sessions were facilitated virtually and held with targeted taxpayer groups.

- ▶ NCF Biz Talks for Creatives – Tax Compliance
- ▶ SBA: Importance of Being Tax Compliant
- ▶ EOI Regime in Barbados information session
- ▶ Tax Updates with industry associations
- ▶ Economic Substance Review Seminar

Meetings with Tourism sector groups, international business groups
By the end of the financial year, there was a renewed focus on fostering better relationships with industry bodies through consistent communication and continued engagement.

The website continued to be a central hub for information from the Authority and continued to provide taxpayers with accurate and timely information. There were over 344,000 visits to www.bra.gov.bb equating to a usage increase of just over 50% from the previous year. The Authority's social media following also continued to grow, with over 2,200 new Followers joining the Facebook page taking the total to 6191, an increase of 36% while Followers on the Instagram channel increased by over 2,500 taking the total followers to 8,025, an increase of 44%. These channels were used as another way to share content on our website regarding service options, announcements, events, campaigns and reminders.



Facilitating International Compliance

Exchange of Information (EOI)

The Authority facilitates the Exchange of Information on Request (EOIR) which includes both incoming requests from foreign competent authorities and outgoing requests from the Authority.

Exchange of Information on Request					
Requests received	Responded to within 90 days	Responded to within 180 days	Responded to within a year	Responded to after a year	Number of outstanding EOIR/Pending Confirmation that matter is closed.
84		--		-4	
Requests made	Responded to within 90 days	Responded to within 180 days	Responded to within a year	Responded to after a year	Number of outstanding EOIR responses
1-		1-		--	

Automatic Exchange of Information (AEOI)

The Authority facilitates the Automatic Exchange of Information (AEOI) which includes Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standard (CRS) reports to the AEOI portal.

In the last quarter of the financial year, we released a Guidance Note notifying Reporting Barbados Financial Institutions that had not filed a FATCA and/or CRS report for 2019 to submit correspondence to the Authority indicating the reason(s) for failing to submit.

Automatic Exchange Of Information				
	Financial Institutions registered	Reportable Accounts (Inclusive Nil Reports)	FIs failing to file	FIs Penalized/ sanctioned
FATCA	381	20,017	146	N/A
CRS				

Mutual Agreement Procedures (MAP)

The Mutual Agreement Procedure (MAP) programme provided assistance with resolving cases of double taxation or taxation not in accordance with the provision of the relevant double taxation agreement.

Mutual Agreement Procedures					
Requests received from a taxpayer	Request received from a foreign competent authority	Resolved within 2 years	Resolved in more than 2 years	Request withdrawn	Number of outstanding MAP requests
11		11		14	

Improving Service Delivery

There was continued focus during the year on enhancing organisational service delivery. In this vein, there was greater emphasis on moving towards electronic services with the aim of reducing in-person visits by fostering contactless commerce. This was further propelled due to the pandemic situation.

Technological Initiatives

- ▶ Completed the implementation of the phase 4 modules for the Tax Administration and Management Information System (TAMIS). The final phase included modules for:
 - Debt
 - Audit
 - Tax Clearances
 - Risk Selection
 - Tax Configuration Tool
 - Archiving
- ▶ Online payments were implemented in TAMIS giving taxpayers the option of making payments directly in TAMIS via direct debit or credit card to create a more seamless service experience.
- ▶ ASYCUDA World was launched. Our technical team was seconded to the ASYCUDA World project and provided training to Customs and Excise staff.
- ▶ In response to the pandemic and the need to work remotely:
 - 100 laptops were procured and distributed to staff;
 - the firewall was configured to allow secure encrypted VPN access
 - CISCO jabber was configured to allow staff to answer their desk phone from their computer or cell phones.
- ▶ Implemented the new integrated telephone system at the Weymouth Corporate Centre location. Special hunt groups were implemented to direct calls through one main number and cascade to many users as a means of managing customer calls.
- ▶ The SYSAID helpdesk solution was fully implemented and made mandatory for use for all support requests to the IT Department. This allows the section to better monitor requests and service performance.
- ▶ In terms of business continuity a backup and disaster recovery site for both the Authority and the Customs and Excise Department was identified. The relevant equipment and protocols were deployed allowing for replication and backups to be completed. This service continues to be expanded to reduce the Recovery Time Objective (RTO) and Recover Point Objective (RPO)

Improving Service Delivery



With a renewed focus on taxpayer relationship services, we started our transformation journey with the introduction of a Contact Centre, as a means of assisting taxpayers through multiple channels. This saw the division of first point of contact services distributed between the Customer Service and Contact Centre sections.

We handled more than 48,000 contacts through multiple channels in the Taxpayer Relationship sections.





Supporting Our People

We made continued progress toward developing our staff. We embarked on training programmes in the areas of customer relations, tax technical training and management training.

Emphasis was placed on equipping staff with the tools to improve their technical skills and performance. Some of the programme area included:

- ▶ Tax and Crime
- ▶ International Financial Sector
- ▶ Anti-money Laundering and Financing of Terrorism
- ▶ Exchange of Information
- ▶ Application of Tax Laws to Audit and Compliance
- ▶ Revenue Forecasting
- ▶ International Taxation – Base Erosion and Profit Shifting, Transfer Pricing
- ▶ Government's Digitisation Initiative
- ▶ Best Practices for Handling Paper-based Public Service Records
- ▶ Workplace Cleaning and Disinfecting Protocols for Public Service
- ▶ In-house: Income Tax, TAMIS, VETAS, Refunds Project, Code of Conduct



The wellness programme maintained a focus on health, safety and wellness throughout the year.

- ▶ There was an increased focus on health, mental wellness and managing stress which were the focus of the webinar sessions.
- ▶ Counselling services were facilitated through the Employee Assistance Programme (EAP) to assist staff with coping during the pandemic.
- ▶ Coming on to the end of the year, a six-week virtual physical fitness programme for staff themed BRA Fit Factory was executed.
- ▶ To help staff stay connected, weekly Wellness Updates and Human Resource TIDBITS were shared to reinforce information from the webinar sessions and provide information related to COVID-19.



FINANCIAL STATEMENTS

Financial Analysis and Discussion

Administered Activities

This section of the Annual Report provides a discussion and analysis of the financial condition and performance of the Barbados Authority-Administered Activities for the financial year ended March 31 2021 as compared to the prior financial year ended March 31, 2020.

The Administered Agency Statement reports the revenue, expenditure, assets and liabilities related to the funds collected and earned for the financial year 2021.

Basis for preparation of the Administered Agency's Statements

The Authority's accounts are prepared in accordance with the requirements of the Public Finance Management Act, 2019 which replaced the Financial Management and Audit Act 2007-2011 and Financial Regulations 2011 and which requires the use of International Public Sector Accounting Standards (IPSAS).

The Authority has worked to ensure that the accounting policies which underpin these accounts are comprehensive and appropriate.

Accounting policies for Administered Agency Statement

Estimation of Accrued Revenue – The Authority took responsibility for the reporting of the revenues of four legacy agencies on April 1, 2014 and commenced operations using the opening balances for Receivable as reported by the Accountant General's office at March 31, 2014.

Provision for Liability – The Authority pays all cash collected for revenue directly to the Treasury net of bank charges and no deductions are made for the payment of refunds due to tax payers. The Authority therefore, on behalf of the Administered Activities, makes provision for the liability relating to the payment of refunds as assessed. This amount is shown as "Due from the Treasury" in the Statement.

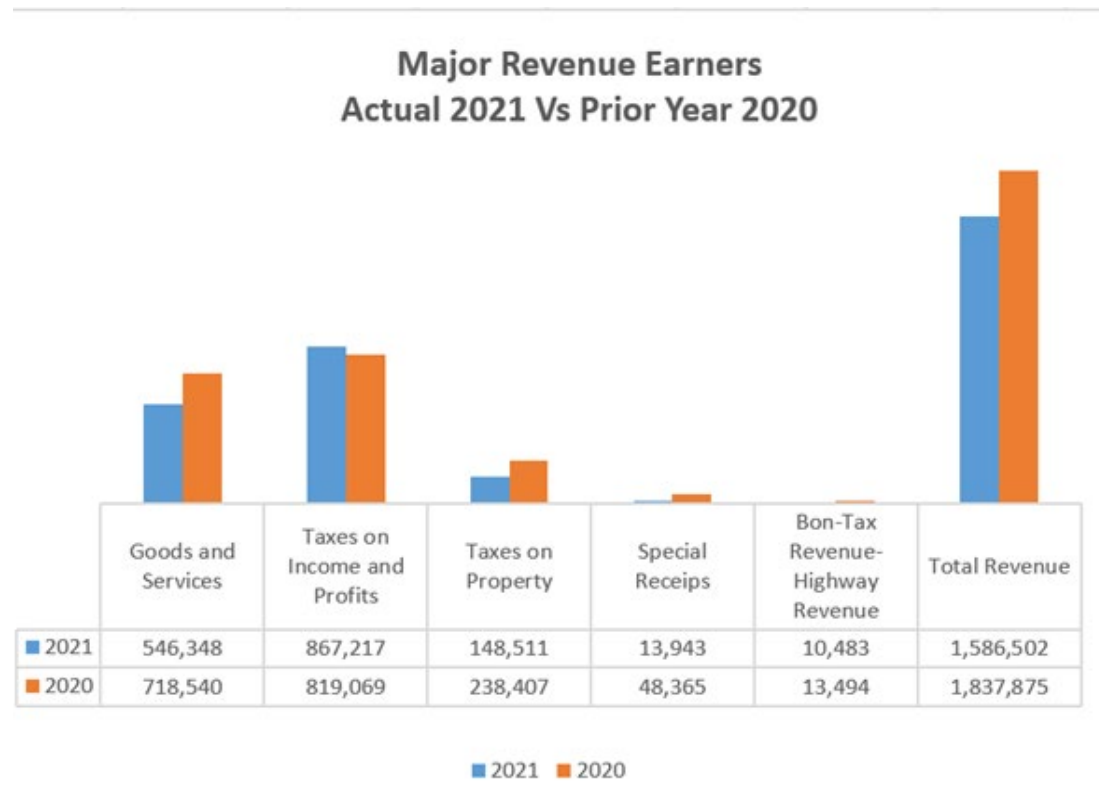
Auditors

The Administered Agency Statement is audited by the Auditor General in accordance with the Barbados Revenue Authority Act 2014-1.

Financial Review

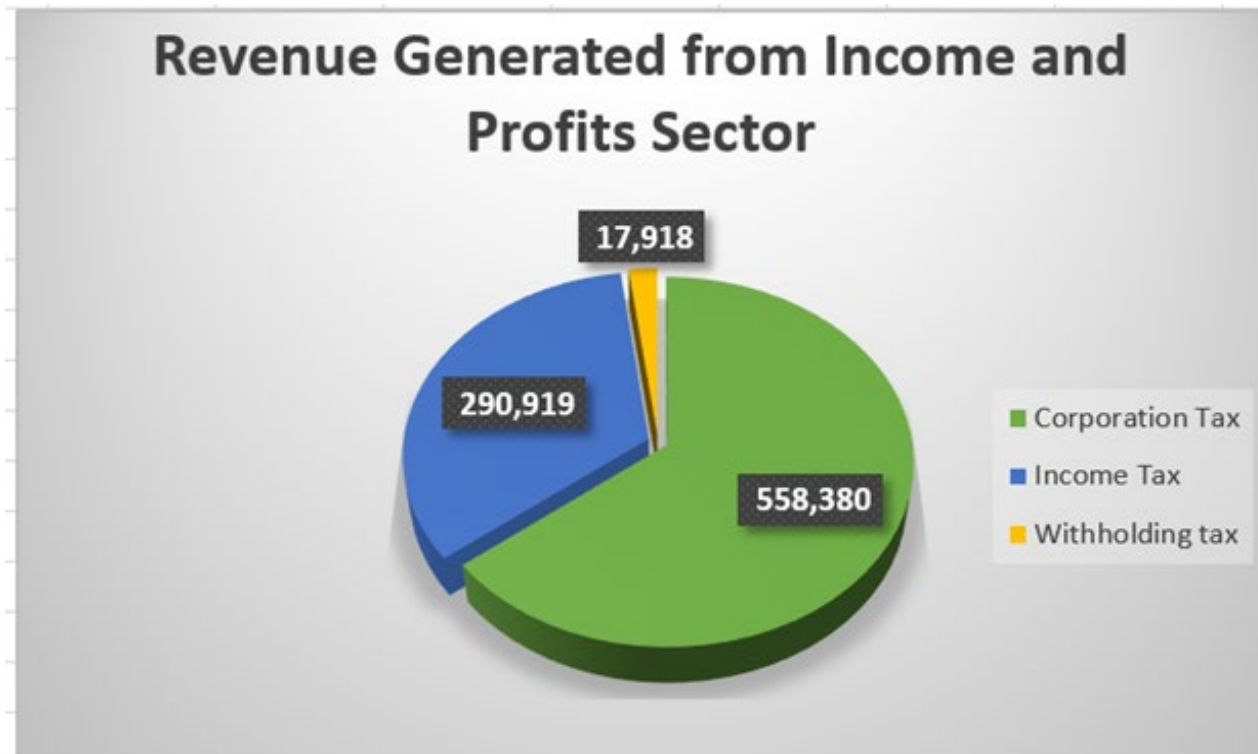
Statement of Revenue

In the financial year ended March 2021, the Authority recorded \$1.59billion in revenue under Administered Activities representing a decline from the \$1.84billion recorded in the financial year ending March 2020. This represents a decrease of \$251million or 14% over the previous year's activity. A decrease of \$172million or 24% was recorded under Good and Services and \$90million or 38% under Taxes on Property. However, an increase in Taxes on Income and Profits by \$48million or 6% was recorded.



Taxes on Income and Profits

Taxes on Income and Profits comprising mainly of Corporation tax and Personal Income Tax, saw an increase of \$48million when compared to the previous year. Corporation tax showed an increase of \$187million over previous year, whilst personal income tax and withholding taxes reflected decreases of \$121million and \$18million respectively compared to prior year.



Taxes on Goods and Services

Goods and services revenue for financial year ended March 2021 saw a decrease of \$172million compared to prior year. None of the Goods and Services performed favourably relative to prior year.

Property Taxes

Land tax decreased by 90million or 38% from prior year.

Statement of Financial Position

1.1 Tax Receivables

At March 31, 2021, tax receivables net was \$2billion, an increase of \$200million. Including interest and penalties, these increases were mainly due to Income Tax \$186million and Land Tax \$65million. Corporation Tax declined by \$57million.

Other Receivables

1.2

There was an increase of \$28million in Other Receivables which represents mainly funds due to Treasury to honour tax refunds. In financial year ending March 31, 2021 refunds paid totaled \$335m.

Due To Treasury

1.3

Due to Treasury of \$2billion represents assessments on Income and Profits, Land Tax billings and VAT return filings net of collections paid over to the Treasury.

Tax Refunds Payable

1.4

Tax Refunds payable of \$612million represent amounts due to taxpayers based on assessments on Income & Profits, and VAT return filings. There was an increase of \$42m in Refunds payable at March 2021.

Statement of Management Responsibility

The accompanying financial statements of the Barbados Revenue Authority (the Authority) have been prepared in accordance with International Public Sector Accounting Standards (IPSAS). Significant accounting policies are set out in Note 1 to the financial statements. Some of the information included in the financial statements, such as accruals, is based on management's best estimates and judgment, with due consideration to materiality.

The Authority's management is responsible for the integrity and objectivity of data in these financial statements. Management is also responsible for the preparation and the fair presentation of the financial statements in accordance with the applicable financial reporting framework and this responsibility includes:

- a. Designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- b. Selecting and applying appropriate accounting policies; and
- c. Making accounting estimates that are reasonable.

To fulfil its accounting and reporting responsibilities, management maintains sets of accounts which provide records of the Authority's financial transactions. Management also maintains financial management and an effective system of internal control over financial reporting (ICFR) that take into account costs, benefits, and risks. They are designed to provide reasonable assurance that transactions are processed within the powers provided by the Authority's Act, are executed in accordance with prescribed regulations and the Financial Management and Audit Act, and are properly recorded to maintain the accountability of funds and safeguarding of assets.

Financial management and internal control systems are reinforced by the maintenance of internal audit programmes. The Authority also seeks to assure the objectivity and integrity of data in its financial statements by: the careful selection, training, and development of qualified staff; organisational arrangements that provide appropriate divisions of responsibility; communication programmes aimed at ensuring that its regulations, policies, standards and managerial responsibilities are understood throughout the organisation, and by conducting an annual assessment of the effectiveness of its system of ICFR.

The system of ICFR is designed to mitigate risks to a reasonable level based on an on-going process to identify key risks, assess the impacts and adopt strategies for risk management to assess the effectiveness of associated key controls, and to make any necessary adjustments. The effectiveness and adequacy of the Authority's financial management and its system of internal control are reviewed by the work of internal audit staff, who conduct periodic audits of different areas of the Authority's operations and by the Board of Directors which is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control and exercises this responsibility through the Audit Committee of the Board of Directors.

To assure objectivity and freedom from bias, these financial statements have been reviewed by the Audit Committee and approved by the Board of Directors. The Audit Committee is independent of management and meets with management, the internal auditors, and the Auditor General of Barbados on a regular basis. The auditors have full and free access to the Audit Committee.

The Auditor General of Barbados conducts independent audits and expresses separate opinions on the accompanying financial statements.



AUDITOR GENERAL'S OFFICE BARBADOS



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the Barbados Revenue Authority

Opinion

I have audited the Financial Statement of the Barbados Revenue Authority (the Authority), which comprise the statement of Financial Position as at March 31, 2021, Statement of Change in Contributed Capital, Statement of Financial Performance, Cash Flow Statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Barbados Revenue Authority as at March 31, 2020 and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS).

Basis of Opinion

I conducted my audit in accordance with International Standards for Supreme Audit Institutions (ISSAIs). My responsibility under those standards are further described in the Auditor's Responsibility for the Audit of the Financial Statement section of my report. I am independent of the activities of the Barbados Revenue Authority in accordance with the ethical requirements that are relevant to my audit and I have fulfilled my other responsibilities in accordance with these requirements. I believe that the audit evidence I obtained is sufficient and appropriate to provide a basis for my opinion.

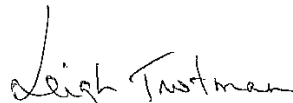
Responsibility of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation and the fair presentation of the financial statements in accordance with the International Public Sector Accounting Standards, and for such internal controls as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

The Board of Directors of the Barbados Revenue Authority is responsible for overseeing its financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that included my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



L. E. TROTMAN

Auditor General

2nd Floor Weymouth Corporate Centre

Roebuck Street

St. Michael

April 12, 2022




FINANCIAL STATEMENTS

Agency Activities


Barbados Revenue Authority
Statement of Financial Position - Agency Activities
March 31, 2021 with comparative figures for March 31, 2020
(Expressed in BDS \$000)

		2021	Restated 2020
TOTAL ASSETS			
Current Assets		\$	\$
Cash and Cash Equivalents	4	11,982	11,648
Subvention Receivable	5	500	-
Staff Loans and Advances	5	417	568
Prepayments		438	910
Prepayments – TAIRP		-	5,301
Other Receivables		9	18
Total Current Assets		13,346	18,445
Non-Current Assets			
Staff Loans and Advances			
Property Plant and Equipment and Intangible Assets			
Property Plant and Equipment - BRA	6, 7	1,943	1,992
Property Plant and Equipment - TAIRP	6, 7	996	1,392
Total Property Plant and Equipment and Intangible Assets		2,939	3,384
TOTAL ASSETS		16,285	21,829
TOTAL LIABILITIES			
Accounts Payable and Accrued Liabilities	8	1,897	3,892
Unearned Revenue -TAIRP	9	4,029	5,407
TOTAL LIABILITIES		5,926	9,299
NET ASSETS			
Donated Capital		3,658	3,658
Net Surplus		6,701	8,872
TOTAL NET ASSETS		10,359	12,530
TOTAL NET ASSETS AND LIABILITIES		16,285	21,829

TAIRP – Tax Administration Infrastructure Reform Project
The accompanying notes form an integral part of these financial statements



 Chairman
 December 30, 2021



 Revenue Commissioner
 December 30, 2021

Barbados Revenue Authority
Statement of Changes in Net Assets - Agency Activities
For the year ended March 31, 2021 with comparative figures for 2020
(Expressed in BDS \$000)

	Opening Capital	Accumulated Surplus	Total
Balance as at March 31, 2019	3,658	3,441	7,099
Adjustment to Prior Period (Note 3)	-	5,873	5,873
Deficit for the year	-	(442)	(442)
Restated Balance as at March 31, 2020	3,658	8,872 1	2,530
Adjustment to Prior Period (Note 3)	-	(9)	(9)
Deficit for the year	-	(2,162)	(2,162)
Balance as at March 31, 2021	3,658	6,701	10,359

The accompanying notes form an integral part of these financial statements

Barbados Revenue Authority
Statement of Financial Performance - Agency Activities
March 31, 2021 with comparative figures for March 31, 2020
(Expressed in BDS \$000)

	Notes	2021 \$	Restated 2020 \$
REVENUE FROM NON-EXCHANGE TRANSACTIONS			
Subvention revenue	15	32,467	28,474
Income - TAIRP	15	1,867	3,097
TOTAL REVENUE FROM NON-EXCHANGE TRANSACTIONS		34,334	31,571
REVENUE FROM EXCHANGE TRANSACTIONS	15	49	10
TOTAL REVENUE		34,383	31,581
OPERATING EXPENDITURE			
Personnel Expenses	16	22,465	21,680
Other Expenses - BRA	18	6,024	7,227
Other Expenses-TAIRP	18	7,168	2,308
Depreciation	6, 7	888	808
TOTAL OPERATING EXPENDITURE		36,545	32,023
NET DEFICIT FOR THE YEAR		(2,162)	(442)

TAIRP – Tax Administration Infrastructure Reform Project

The accompanying notes form an integral part of these financial statements

Barbados Revenue Authority
Statement of Financial Performance - Agency Activities
March 31, 2021 with comparative figures for March 31, 2020
(Expressed in BDS \$000)

	Notes	2021	Restated 2020
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
NET DEFICIT		(2,162)	(442)
Add: Depreciation	6, 7	888	808
Less: Gain on sale of property plant and equipment		(41)	0
OPERATING INCOME BEFORE WORKING CAPITAL CHANGES		(1,315)	366
(Increase)decrease in Subvention Receivables		(500)	4,483
Decrease/(increase) in Staff Loans/Advances		151	(76)
Decrease/(increase) in P repayments		5,773	(828)
Decrease/(increase) in Other Receivables		9	24
(Increase)/decrease in Account Payable and Accrued Liabilities		(2,005)	709
(Increase)/decrease in Unearned Revenue - TAIRP		(1,377)	941
NET CHANGE IN ASSETS AND LIABILITIES		2,051	5,253
NET CASH FLOWS FROM OPERATING ACTIVITIES		736	5,619
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of Assets		(452)	(1,125)
Proceeds on disposal of property, plant and equipment		50	0
NET CASH FLOWS FROM INVESTING ACTIVITIES		(402)	(1,125)
NET INCREASE IN CASH AND CASH EQUIVALENTS		334	4,494
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		11,648	7,154
CASH AND CASH EQUIVALENTS AT END OF YEAR		11,982	11,648

The accompanying notes form an integral part of these financial statements

Notes to the Financial Statements

(Expressed in BDS \$000)

1. Reporting Entity

The Barbados Revenue Authority (“the Authority”) is a body corporate owned and established by the Government of Barbados under Section 3 (1) of the Barbados Revenue Authority Act 2014-1. The Authority operates solely in Barbados.

The main activities of the Authority relate to the administration of the specified legislation set out in Schedule 1 of the Act. In addition, the Authority has responsibilities for the enforcement and collection of all forms of duties, taxes, interest, penalty, fees and any amounts payable under the specified enactments, advises the Minister on all matters relating to the Act and the specified enactments and represents Barbados on other matters relating to taxes.

These Financial Statements contain transaction details for the Tax Administration Infrastructure Reform Project (“TAIRP Project”). The Barbados Revenue Authority was assigned the responsibility for managing the TAIRP Project which includes the implementation of the new Tax Administration Management Information System (TAMIS) and the Revenue Enhancement Programme.

2. Accounting Policies

2.1 Basis of Preparation

These financial statements are prepared in accordance with and comply with International Public Sector Accounting Standards. The financial statements are presented in Barbados Dollars (BDS) which is the functional and reporting currency for Barbados and all values are rounded to the nearest thousand (\$000). The accounting policies have been consistently applied to all years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statements is prepared using the indirect method. The financial statements are prepared on an accrual basis.

No changes in accounting policies were made subsequent to the last annual audited financial statements other than the inclusions of 2.3, 2.4, and 3 below, which do not have a material effect on the presentation of these financial statements.

2.2 Reporting Period for the Accrual Basis of Accounting

The reporting period for these financial statements is the year April 1, 2020 to March 31, 2021.

2.3 Revenue from Exchange Transactions

Revenue earned by the Authority is recorded through operations when earned.

2.4 Revenue from Non-Exchange Transactions

The Authority's revenue used to fund its operations is received by way of a subvention from the Government of Barbados. Prior to the beginning of the financial year, the Authority is required to submit its Estimates of Expenditure for the financial year to be considered for the subvention. Revenue from subventions for a specific period is recognized when a warrant has been issued by the Ministry of Finance.

Revenue from subventions from the TAIRP project is recognised when it is probable that the future economic benefits or services potential associated with the asset (cash, goods, services or property) will flow to the Authority and the fair value of the asset can be measured reliably. Historically, such revenues are recognised when the related expenditure is incurred.

2.5 Expenses

Expenses are recognized in the period to which they relate.

2.6 Foreign currency transactions

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates at the balance sheet date. Exchange rate differences arising on settlement of these transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the Statement of Financial Performance. Currency exchange rates are determined by reference to the Central Bank of Barbados.

2.7 Plant and Leasehold Improvements

All property, plant and equipment are stated at cost less accumulated depreciation. The cost includes expenditure that is directly attributable to the acquisition of the items. Assets costing under \$3,000 individually are expensed at acquisition but if purchased as part of a group and the cumulative cost is in excess of \$3,000, the assets are capitalised.

2.8 Depreciation

Depreciation on assets is charged on a straight line basis over the useful life of the asset. The half year rule is applied in the calculation of depreciation. Typically the estimated useful lives of different classes of property plant and equipment are as follows:

Assets	Life in Years	Rates (%)
Leasehold Improvements	15	6.67
Machinery and Equipment Office 3	to 10	10 to 33
Computer Hardware	5	20
Computer Software	5	20
Furniture and Fittings	10	10
Motor Vehicles	7	14

2.9 Receivables and Advances

Receivables and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in the active market. Receivables are recorded at the amounts expected to be ultimately collected in cash.

2.10 Liabilities

Financial liabilities include trade and other payables which are initially recorded at fair value and subsequently measured at amortised cost using the effective interest method. The financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

2.11 Comparatives

These financial statements are presented with comparative figures for the year April 1, 2019 – March 31, 2020.

3. Adjustment to Prior Period

The adjustments to prior periods of \$9,000 (2021) and \$5.873M (2020) represents the reversal of the accruals in respect of 25 per cent of the salaries of individuals who fall under the Defined Benefit Plan. The Authority pays the pensions for retired employees through subvention from the Government of Barbados and as such no accrual is necessary.

4. Cash and Cash Equivalents

Cash comprises cash on hand and cash at bank.

	2021 \$	2020 \$
Cash in Bank	11,975	11,641
Cash on Hand	7	7
Cash at end of year	11,982	11,648

5. Subvention Receivable and Staff Loans and Advances Subvention Receivable

Subvention Receivable represents the outstanding subvention due from Government of Barbados.

	2021 \$	2020 \$
BRA Operations 2020-2021	500	-
Subvention Receivable	500	-

Staff Loans and Advances

Staff Receivables are recorded as current assets as these are repayable on demand should a staff member conclude or terminate his employment. These have not been classified as non-current assets. The following amounts are collectible within one year and within more than one year:

	2021	2020
	\$	\$
Due in 12 months	152	223
Due in over 12 months ²	66 3	45
Staff Loans and Advances 4	<u>17 5</u>	<u>68</u>

6.

**Property Plant and Equipment
As at March 31, 2021**

	Leasehold Improvements	Computer Equipment	Office Equipment	Furniture and Fixtures	Vehicles	Assets Under Construction	Total
	\$	\$	\$	\$	\$	\$	\$
Cost at April 1, 2020	508	1,392	818	365	336	492	3,911
Additions	523	258	34	44	92	31	982
Disposals					(106)	(523)	(629)
Cost at March 31, 2021	1,031	1,650	852	409	322	-	4,264
Accumulated Depreciation April 1, 2020	132	598	347	55	303	-	1,434
Depreciation	63	281	144	37	30	-	555
Disposals					(90)		(90)
Accumulated Depreciation March 31, 2021	195	879	491	92	244	-	1,899
Net Book Value March 31, 2021	836	771	361	317	78	-	2,365
Cost at April 1, 2019	508	1,017	685	193	336	47	2,786
Additions	-	375	133	172	-	445	1,125
Disposals	-	-	-	-	-	-	-
Cost at March 31, 2020	508	1,392	818	365	336	492	3,911
Accumulated Depreciation at April 1, 2019	88	371	210	36	255	-	959
Depreciation	44	227	137	19	48	-	475
Disposals	-	-	-	-	-	-	-
Accumulated Depreciation March 31, 2020	132	598	347	55	303	-	1,434
Net Book Value March 31, 2020	376	794	471	310	33	492	2,477

**7. Intangible Assets
As at March 31, 2021**

	2021
	\$
Cost at April 1, 2020	1,666
Additions	-
Disposals	-
Cost at March 31, 2021	1,666
Accumulated Depreciation April 1, 2020	759
Depreciation 3	33
Disposals	-
Accumulated Depreciation March 31, 2021	1,092
Net Book Value March 31, 2021 5	74
Cost at April 1, 2019	1,666
Additions	-
Disposals	-
Cost at March 31, 2020	1,666
Accumulated Depreciation at April 1, 2019	426
Depreciation 3	33
Disposals	-
Accumulated Depreciation March 31, 2020	759
Net Book Value March 31, 2020	907

8. Accounts Payable and Accrued liabilities

	2021	2020
	\$	\$
Accrued Expenses travel and maintenance	394	19
Accrued Utilities	163	1,075
Accrued Pension Liability	-	736
Foreign Currency Differences	-	(1)
Other Accrued Expenses	1,340	2,064
	<hr/>	<hr/>
Total Accounts payable and accrued liabilities	1,897	3,893
	<hr/>	<hr/>

Account Payable and Accrued Liabilities included \$6.7M at March 31, 2020 related to expenditure accrued for the Authority's pension obligations for its staff for financial years 2017-2018 and 2018-2019. Per Note 3. a prior period adjustment of \$5.9M was recorded to reverse pension accruals for staff members who fall under the Defined Benefits (DB) Plan as the payment of the related pension benefits remained the responsibility of the Treasury Department.

9. Unearned Revenue

Unearned revenue of \$4,029,000 (2020: \$5,406,000) represents funds released by the Ministry of Finance for the acquisition of goods and services for the TAIRP Project for which expenditure has not been incurred.

10. Contractual Commitments

The Authority recognises all contractual commitments. Commitments are estimated at \$1.6M, representing outstanding costs of contracts for services or supplies under the TAIRP Project, the maintenance for software licenses and to the ongoing procurement for software solutions to enhance compliance efficiency under the Foreign Account Tax Compliance Act and the Common Reporting Standards.

11. Retiring Benefits

The Authority has implemented its pension plan, the Barbados Revenue Authority Pension Plan ("the Plan"), and the retiring benefits represent the expenditure incurred under the Plan and gratuities and pensions paid to retirees. The Plan is a hybrid plan, comprising a Defined Benefit Section and a Defined Contribution Section. The Plan is registered with the Financial Services Commission under the Occupational Pension Benefits Act Cap 350B ("the Act").

11.1 Defined Benefit Plan

Employees who transitioned to the Authority from one of the legacy agencies (excluding those who transitioned as temporary officers with less than five years of public service at April 1, 2014) are entitled to receive retirement benefits under this section of the Plan. The benefits provided under the Defined Benefit Section of the Plan were designed to provide its members with the same retirement level of benefits as those provided under the Pensions Act, Chapter 25 of the laws of Barbados.

Pension benefits to be paid to members of the Defined Benefit Section of the Plan are funded via the Authority's annual subvention. This section of the Plan is closed to new entrants. Risks to which the Defined Benefit Section exposes the Authority are minimised as the Government of Barbados is committed to funding this obligation.

Under the Plan's Trust Deed and in accordance with the Act, the Actuary is required to evaluate the financial position of the Plan every three (3) years and recommend the future contribution rate for the Authority. The required contribution rate is in accordance with the minimum funding requirements set out in the Act. The most recent actuarial valuation of the Plan was performed as at April 1, 2019 with the following key results for this Section on a going concern basis:

	As at April 1, 2019
	\$000s
Going concern assets	-
Going concern liabilities	(40,748)
Gong concern funded liability	<u>(40,748)</u>

The Actuary assumed in the actuarial valuation that the Authority would make an immediate lump sum payment of \$870,000 to fund this Section's past service liability.

The Defined Contribution Section requires that members contribute 3 per cent of Pensionable Earnings below the NIS Insured Earnings Ceiling maximum, plus 8 per cent of Pensionable Earnings in excess of the NIS Insured Earnings ceiling and that the Authority matches this level of contribution and pays any expenses incurred.

12. Related Party Transactions

The Authority is a commercial State Owned Enterprise responsible for the administration of taxes. The Authority considers related party transactions to be those with Government owned entities or State Owned Enterprises. The Authority engages in related party transactions with the following parties as stated below:-

Treasury Department	The Treasury Department manages and remits salary related expenditure on behalf of the Barbados Revenue Authority from the subvention due.
Ministry of Housing & Lands	The Ministry of Housing & Lands negotiates and manages rental space on behalf of the Barbados Revenue Authority free of charge to the Authority.
Customs and Excise Department	The Authority purchased equipment on behalf of the Customs and Excise Department through the TAIRP project. All payments are made by the Authority. All equipment purchase on behalf of the Customs and Excise Department was transferred to Customs and Excise Department at March 31, 2021, and is therefore no longer recorded in the financial statements of the Authority.
MIST	The Ministry of Innovation Science and Smart Technology administers the EZpay payment platform for the Authority. The facility allows for the settlement of taxes using the Authority online portals.

Barbados Licensing Authority

The Authority acts as the collection agency in respect of all Barbados Licencing Authority transactions. The Authority also maintains the information technology platform through which licencing transactions are facilitated. The Authority is required to review and collect third party information to substantiate all licencing transactions and to provide feedback on police matters related to the information collected.

13. Key Management Personnel Compensation

	2021 \$	2020 \$
Board of Directors	97	97
Senior Management	1,542	1,523
Total Compensation	1,639	1,620

14. Financial Risk Management

Exposure to the following risks arise in the normal course of the Authority's operations. The note presents information about the Authority's exposure to each of the below mentioned risks and policies and procedures for managing risk. The Senior Management team has overall responsibility for the establishment and oversight of the Authority's risk management framework, for monitoring the Authority's risk management policies. The management team periodically reports to the Board of Directors on its activities.

14.1 Credit Risk

Credit risk is the risk of financial loss to the Authority if a customer or counterparty to financial instruments fails to meet its contractual obligations, and arises primarily from the Authority's cash and cash equivalents, other receivables and loans receivable.

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Authority has no significant concentration of credit risk attached to accounts receivables which comprise mainly loans to staff members from which monthly salary deductions are made by the Authority to ensure settlement.

Cash and cash equivalents are held with reputable financial institutions, which present minimal risk of default.

14.2 Exposure to credit risk

The carrying amount of the financial assets represents the maximum credit exposure. The maximum credit exposure at the reporting date was:-

	2021	2020
	\$	\$
Cash and Bank	11,982	11,648
Staff Receivables	417	568
Other Receivables	9	18
Maximum Credit Risk Exposure	12,408	12,234

14.3 Liquidity Risk

Liquidity risk is the risk that the Authority will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities. The Authority's liquidity risk is minimal as the Authority is economically dependent on the Government of Barbados for its financing, and the management of the Authority monitors budgets, and budgets commitments and the timing of its cash flows.

14.4 Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Authority's processes, personnel, technology and infrastructure, and from external factors other than credit, market or liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Authority's operations.

The Authority's objective is to manage operational risk by developing and implementing controls within the operation that would mitigate this risk. Compliance with the Authority's policies is supported by a programme of periodic reviews undertaken by the Internal Audit Department and the Risk Management Unit. The results of these reviews are discussed with Management and the Board.

15. Revenue

	2021	2020
	\$	\$
Subvention from Government -BRA	32,467	28,474
Income –TAIRP	1,867	3,097
Total revenue from non-exchange transactions	34,334	31,571
Total revenue from exchange transactions	49	10
Total Revenue	34,383	31,581

Revenue from exchange transactions includes gain on sale of vehicle of \$41,000, discounts earned \$6,000 and dishonoured cheques \$2,000.

16. Personnel Expenses

	2021	2020
	\$	\$
Personal Emoluments	19,281	19,325
Employers Contributions	1,793	1,784
Retirement Benefits	1,391	571
Total Personnel Expenses	22,465	21,680

17. Operating Expenses

	2021	2020
	\$	\$
Board & Tribunal Expenses	137	208
Conferences	127	167
Other Operating Expenses	119	216
Bank Charges	76	11
Conferences	44	145
Hospitality	35	68
Special Payments	12	61
Uniforms	4	1
Total Operating Expenses	554	877

18. Other Expenses

	Notes	2021	2020
		\$	\$
Barbados Revenue Authority Expenses			
Maintenance of Property		2,844	3,397
Utilities		1,367	1,154
Operating Expenses	17	554	878
Professional Services		541	937
Supplies and Materials		516	539
Structures		95	117
Subscriptions to International Organisations		61	61
Rental of Property		22	12
Library Books and Publications		18	15
Travel		6	117
		<u>6,024</u>	<u>7,227</u>
TAIRP Expenses			
Scanning Equipment - Customs & Excise Dept.		5,301	-
Professional Services		1,609	1,748
Structures		258	32
Maintenance of Property		-	528
		<u>7,168</u>	<u>2,308</u>
Total Other Expenses		<u>13,746</u>	<u>9,535</u>



FINANCIAL STATEMENTS

Administered Activities

Barbados Revenue Authority
Statement of Financial Position - Administered Activities - Treasury
March 31, 2021 with comparative figures for March 31, 2020
(Expressed in BDS \$000)

	Notes	2021 \$'000	2020 \$'000
TOTAL ASSETS			
Current Assets			
Cash and Bank	6	91,245	210,194
Tax Receivables(Net)	7	2,130,554	1,930,913
Other Receivables	8	567,816	539,555
Total Assets		<u>2,789,615</u>	<u>2,680,662</u>
Liabilities			
Due To Treasury	9	2,177,443	2,084,266
Tax Refunds Payable	10	611,883	569,824
Deferred Revenue	11	289	294
Total Liabilities		<u>2,789,615</u>	<u>2,654,384</u>
GENERAL FUND			
Prior Year Bank Clearing Account		-	26,278
Net Surplus (Deficit)		-	-
Total General Fund		-	<u>26,278</u>
TOTAL LIABILITIES AND GENERAL FUND		<u>2,789,615</u>	<u>2,680,662</u>



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Chairman

December 30, 2021



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Revenue Commissioner

December 30, 2021

The accompanying Notes form an integral part of these financial statements

Barbados Revenue Authority
Statement of Change in Administered Agency Fund – Treasury
March 31, 2021 with comparative figures for March 31, 2020
(Expressed in BDS \$000)

	\$'000
Balance as at March 31, 2019	26,278
Increase/(Decrease) in Fund	-
Balance as at March 31, 2020	26,278
Increase/(Decrease) in Fund	(26,278)
Balance as at March 31, 2021	-

This balance relates to the General Fund and represents funds transferred at the inception of the Barbados Revenue Authority in 2014. It has been deemed that the Administered Activities should not include a General Fund as no equity should be reflected in these financial statements.

The accompanying Notes form an integral part of these financial statements

Barbados Revenue Authority
Statement of Administered Revenue - Treasury
March 31, 2021 with comparative figures for March 31, 2020
(Expressed in BDS \$'000)

	Notes	2021 \$'000	2020 \$'000
Goods & Services		546,348	718,540
Taxes on Insurance Premiums		23,528	26,799
Taxes on Bank Asset		37,967	40,291
Tax on Asset		7,587	7,765
Motor Vehicles		7,661	11,966
Public Service Vehicles		4,838	7,833
Taxes on Remittances		-	-
Excise Duties		10,757	14,008
Value Added Tax		454,010	609,878
Taxes on Income and Profits		867,217	819,069
Corporation Taxes		558,380	371,308
Income Taxes		290,919	412,155
Withholding Taxes		17,918	35,606
Taxes on Property		148,511	238,407
Land Tax		148,511	238,407
Rent Registration Fees		-	-
Special Receipts		13,943	48,365
National Social Responsibility Levy		5	-
Betting and Gaming Fees		4,412	10,557
Direct Product Development Levy		1,604	8,604
Room Rate Levy		7,922	29,204
Total Tax Revenue		1,576,019	1,824,381
Non-Tax Revenue - Highway revenue		10,483	13,494
TOTAL REVENUE		1,586,454	1,837,875

The accompanying Notes form an integral part of these financial statements

Barbados Revenue Authority
Statement of Cash Flows Administered Activities - Treasury
March 31, 2021 with comparative figures for March 31, 2020
(Expressed in BDS \$000)

	2021	2020
	\$'000	\$'000
Net Surplus (Deficit)	-	-
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Working Capital items		
Increase in Tax Receivables (Net)	(199,640)	(378,904)
Increase in Other Receivables	(28,262)	(79,510)
Increase in Deferred Revenue	(5)	63
Increase in Due To Treasury	93,177	480,022
Increase in Tax Refunds Payable	42,059	105,739
Net Change in operating activities	(92,671)	127,410
Financing Activities		
Change in General Fund	(26,278)	-
Change in Cash Balance	(118,949)	127,410
Beginning Cash Balance	210,194	82,784
Ending Cash Balance	91,245	210,194

The accompanying Notes form an integral part of these financial statements

Barbados Revenue Authority
Notes to the Financial Statements - Administered Activities -
Treasury March 31, 2021 with comparative figures for March
31, 2020 (Expressed in BDS \$000)

Notes to the financial statements provide additional information required by statute and accounting standards to explain a particular feature of the financial statements. The notes which follow will also provide explanations and additional disclosure to assist readers' understanding and interpretation of the financial statements.

1. Administered Entity

The Treasury is the department in the public service with responsibility for ensuring that systems are in place to ensure the efficient monitoring and reporting of all Government transactions. This includes the supervision of the collection and disbursement of all funds on behalf of the Crown to ensure that timely, up-to-date information is available for use by its stakeholders.

The Barbados Revenue Authority administers and collects taxes on behalf of the Treasury. Gross collections are paid over to the Treasury via deposits directly to accounts held at the Central Bank of Barbados and Republic Bank Barbados Ltd. The Barbados Revenue Authority does not record revenue in its Administered Financial Statements and all amounts due to the Crown are recorded as Liabilities – Due To Treasury.

There is no expenditure associated with Administered Activities. Expenditure associated with the day-to-day operations of the Authority is recorded in the Agency Activities financial statements.

The Financial Statements of the Administered Agency are prepared in accordance with the requirements of the International Public Sector Accounting Standards (IPSAS).

For financial reporting purposes, the Barbados Revenue Authority's activities are reported separately for agency activities and administered activities and separate financial statements are prepared for each activity. The purpose of the Financial Statements – Administered Activities is to give information about the tax-related revenues, expenses, assets, and liabilities that the Authority administers on behalf of the Government of Barbados. The Authority administers and collects revenue relating to the specified enactments outlined in Schedule 1 of the Barbados Revenue Authority Act which include individual income tax, corporation income tax, property tax and vehicle licensing.

2. Significant Accounting Policies

These financial statements comply with International Public Sector Accounting Standards. The measurement base is historical cost. The accrual basis of accounting has been used unless otherwise stated. These policies have been applied consistently in dealing with items considered material in relation to the financial statements.

3. Reporting and forecast period

The reporting period for these financial statements is the year April 1, 2020 to March 31, 2021.

4. Measurement Uncertainty

Uncertainty in the determination of the amount at which an item is recognized in the financial statements is known as measurement uncertainty. Such uncertainty exists when it is reasonably possible that there could be a material variance between the recognized amount and another reasonably possible amount.

Measurement uncertainty in these financial statements and notes exists in the valuation of the accruals for personal income tax, corporation tax and value added tax revenues.

Uncertainty related to the accrual for personal income tax, corporation tax and value added tax arises because of the possible differences between the estimated and actual economic growth and the impact of future tax assessments on tax receivable.

Barbados Revenue Authority
Notes to the Financial Statements - Administered Activities - Treasury
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5. Revenue

5.1. Non-exchange Revenue

Payment of tax does not, of itself, entitle the tax payer to an equivalent value of services or benefits as there is no direct relationship between paying tax and receiving services and transfers. Such revenue is received through the exercise of the Crown's sovereign power. Where possible, such revenue is recognized when the debt to the Crown arises. Revenue is recorded net of refunds.

The Revenue as shown in the Statement of Administered Revenue reflects only collections by the Barbados Revenue Authority. Therefore, collections by the Customs and Excise Department and the Treasury Department are not included.

Revenue Type	Revenue Recognition Point	Basis of Accounting
Income Tax (source deductions)	When an individual earns income that is subject to PAYE and the necessary payment and schedule is submitted to the Authority	Accrual basis
Consolidation Tax	When an individual earns income that is subject to Consolidation Tax and the necessary payment and/or schedule is submitted to the Authority. This Tax was abolished on March 31, 2016	Accrual basis
Corporation Tax	When payment is made with accrual of taxes due for the year at end of year	Accrual basis
Withholding Tax	When an individual is paid interest or dividends subject to the deduction at source. Withholding Taxes also include Charities, Contributions, Deductibles, Dividends, Estate Tax, Exempt Income, Royalties and Pensions	Cash basis
Goods and Services:		
Value Added Tax	When the taxpayer files and an assessment is raised	Accrual basis
Highway revenue	When payment of the fee or charge is made	Cash basis
Excise Duties	When goods are subject to duty on assessment: on filing by taxpayer or when payment of the levy is made	Accrual basis
Bank Asset Tax	Based on information submitted by the Central Bank and Financial Services Commission	Accrual basis
Property Tax:		
Land Tax	When the tax invoices are issued to the taxpayers. When tax is paid.	Accrual basis
Rent registration		Cash basis

5.1 Non-exchange Revenue (cont...)

Revenue Type	Revenue Recognition Point	Basis of Accounting
Special Receipts:		
Municipal Solid Waste Tax	When invoices are issued to the taxpayers. This tax was introduced in 2013 and repealed in 2014.	Accrual basis
National Social Responsibility Levy (NSRL)	When the taxpayer files and an assessment is raised. This tax was repealed on July 1, 2018.	Accrual basis
Room Rate Levy	This tax was introduced in July 2018 and relates strictly to the tourism sector. Revenue is recognized when the taxpayer files and an assessment is raised.	Accrual basis
Product Development Levy	This tax was introduced in July 2018 and relates strictly to the tourism sector. Revenue is recognized when the taxpayer files and an assessment is raised.	Accrual basis
Insurance Premium Tax	This revenue is derived from taxes on insurance premiums.	Accrual Basis
Betting and Gaming Licences and Fees	This revenue is derived from fees and licences collected by Gaming Institutions.	Accrual Basis
Non Tax Highway Revenue	This revenue is derived from the issuance of drivers' licences, Highway Code booklets, visitors' permits etc. when payment is received.	Cash Basis

6. Cash and Bank

Cash and Bank refers to amounts received in the Authority's offices or by its agents up to March 31, 2021 but not yet deposited to the Treasury Department's bank accounts. The Authority deposits funds to the Treasury's accounts on a daily basis.

Four bank accounts are held by the Authority with respect to administered activities: the Refunds account from which refunds to taxpayers are honoured and three revenue accounts into which revenue collected is deposited and transferred to the Treasury daily.

Cash and Bank consists of \$91M as reflected below:

		2021	2020
		\$'000	\$'000
Refunds Account	Balance at Bank	44,362	57,805
Deposit Account	Balance at Bank	46,883	152,389
		<u>91,245</u>	<u>210,194</u>

7. Receivables

7.1. Receivables

Tax receivables represent all amounts due and payable for a tax year at the end of the fiscal year and include taxes, interest, penalties, and other amounts assessed or estimated by the Authority but not yet collected.

These financial statements do not reflect tax receivables prior to tax year 2013, for Individual Income tax (\$316M) and Corporation tax (\$419M). These receivables dated back as far as calendar year 1968 for which some of these amounts cannot be verified.

Net Receivables	<u>Value Added Tax</u>	2021	2020
		\$ 000's	\$ 000's
Opening Balance		1,091,811	967,772
Prior Years change		(33,401)	68,689
Principal		(17,179)	48,409
Penalty		(14,083)	2,637
Interest		55,396	4,304
Amnesty		-	
		1,082,544	1,091,811
Provision for Bad Debt		(21,651)	(21,836)
Closing Balance		1,060,893	1,069,975
	<u>Excise Tax</u>	2021	2020
		\$ 000's	\$ 000's
Opening Balance		3,531	3,237
Prior Years change		(855)	257
Principal		370	31
Penalty		(82)	4
Interest		(469)	1
		2,495	3,530
Provision for Bad Debt		(50)	(71)
Closing Balance		2,445	3,459
	<u>Corporation Tax</u>	2021	2020
		\$ 000's	\$ 000's
Opening Balance		306,687	260,428
Prior years change		5,529	(34,900)
Principal		(69,864)	80,993
Penalty		(212)	213
Interest		7,535	78
Amnesty		-	(125)
		249,675	306,687
Provision for Bad Debt		(4,994)	(6,134)
Closing Balance		244,681	300,553

Barbados Revenue Authority
Notes to the Financial Statements - Administered Activities - Treasury March
31, 2021 with comparative figures for
March 31, 2020 (Expressed in BDS \$000)

Net Receivables (cont...)

<u>Income Tax</u>	2021 \$ 000's	2020 \$ 000's
Opening Balance	149,579	102,727
Prior period adjustment	(9,472)	23,099
Principal	124,723	22,618
Penalty	21,594	653
Interest	48,794	482
Amnesty	-	(383)
	<u>335,218</u>	<u>149,196</u>
Provision for Bad Debts	(6,704)	(2,984)
Closing Balance	<u>328,514</u>	<u>146,212</u>

<u>Consolidation Tax</u>	2021 \$ 000's	2020 \$ 000's
Opening Balance	8,200	7,670
Prior Years adjustments	501	530
Principal	(24)	-
	<u>8,677</u>	<u>8,200</u>
Provision for Bad Debts	(174)	(164)
Closing Balance	<u>8,503</u>	<u>8,036</u>

<u>National Social Responsibility</u>	2021 \$ 000's	2020 \$ 000's
Opening Balance	4,620	4,352
Prior period adjustment	(54)	268
Principal	2	-
Penalty	(4)	-
Interest	427	-
	<u>4,991</u>	<u>4,620</u>
Provision for Bad Debts	(100)	(92)
Closing Balance	<u>4,891</u>	<u>4,528</u>

Barbados Revenue Authority
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Net Receivables (cont...)

<u>Land Tax</u>	2021	2020
	\$ 000's	\$ 000's
Opening Balance	351,196	306,934
Prior Years adjustments	(15,244)	(26,648)
Principal	59,060	57,532
Penalty	1,624	(764)
Interest	19,195	14,142
Closing Balance	415,831	351,196

<u>Municipal Solid Waste Tax</u>	2021	2020
	\$ 000's	\$ 000's
Opening Balance	31,691	29,506
Prior Years adjustments	(104)	(137)
Principal	-	(14)
Penalty	(6)	(1)
Interest	2,073	2,337
	33,654	31,691
Provision for Bad Debts	(673)	(634)
Closing Balance	32,981	31,057

<u>Withholding Taxes</u>	2021	2020
	\$ 000's	\$ 000's
Opening Balance	5,148	3,598
Prior Years adjustments	2,927	(720)
Principal	(2,040)	1,661
Penalty	(430)	122
Interest	47	42
	5,652	4,703
Provision for Bad Debts	(121)	-
Closing Balance	5,531	4,703

Barbados Revenue Authority
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Net Receivables (cont...)

<u>Product Development Levy</u>	2021	2020
	\$ 000's	\$ 000's
Opening balance	2,807	772
Prior Years adjustments	9	(416)
Principal	686	2,413
Penalty	25	27
Interest	30	11
	<hr/> 3,557	<hr/> 2,807
Provision for Bad Debts	(71)	-
Closing Balance	<hr/> 3,486	<hr/> 2,807

<u>Room Rate Levy</u>	2021	2020
	\$ 000's	\$ 000's
Opening balance	7,499	701
Prior Years adjustments	522	(419)
Principal	2,031	6,735
Penalty	139	317
Interest	144	165
	<hr/> 10,335	<hr/> 7,499
Provision for Bad Debts	(207)	-
Closing Balance	<hr/> 10,128	<hr/> 7,499

Barbados Revenue Authority
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Net Receivables (cont...)

<u>Tax on Assets</u>	2021 \$ 000's	2020 \$ 000's
Opening balance	-	-
Prior Years adjustments	1,356	-
Principal	1,921	-
Penalty	-	-
Interest	-	-
	<hr/> 3,277	<hr/> -
Provision for Bad Debts	(66)	-
Closing Balance	<hr/> 3,211 <hr/>	<hr/> - <hr/>

<u>Tax on Bank Assets</u>	2021 \$ 000's	2020 \$ 000's
Opening balance	-	-
Prior Years adjustments	394	-
Principal	6,042	-
Penalty	-	-
Interest	-	-
	<hr/> 6,436	<hr/> -
Provision for Bad Debts	(129)	-
Closing Balance	<hr/> 6,307 <hr/>	<hr/> - <hr/>

Barbados Revenue Authority
Notes to the Financial Statements - Administered Activities - Treasury
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Net Receivables (cont...)

<u>Consolidated</u>	2021 \$ 000's	2020 \$ 000's
Opening balance	1,963,007	1,689,734
Prior Years adjustments	(35,882)	27,804
Principal	96,033	220,383
Penalty	8,949	3,648
Interest	133,172	21,562
Amnesty	-	(508)
	<u>2,165,279</u>	<u>1,962,623</u>
Provision for Bad Debts	(34,991)	(31,915)
Closing Balance	<u>2,130,288</u>	<u>1,930,708</u>
Highway Revenue	2021 \$ 000's	2020 \$ 000's
Closing Balance	<u>266</u>	<u>205</u>
Total Receivable (Net) at March 31, 2021	<u>2,130,554</u>	<u>1,930,913</u>

Barbados Revenue Authority
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7.2. Provision for Doubtful Debts

The Authority utilizes a rate of 2% to provide for doubtful receivables. Allowance for doubtful accounts on total receivables is calculated at \$35M, (2020: \$32M).

	2021	2020
	\$ 000's	\$ 000's
Value Added Tax	21,651	21,836
Corporation tax	4,994	6,134
Income Tax	6,704	2,984
Consolidation Tax	174	164
MSWT	673	634
NSRL	100	92
Excise	51	71
Withholding Tax	121	-
Room rate Levy	207	-
Product Development	71	-
Insurance Premiums	50	-
Bank Assets	129	-
Tax on Assets	66	-
Total provision for doubtful accounts	34,991	31,915

8. Other Receivables

This represents amounts due from the Treasury to honour outstanding tax refunds and to cover the financial charge associated with the electronic banking transactions. No provision is reflected for Other Receivables since these funds are not deemed to be doubtful.

Barbados Revenue Authority
Notes to the Financial Statements - Administered Activities - Treasury
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9. Due To Treasury

This represents taxes assessed or billed but not yet received to be paid over to the Treasury.

	2021 \$ 000's	2020 \$ 000's
Opening Balance	2,084,266	1,604,244
Accts Receivables	202,336	339,180
Collections	606,900	1,644,528
Deposits	<u>(716,059)</u>	<u>(1,503,686)</u>
Closing Balance	<u>2,177,443</u>	<u>2,084,266</u>

10. Taxes Refunds Payable

Amounts payable to taxpayers include refunds and related interest estimated by the Authority that were not paid up to March 31, 2021.

10.1.

	2021 \$ 000's	2020 \$ 000's
Opening Balance	569,824	464,084
Assessments	376,629	339,824
Refunds Paid	(334,570)	(234,084)
Refunds (Government Agencies) written off	-	-
Closing Balance	<u>611,883</u>	<u>569,824</u>

Barbados Revenue Authority
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10.2. Refunds Payable by Tax Type

	2021	2020
	\$ 000's	\$ 000's
Value Added Tax	196,492	208,497
Corporation Tax	193,889	181,873
Interest re: Corporation Tax	113,002	89,735
Income Tax	53,982	42,162
Interest re Income Tax	49,231	42,943
Reverse Tax Credits	4,136	1,999
Consolidation Tax	603	1,326
Highway Revenue Refunds (Road tax)	358	1,064
Land Tax	124	124
Interest re: Tax Certificates	66	101
Total Refunds Payable by Tax Type	611,883	569,824

11. Deferred Revenue

Deferred Revenue represents overpayments of taxes in the current year that relate to a future accounting period. At March 2021 Deferred Revenue for prepaid land tax activities stood at \$289K (2020: \$294K).

12. Land Tax- Rebates, Waivers & Discounts

The taxable event is the issuance of the Land Tax invoice for the taxable period, which is the fiscal year (April 1, 2020 to March 31, 2021). Discounts are given based on the Land Tax Act Cap 78. Rebates and waivers are also given based on Ministerial Policy to certain sectors of the economy. Rebates, Waivers & Discounts 2021: \$82M (2020: \$77M)

12.1. Rebates, Waivers & Discounts on Land Tax

	2021 \$ 000's	2020 \$ 000's
Rebates	67,754	59,809
Waivers	-	9,830
Discounts	14,705	7,374
Total Rebates, Waivers & Discounts on Land Tax	82,459	77,013

12.2. Penalties and Interest waived relative to Amnesty

	2021 \$ 000's	2020 \$ 000's
Corporation Tax - Interest	-	101
Corporation Tax - Penalties	-	24
Income Tax - Interest	-	303
Income Tax - Penalties	-	79
VAT – Interest	-	-
VAT – Penalties	-	-
Land Tax – Interest	-	-
Land Tax – Penalties	-	-
Total Penalties and Interest waived relative to Amnesty	-	507

13. Accounts Written off

In accordance with the policy outlined by the Government of Barbados to write off tax receivables prior to tax year 2000 as well as all inter-governmental debts, the Authority has written off \$127M as shown below:

	2021 \$ 000's	2020 \$ 000's
Balances prior to tax year 2000	-	-
Land Tax	-	-
<u>Inter-governmental Debts</u>		
Land Tax	-	-
Personal Income Tax	33,279	-
Corporation Tax	8,914	-
Value Added Tax	84,860	-
Total	127,053	-



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