

2019



BARBADOS
REVENUE AUTHORITY
ANNUAL REPORT



**BARBADOS REVENUE AUTHORITY
ANNUAL REPORT AND ACCOUNTS
For the Year ended March 31, 2019**

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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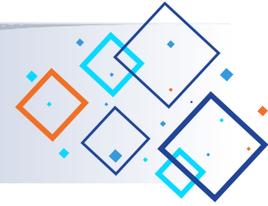




OUR CHARTER



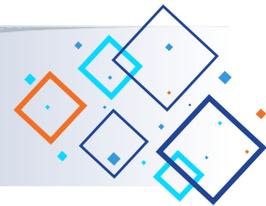
TAXPAYERS' RIGHTS



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' OBLIGATIONS



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 and
- ♦ To pay the amount of tax due on time, in accordance with the law.

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 compliance in a cost effective manner by providing quality service to our taxpayers through an empowered and engaged staff.

OUR ROLE

The Barbados Revenue Authority ("the Authority") was established on April 1, 2014 as a statutory corporation. The Authority is responsible for effective and efficient tax administration in a fair, open and transparent manner fostering a high degree of voluntary compliance.

VALUES

In pursuit of these objectives we are committed to investing in the development of our human capital and will be guided by the core values of:

- Integrity,
- Fairness
- Professionalism and
- Responsiveness.

These are supported by the characteristics of:

- Courtesy
- Consistency and
- Co-operation.

MESSAGE FROM THE CHAIRMAN



William Layne
Chairman of the Board

In accordance with the Barbados Revenue Authority Act 2014, I have the honour to present the Annual Report for the year ended March 31, 2019.

During the year, the Authority collected on behalf of the Treasury \$2.04 billion in tax revenues as compared with \$1.6 billion in the year ended March 31, 2018. Increases were recorded in most areas of taxation.

The Barbados Revenue Authority continued the process of registering taxpayers for the roll out of the TAMIS system for the filing season in 2019. At March 31, 2019 a total of 115,182 individuals and 11,414 businesses/organizations had been registered.

The Authority continued to use technology to improve the delivery of services to its clients and will roll out an electronic document management system in the coming year, as a means of improving the storage and retrieval of information. The Revenue Enhancement Project (REP), using a risk based approach to improve revenue collection continued its roll out and will be completed in the coming year.

The period 2018/2019 was a challenging year for the agency as it had to deal with a number of changes including the departure of Ms. Margaret Sivers, the Revenue Commissioner from the Authority's inception. Ms. Sivers left to take up the position of Comptroller General in the Ministry of Finance and has been succeeded by Mr. Wayne Forde, who previously held the position of Director of Shared Services in the Authority. On behalf of the Board, I wish to thank Ms. Sivers for her service to the Authority and wish her success in her new position.

As the Revenue Authority moves forward, some of its critical objectives will be; improving the rate of compliance of taxpayers; use of technology to facilitate on-line payments; publication of tax rulings; recruiting and maintaining a motivated and qualified staff and timely and accurate reporting to its stakeholders.

A handwritten signature in black ink, appearing to be 'W. Layne'.

William Layne,
Chairman of the Board
Barbados Revenue Authority

MESSAGE FROM THE REVENUE COMMISSIONER



Wayne Forde
Revenue Commissioner

It is my distinct pleasure to address you as the acting Revenue Commissioner of the Barbados Revenue Authority. My immediate predecessor would have laid the groundwork for the establishment of a fully functional organization with staff committed to serve the interests of our stakeholders, the taxpayer and the general public as a whole.

The Authority is now entering its sixth year of operation and as an organization, it is still in its embryonic stage. However, we have made positive strides over the last five years and we continue to advance in our mandate to provide excellent public service.

MAINTAINING OUR FOCUS

The genesis of the Authority, saw an amalgamation of three major revenue collection agencies, each one with its own electronic databases. This year has seen the implementation of the new Tax Administration Management Information System referred to as TAMIS. This has been a paradigm shift to the taxpaying public as it has resulted in every individual and company being re-registered and provided with a unique tax identifier number which would preserve the anonymity of the taxpayer. In the past, the Tax Identification Number (TIN) used would give an indication as to the gender, age or status of the individual or to the type of company that was incorporated.

This has been a time consuming exercise but the dedication and the hard work of the staff bore testimony to our mission statement by providing a quality service to the taxpayers. As with most new systems, there had to be a collaborative effort from all parties to make it work. Although, we have experienced some teething problems, we have managed to register a greater number of taxpayers in this systems than in the previous systems. This would go a long way in improving the compliance rate for filing and paying taxes.

The Authority has continued to interact with domestic taxpayer representative bodies and we have welcomed their input and suggestions in ensuring that the systems are fair, equitable and easy to navigate. We have therefore continued our customer outreach by hosting many taxpayer clinics where we go out to the taxpayers in order to assist them in their queries

The changing face of the international taxation world has mandated that we maintain our presence on the global front. To this end, we have preserved our associations with international organizations such as the Organisation for Economic Co-operation and Development (OECD), the Caribbean Organization of Tax Administrators (COTA), the Commonwealth Association of Tax Administrators (CATA) and the Inter-American Centre of Tax Administration (CIAT) to advance protocols and practices to guide the work of tax administrations around the world.

ACHIEVING OUR MANDATE

The general mandate of the Barbados Revenue Authority is to develop and administer all tax and related programmes in order to achieve and maintain compliance in both filing the correct returns and paying what is statutorily due in a timely manner. In order to achieve this, we have continued to implement programmes to ensure that the staff is fully trained and knowledgeable in all aspects of the tax administration. During this year, we have conducted a training programme in Income Tax for all staff to ensure that they are fully apprised of all the nuances of the Income Tax Act. We shall be conducting other training programmes geared towards the other taxes.

The professionalism and integrity of our employees have been a hallmark of the standards that we have set for ourselves. As an organization, we directly or indirectly impact on every citizen of Barbados and we pride ourselves in the knowledge that we have managed to maintain a favourable reputation for customer service in the business landscape.

It is our intention to maintain the working relationships that we have developed with our stakeholders, while reaching out to forge new links with other associated group and organization as we strive to ensure that the economic viability of the island is maintained.



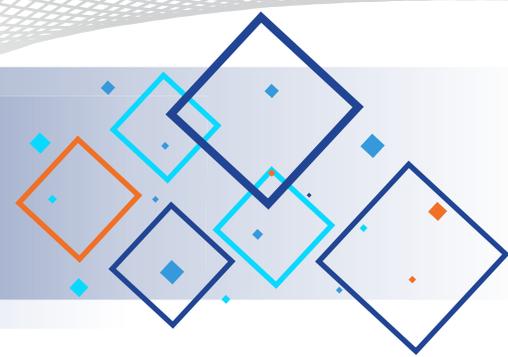
Wayne Forde
Revenue Commissioner
Barbados Revenue Authority



OVERVIEW



ORGANISATION OVERVIEW



Responsibilities

The Barbados Revenue Authority is a semi-autonomous government agency with responsibility for tax administration. As a tax administration, our mandate includes tax collection, international tax relations with other jurisdiction for the exchange of information and operating to ensure the financial well-being of our nation. The Authority represents Barbados in matters relating to taxation, advises the government and other public authorities on matters pertaining to taxation and administers the specified enactments which fall under its span of control.

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).

Staffing

The Authority has a core staff that is well qualified. Over the years, the Authority has invested in its staff to enhance their skills in Tax Administration through partnerships with international agencies such as the Organization for Economic Co-operation and Development (OECD), the International Monetary Fund (IMF), the Caribbean Regional Technical Assistance Centre (CARTAC), the Inter-American Center of Tax Administrations (CIAT), the University of West Indies as well as in-house training delivered by staff and consultants.

Operating Environment

Economic Environment

During 2018 the Barbados economy faced several challenges which led to Government signing onto an Enhanced Fund Facility with the IMF in October 2018. This facility, known as the Barbados Economic Recovery Transformation (BERT) plan, includes elements to restructure government's debt, increase revenue and tighten the fiscal administration within the island. In this regard, external debt payments were suspended, adjustments were made to tax rates and to overall government employment, where the size of government was trimmed. This led to an increase in revenue, a decrease in cost, improvement in investor confidence in the country, and an improvement in ratings in January 2019 by the rating agencies such as Credit Rating Services Limited (CariCRIS) and Standard and Poors (S&P).

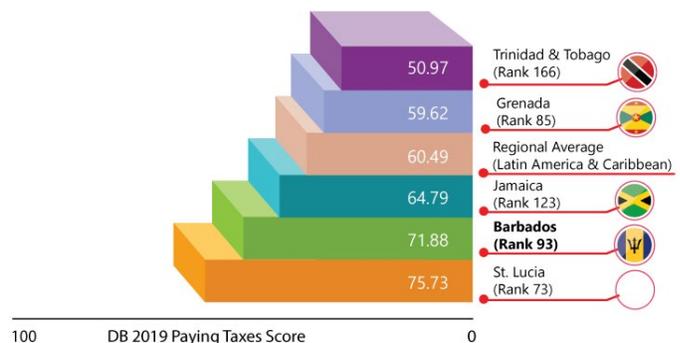
International Treaties & Agreements

Barbados has an extensive Exchange of Information (EOI) network covering a total of one hundred and forty jurisdictions, including its major trading partners, the G20 and the OCED members. Barbados has 31 Double Taxation Conventions (DTC), four Tax Information Exchange Agreements (TIEA) and is signatory to the Multilateral Convention, the CARICOM Treaty and the Foreign Account Tax Compliance Act (FATCA). Through the use of the Multilateral Convention and FATCA, Barbados exchanges information with 91 countries on an automatic basis while the Exchange of Information on Request is facilitated through the use of the DTCs and the CARICOM Treaty (to which 10 nations are signatory).

Doing Business 2019

The World Bank Group ranked Barbados 132 out of 190 countries for the ease of doing business in 2018 and reported that a change was made which caused it to be more difficult to pay taxes on the island. Barbados however, ranked 93rd in the ease of paying taxes, with a score of 71.88 which is above the regional score of 60.49 for Latin America and the Caribbean as detailed in the Figure 1. below. This represents a decline from the previous year, when the island was ranked 89th. However, compared to our CARICOM neighbours, it is easier to pay taxes in Barbados than Trinidad and Tobago and Jamaica, with St. Lucia being ranked higher than Barbados for ease of paying taxes.

Figure 1. - Paying Taxes in Barbados and comparator economies - Ranking and Score



Technological Infrastructure

The Tax Administration Infrastructure Reform Programme continued during the year and is in the final stages of implementation. This programme consists of three components:

- Integrated Tax Administration System,
- Revenue Enhancement Programme and
- the Installation of Scanning Equipment at the Air and Sea ports.

The Integrated Tax Administration System, known as the Tax Administration Management Information System (TAMIS) went live in June 2018 and approximately 10,000 corporations filed their tax returns in the system. As part of its strategic objectives of being a customer centric organization, the Authority continued its training for taxpayers which resulted in over 100,000 individual taxpayers registering in the system for the new filing period.

The Authority facilitated the installation of scanning equipment at the various Customs locations by way of managing the renovations projects at these locations. The staff of both the Authority and the CED underwent training to improve their technical skills and knowledge to adapt to the new technological environments.



The Barbados Revenue Authority reported just over **BDS \$2.04 billion** in revenue in 2019.

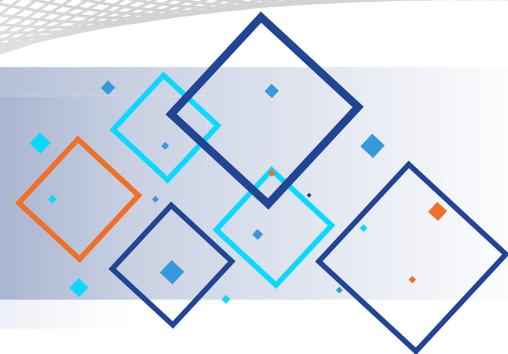


OUR BUSINESS FOCUS 2018 – 2019

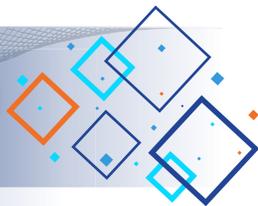


OUR BUSINESS FOCUS

2018 – 2019



STRENGTHENING OUR GOVERNANCE FUNCTION & IMPROVING OUR CORPORATE IMAGE



The Fiscal Year 2018-2019 was a very busy year for the Authority as the new Tax Administration Management Information System (TAMIS) was rolled out and several policy changes were implemented following the new Government's mini Budget presented by the Prime Minister in June 2018.

- The National Social Responsibility Levy (Amendment) Act 2017-15 was repealed on July 1, 2018.
- The introduction of three Tourism Levies - a Room Rate Levy on tourist accommodation, a Product Development Levy on Direct Tourism Services and a Shared Economy Levy.
- The implementation of a Tax Amnesty from July 1, 2018 - December 31, 2018 for Tax Years 2000 – 2017 for Value Added Tax (VAT), Land Tax, Personal Income Tax, Corporate Tax and Pay As You Earn (PAYE).
- The corporate tax rate for domestic companies was increased from 25% to 30%. However, in December 2018 a major adjustment was done to the corporate tax structure, due to a commitment the Government of Barbados made to the Organisation for Economic Co-operation and Development (OECD), that we would completely overhaul the tax system by December 31 2018. This saw the convergence of the corporate tax rate for both domestic and international companies on a sliding scale, with a maximum rate of 5.5% and a minimum rate of 1% and the removal of many tax credits, thus broadening the tax base.
- The VAT Amendment Bill 2019 was passed in Parliament on March 6, 2019 to facilitate the implementation of a method of collecting VAT and other taxes levied by the Government on e-commerce transactions.

Amnesty which allowed taxpayers who were indebted to the Authority for the tax years 2000 to 2017 to pay the principal outstanding and benefit from a waiver of the penalties and interest. Policy Notes were also issued regarding registration of taxpayers via TAMIS as well as the following legislative changes: -

- the repeal of the National Social Responsibility Levy Act,
- the implementation of Tourism Levies
- the introduction of Tax on Fuel,
- the increase in the corporate tax rate

The introduction of the BERT programme required changes to the way in which the Authority reported revenue. While government adopted the accrual system of accounting in 2007, the IMF requires that reporting be done on a cash basis. In addition, the reporting and analysis of revenue performance for 2018/2019 was completed daily rather than on a monthly basis, and this will continue for the duration of the BERT programme.

Audit Selection and Review Committee (ASRC)

The ASRC is a sub-committee of the Senior Management Committee of the Authority. This Committee has been mandated to ensure a confidential forum for senior management to select taxpayers for audit and to periodically review the outcome of the cases generated from the selection of taxpayers. Risks which may have emerged and have the potential to impact the Annual Audit Plan are also discussed with recommendations made to the full Senior Management Committee with respect to any adjustments which may become necessary in order to address the identified risks.

During the year under review, the ASRC held three meetings to provide direction to the Audit Division with respect to the areas of focus and accountability based on cases that were assigned. The Committee approved two hundred and seventeen taxpayers for audit during the year 2018 - 2019, including thirteen uncompleted audits brought forward from 2017 - 2018 financial year.

The review of the cases indicated that under-reporting by some taxpayers is at an unacceptable level and along with education, stringent deterrent measures are necessary to arrest this situation.

Policy notes were issued to offer guidance on the Tax

Fostering Positive Relationships

The Authority continues to build positive relationships with sectoral stakeholders by engaging with groups on an ongoing basis to discuss tax matters relating to the various sectors. During the year meetings were held with the Barbados Hotel and Tourism Association and Barbados Tourism Product Authority to discuss and resolve the various challenges encountered in collecting and remitting the Tourism Levies and to discuss other matters relating to the industry.

In relation to the collection of VAT on e-commerce transactions, several meetings were convened with the various stakeholders where discussions were held regarding the regulatory requirements and any hindrances to the Authority based on the licence requirements which would stop the implementation of the system as well as compliance and enforcement of the legislation. This process is ongoing.

The Authority engaged with students as part of the tax education initiative which targets secondary school students. The programme focused on secondary school leavers and provided the opportunity for them to learn about the Authority, the role of taxation and sensitized them to fulfilling their role as good citizens and future taxpayers. An activity booklet was developed to support this initiative.

Additionally, as a means of further engaging future taxpayers and profiling the organisation positively, the Authority participated in a number of career showcases throughout the year. These included:

- The UWI Accounting Students' Association (ASA) Mock Interview Fair;
- The BIBA International Business Career Showcase;
- The World of Work Showcase; and
- The Barbados Association of Guidance Counsellors' National Career Showcase.



Members of staff engaging students at the World of Work Showcase

Changing of the Guard

In December 2018, Ms Margaret Sivers, the Revenue Commissioner from inception, left to take up the post of Comptroller General in the Ministry of Finance, Economic Affairs and Investments and was replaced by Mr. Wayne Forde, who at the time was the Director of Shared Services.

ENHANCING OUR PEOPLE, PROCESSES AND TECHNOLOGY

Document Management and Workflow System Implementation

In an effort to streamline its documents management system, the Authority launched a consultancy to digitise incoming and outgoing documents through the implementation of an Enterprise Content Management System (ECM). This project is scheduled to be completed in the 2019/2020 Financial Year.

Consultancy for the Design, Development and Maintenance of the Intranet for the BRA

In an effort to provide a more effective and interactive means of communication internally, the Authority launched a consultancy to develop an intranet. The prototype for the Intranet was completed and the application is expected to be rolled out in 2019/2020.

Training and Capacity Building

During the period, the Authority hosted and participated in several capacity-building programmes, workshops, seminars, and conferences both locally and overseas. Local seminars and training workshops for staff included:

- Tax Administration Management Information System (TAMIS) Training
- Barbados Income Tax Act Training
- Code of Conduct and Ethics Training
- Preparing and Analyzing Financial Statements
- Disaster Recovery Planning Training Seminar
- Business Continuity Plan Training
- Information Systems Training
- New Auditing Software "Team Mate" Training
- Institute of Chartered Accountants of Barbados (ICAB) Anti-Money Laundering Seminar
- Auditing and Preventing Fraud in Procurement Webinar
- Auditing Ethics in the Workplace: Practical Tips, Tools and Techniques
- Webinar on Fraud Fundamentals
- Productivity Best Practices Workshop

- Supervisory Development Programme
- Staying Ahead of Change with Effective Ethics
- ICAB Fraud Workshop
- ICAB Annual Tax Updates

The overseas training opportunities exposed staff members to current trends and focus areas in taxation. The following outlines some of the overseas training sessions in which staff members participated:

- The Inter-American Center of Tax Administrations (CIAT) Fifty-Second (52) General Assembly 2018. This Assembly was to demonstrate to participants how world class tax administrations can foster successful relationships with key stakeholders both domestically and internationally.
- International Property Tax Symposium. The objective of the symposium was to focus on specific industries, as well as sessions that feature best practices and strategies for managing complex situation that tax professionals encounter every day.
- The Regional Workshop on Effective Management of the Audit Process. The objective of the workshop was to equip audit managers with the necessary information, modern audit tools and techniques to effectively manage the audit process.
- Proposal for a Joint Caribbean Regional Technical Assistance Centre (CARTAC) Pacific Financial Technical Assistance Centre (PFTAC) Symposium. The aim of the Symposium was to discuss a holistic view of the proposed tax reform, embracing the principles of the recent Medium Term Revenue Strategy (MTRS) approach that may be beyond the capacity of most Small Island Developing States (SIDS)
- Tenth (10) RedVUCE Meeting. The aim of the meeting was to foster the exchange of experiences and good practices on trade and transport facilitation, with an emphasis on single window environments.
- Fifth (5) Meeting of the Inclusive Framework on Base Erosion and Profit Shifting (BEPS). This Meeting was to continue to refine and expand the electronic database to increase the amount and quality of data gathered.
- Revenue Management Systems (RMS) Leaders Forum. The RMS Leaders Forum is a leadership conference focusing on strategic decision making in the use of technology for effective tax administration. Topics

will explore the role technology plays in compliance programmes for achieving government mandates and maximising the value of your technology investment

- Automatic Exchange of Information (AEOI) Group Meeting and the Seventh (7) Global Forum Competent Authorities Conference. The objective of this Conference was to update participants with new trends in international taxation.
- The International Consortium of Governmental Financial Management (ICGFM) Thirty-Second (32) Annual International Training Conference. This Conference was to demonstrate to participants how they could create a citizen and business-enabling environment.
- CARTAC Conference, Washington, D.C. This conference took a holistic view of the tax reform proposed; embracing the principles of the recent, Medium Term Revenue Strategy (MTRS) approach.
- Fifty-third (53) CIAT General Assembly. The theme of this meeting was "Human factor, the brain of the Tax Administration, Human Resources Section, Management and Training."

Wellness Programme

The Authority continued to execute educational and participatory activities under the Wellness Programme during the year. A total of eighteen (18) lectures on various topics were conducted including:

- "How to Create a Christian Balance" presented by Pastor John Yarde, featured Gospel Fest artiste
- "Effective Ways of Fighting Cancer" by Dr. Ian Lewis, of the Barbados Cancer Society



Pastor John Yarde presenting to staff at the BRA

- Mr. Trevor Marshall, renowned historian did a presentation on “African Influence in Barbados – Pre and Post-Colonial Times” as part of African Awareness Month
- Ms. Katrina Cox-Alleyne, President of the Barbados Endometriosis Society made a presentation on the Challenges of Endometriosis within the Work Place just to name a few.

The Authority also collaborated with the Sandy Crest Medical Centre to provide health checks for staff and customers at our Warrens Towers II location. The tests included Cholesterol Checks, Blood Pressure and Blood Sugar Testing as well as Body Mass Index.

The Annual Breakfast Walk which started and concluded at Batts Rock Recreational Park was held in May with prizes awarded in various categories. The Authority also participated in the “Walk for the Cure” 5K National Walk for Breast Cancer Awareness, which was held on Sunday October 07, 2018 as well as Pink Ribbon Week from October 8-12, 2018. Collection tins were distributed to all locations and donations were received from staff as well as the public and funds collected were paid over to the Barbados Cancer Society.

Facebook continued to be the social media platform with the highest level of engagement for the Authority. Followers to this channel tripled to 2,488 and the number of Likes to the page increased to 2,334 while the posts made to the Facebook page had a reach of 280,674. The direct messaging feature of this platform continued to be an option for taxpayers to make queries and receive responses.

During the year, campaigns were developed and promoted via social media specifically for the following:

- Land Tax Online Payment; and
- The new Licensing Registration process in conjunction with the Barbados Licensing Authority and the Ministry of Transport, Works and Maintenance (MTWM).

A prime focus during 2018-19, was the implementation of the Tax Administration Management Information System (TAMIS). This contributed to increased traffic to the website and other digital platforms. The introduction of the new system also required the creation of digital content, videos and information guides which were used across all platforms to support various categories of taxpayers with transitioning to the new system.



Communication

The Authority continued its commitment to providing taxpayers with the accurate and timely information needed to comply with Barbados’ tax laws, by communicating tax information via multiple channels, allowing taxpayers the option of choosing how and where they accessed the information they required.

Information was disseminated through traditional mass media channels, however, the Authority’s website continued to be the mainstay channel and hub for communication efforts. During the year, the number of visitors to the site was almost doubled from last year, increasing to 141,175 users who made 278,240 visits. Social media channels also helped the Authority to meet its goal of supporting voluntary compliance as the Authority continued to steadily build its capacity to provide information through the use of social media channels, such as Facebook, Instagram, Twitter and to a lesser extent YouTube. These channels were used to provide taxpayers with tax tips, reminders and deadlines, announcements, notices and “how-to” information.



TAMIS training at the Small Business Association

Taxpayer Outreach

The Authority’s compliance activities followed an escalating approach which moved from promoting compliance through to enforcement. A number of the sessions held during the year focused on assisting various taxpayer groups with the transition to TAMIS. Phase one of the new system was for Businesses. Sixty (60) sessions accounting for over one thousand and fifty (1,050) attendees were held at a number of corporate and public centres to provide assistance with Registration for Businesses. Companies and sole traders from all sectors as well as small, medium and large taxpayers participated.

Phase Two saw the transition for Individuals filing Income Tax. In addition, the Authority hosted two Tax

Fairs and 20 Tax Clinics were held at locations around the island which included the Authority's Treasury and Hometown branches as well as at Resource Centres spanning all points on the island to assist individuals with TAMIS Registration and Filing. Sessions were also held specifically for Government agencies as well as members of the Small Business Association (SBA) and the Barbados Employers' Confederation (BEC).

In anticipation of citizens needing assistance with the introduction of TAMIS, the Authority partnered with the Ministry of Innovation Science and Smart Technology (MIST) to pilot the Digital Acceleration Ambassadors Programme. Under this pilot programme, the Authority trained a cadre of students from the University of the West Indies to assist taxpayers with their online efforts in TAMIS – initially with the registration process and subsequently to provide assistance with filing. This partnership was very rewarding to the Authority, MIST as well as the students who participated.



Students being trained in TAMIS for the Digital Acceleration Ambassadors Programme

Reporting Compliance

A fundamental principle of Barbados' tax system is that tax returns voluntarily filed are accepted as the basis for computing a taxpayer's liability. To assist in promoting voluntary compliance, the Authority conducts audits to ensure that the information submitted by taxpayers on their returns is accurate and complete and that the correct tax is paid at the correct time by the correct person in accordance with legislation.

The Authority has adopted a risk-based approach to determine taxpayers who were most likely to be non-compliant in fulfilling their tax obligations. Of note, were the number of cases where taxpayers reported different sales amounts for the same year on the Corporation Tax Returns, compared to the Value Added Tax Returns. These discrepancies were investigated and some adjustments were necessary.

Additionally, the Authority found that key officers of auditee organisations were not reporting the benefits received or had companies for which no reporting

was done. As part of the audit process the auditors had to request that returns be filed on behalf of some directors and companies to which the directors were connected.

Filing Compliance

This year saw the introduction of the new online system (TAMIS) being implemented and from May 2018 businesses began filing their Corporation Tax and VAT returns in TAMIS. However, returns due prior to May 2018 continued to be filed in the ETAX and VETAS systems. Overall, 62,923 returns were filed in all Tax Systems for the year under review.

VAT

VAT returns filed for the year were 21,519 when compared to 28,618 for 2017-2018. This showed a reduction of 25% in VAT filing.

Individuals

There were 92,459 individuals who filed income tax returns. Of this total, 10,551 claimed the reverse tax credit allowance. This shows an increase of filers from the previous year where 90,374 individuals filed of which 8,284 filed for the reverse tax credit.

Third-party submissions for Goods and Services decreased from 14,180 for the previous reporting period to 10,937 respondents, an approximate 23% decrease.

Corporation Tax

Corporation Tax returns filed for the financial year 2018-2019 were 11,689 compared to 7,816 filed in 2017 - 2018.

Refunds

There has been an overall reduction in the claims filed for the year when compared to the previous year, and a reduction in the amount refunded. During this period, there were 2,048 claims with refunds totaling \$26.9M compared to 7,799 claims with refunds totaling \$65.8M in the previous year.

The table below provides details on VAT refunds claimed and approved for the year in review.

Type of refund Application	No. of VAT Refund Claimed	Amount of VAT Refund Claimed \$'000	No. of VAT Refund Approved	Amount of VAT Refund Approved \$'000
First Time Homeowner	155		117	1.426
Schools and Diplomats	496	7.872	428	5.910
Regular registrants	1,397	16.653	1,653	19.564
Total	2048	\$24.525	2198	26.900

Public Entertainment

During the year, 167 registered Public Entertainment events were monitored by the Authority with a view to determining the Value Added Tax obligations. There was a total consideration of \$13.46M attributed to these events which realized Value Added Tax payment of approximately \$2.0M.

Betting and Gaming

The Authority completed the cataloguing of the operators' machines in the Betting and Gaming sector in December 2019. Value Added Tax of \$667K was collected. Operators were issued with letters outlining their indebtedness to the Authority, which amounted to \$203.2M. One new operator and approved premises in Lower Broad Street, which had a complement of twenty-six gaming machines, was approved during the year. Seventy-seven machines for gaming purposes were imported by an operator whose machines were destroyed in the previous year in accordance with the legislation. A total of 103 machines were imported during the year.

Collections Compliance

During the income year 2018/19, the Tax Arrears Management Unit (TAMU) garnered \$33.6M, of which companies accounted for 64.8% of total collections as shown in Chart 1.

Total Collection for Income Year 2018/19

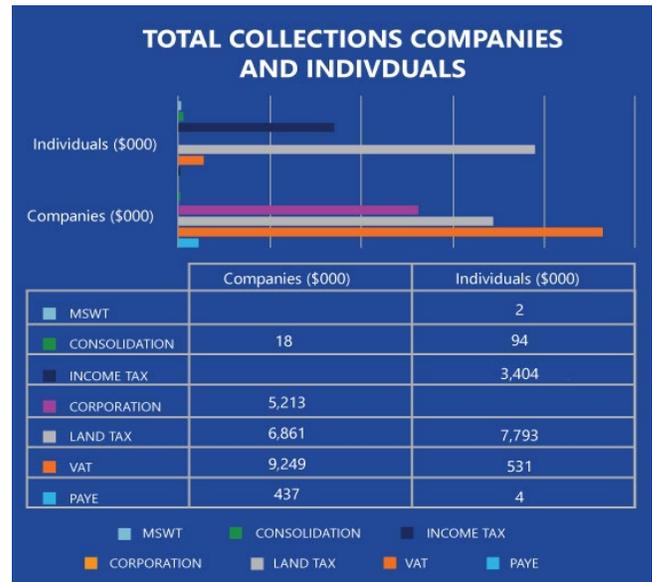


The three largest areas of arrears collections for companies were Land Tax, Value Added Tax (VAT) and Corporation Tax, while the top three arrears collection areas for individuals were Income Tax, Land Tax and VAT.



\$22.4 million was collected as part of the Tax Amnesty Programme

Chart 2



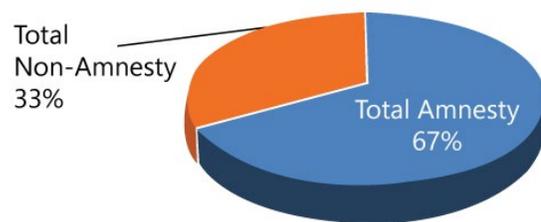
As depicted in Chart 2 above, companies accounted for the largest collection of tax arrears. For the reporting period 2018/2019, there were 3,396 installment agreements with a value of \$100.3M. Deposits totaling \$10.1M were collected and monthly installment payments received were \$3.6M.

2018/2019 Tax Amnesty Programme

The 2018/2019 Tax Amnesty Programme was initially implemented for the period July 1 to December 31, 2018 but was extended to May 31, 2019. As a result of the amnesty, \$22.4M was collected, which was 66.6% of the total collections as seen in Chart 3 below.

Chart 3

Percentage Share of Collections 2018/19



Property Sales

Sixty-nine (69) properties were advertised for sale by public auction to recover outstanding Land Taxes. Forty-three (43) of these taxpayers commenced settlement negotiations and ten (10) of the forty-three have since paid in full. Five (5) properties were sold. The debt collected from these actions totaled \$2.8M.

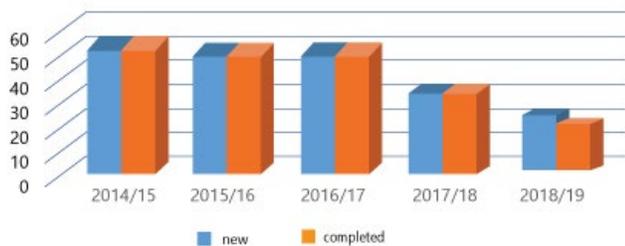
Land Tax Activities

Property Transfer Cases

During the financial year, twenty-three Property Transfer Cases (PTC) were submitted to the department, twenty of which have been completed

and three are yet to be processed. These cases emanate from the Registrar of Titles of the Land Registry department and request the Revenue Commissioner to provide a current valuation of a property which is being transferred. In these cases, there is a wide disparity between the transfer price and the value stated on the current tax bill.

2018/19 Total PTCs

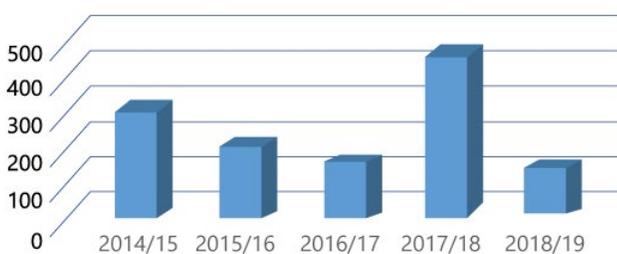


Objections to Valuations

There were 112 objections received for the year. Although objections should be completed within 30 days of the initial valuation, these would be occasioned by those values which would have been altered within the valuation cycle. Responses were sent to all of the objectors. The responses to these objections were:

- Ninety-six (96) disallowed,
- Seven (7) allowed in part and
- Nine (9) allowed wholly.

Objections



For the period under review, 37 requests for valuations were submitted by three government departments and one statutory board. Of these requests, additional information had been sought for three and the information was received for two, which were completed. However, three valuations were unfinished.

2018/19 Statutory Valuations



Valuations for VAT Refund

First-time home owners seeking a refund of VAT on construction costs accounted for 146 requests for valuation. One hundred and thirty-one (131) valuation reports were completed and 15 are in progress. In the last two years there has been a marked increase in number of applications received for these valuation assignments.

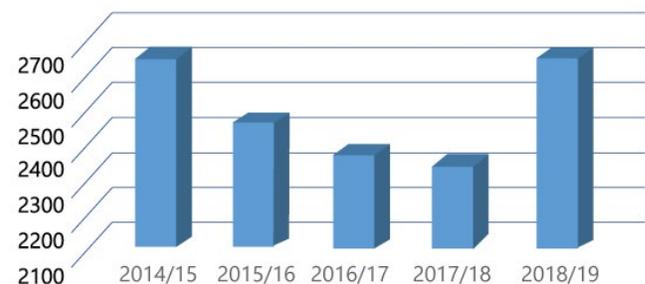
1st Time Home Owners



Change of ownership forms

For the year under review the total number of change-of-ownership forms received was 2,635. During the previous financial year, a total of 2,332 forms were received, while in 2016/17 there were 2,372 submissions. There was a clear indication of the decline in number of forms adjudicated over the past few years, however, for this period the number increased to the level exhibited in 2014/15.

Change of Ownership Forms



Cadastre (Dimensions and Locations of all Land Parcels)

The number of land parcels increased again this past year with the growth representing less than one percent increase. The increased numbers were caused by new tenancies and subdivision lots including, town houses and condominium units.

Year	Parcels	% Change
2014/15	118136	
2015/16	120700	2.1704%
2016/17	121488	0.6529%
2017/18	122975	1.2240%
2018/19	124041	0.8668%

Total Parcels



ENHANCING ENTERPRISE RISKS MANAGEMENT

Improving Internal Controls

The Authority is guided by the Public Sector Internal Audit Standards 2013 at it relates to the internal audit function which states that it is an:

"independent, objective assurance and consulting activity designed to add value and improve an organisations operations. It helps an organisation accomplish its objectives by bringing a systematic disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes"

The Internal Audit Unit (IAU) which falls under the Enterprise Risk Management Department is responsible for the oversight and evaluation of the operations of the Authority. Its primary function is to examine the, effectiveness and efficiency of management at all levels in their stewardship of the Authority's assets and compliance with the relevant Acts, regulations, policies and procedures and make recommendations for improvement as necessary to safeguard the Authority's resources, promote growth and good governance across the organisation. The Unit operates independently under the direct supervision of a senior manager who reports functionally to the Audit Committee of the Board and administratively to the Revenue Commissioner.

For the period under review, the IAU completed sixteen (16) of the planned eighteen (18) audits, inclusive of investigations and advisory memos. The two outstanding audits are at the testing and finalizing phases respectively. From the work performed during the year, including investigations, the following noted areas have been identified as having the most significant and recurrent control issues.

During the reporting period, the IAU made recommendations to improve and protect the Authority's information system assets and maintain a high level of security. Nine (9) recommendations were made in this area and all were accepted. The IAU noted also that the Procedural Manuals relevant to the Management of Cash Collection and Reconciliation were issued.

Table 11 below classifies the audits, findings and the resulting recommendations.

Review	Report Classification	No. of Findings			No. of Recommendations
		High	Moderate	Low	
ICT Maintenance & Licenses	High	5	1	0	9
Software Patch Mgmt. Review	High	4	1	0	5
Payroll Testing	High	6	0	0	16
Audit of TAMIS Development	High	6	0	0	15
Audit of the Fraud Framework	High	10	1	0	34
Reimbursements Travel Expenditure	High	2	1	0	3
Audit of Tax Arrears Management	High	3	1	0	23
Audit of Cashier Procedure	High	6	2	0	20
Disaster Recovery Plan	High	8	0	0	16
Business Continuity Plan	High				10

Follow –up Work Conducted

During the FY 2018, a tool was developed to monitor the status of the implementation of recommendations made by the IAU and agreed to by management. This tool was designed to monitor and gauge the progress in terms of completion of these recommendations and report quarterly to the Audit and Risks Committee. Relative to the 2016-2017 outstanding recommendations; 71% have been implemented, and 29% are still in progress. Of the 2017-2018 outstanding recommendations, 35% have been implemented, and 65% are in progress at March 2019.

The Teammate AM audit management software was implemented from April 2018 for use by the Internal Audit Unit (IAU). Audits conducted and completed by IAU were entered into the application and the reports were generated for distribution to the auditees. The software also offers a library of existing risks, controls and procedures which can be used by the Unit. Additionally, the progress of the audits can now be followed and monitored closely by the Audit Seniors and Managers who are required to sign off on the work completed by the auditors during the audits.

Enhancing Risk Management

The Risk Management Unit continued its mission to assist other departments in formulating riskmanagement strategies and tools which were

greatly accepted by Management to provide solutions and treatments for overall improvement.

The Risk Management Approach strives to refine the decision making process towards bringing transparency and accountability to the activities of the organisation. It identifies the different steps in the decision making process, to allow Management to make explicit and more informed decisions at each stage. As a result, risk management provided techniques to better measure the quality of each stage of the decision making process, making it easier to detect potential risks or opportunities.

The Unit continued to manage and update the risks register while assisting management with the implementation of risk treatment strategies for their respective areas of concern.

The major risks identified were as follows:

- Insufficient staff to facilitate new projects resulting in a reduction of staffing in other areas.
- Taxpayer compliance and a need to foster voluntary compliance
- Data service disruption and, system and database failure.
- Data breach or leak of sensitive information.

- Increasing levels of receivables
- Business Continuity and Disaster Recovery contingency plans

Throughout the year risk scores were assigned to each new risk identified and adjustments made to existing risks with proposed risk treatments being identified and actioned. Risk scores were applied to all the factors involved in the process and the overall score was based on the most significant factor affecting the process. While a review of the risks register showed that there had not been significant movement in the overall scores of the risks identified, the risks to individual components have been reduced.

The RMU engaged the Finance and Accounting Section to combat risks identified and worked in conjunction with the staff to develop and implement a dishonoured cheque register and to reduce the acceptance of cheques from repeat offenders. In addition, enhanced controls were introduced for the distribution and return of the Authority's validation stamps issued to officers. There was also the creation of the Business Continuity Plan and Disaster Recovery Plan with the first cohort of staff being sensitized and trained during the period under review.

The RMU performed an Entity Level Assessment of the Authority's internal controls to assess staff's knowledge of and the application of these controls. As a result of the assessment, the RMU saw the need to mitigate the risk of errors through education and training.

INTERNATIONAL COOPERATION

Two officers from the Authority participated in the Regional Tax Audit Training course organized by CARTAC. This course developed a regional approach to tax auditing and provided an excellent opportunity for participants to network. The Authority also maintained contact with CIAT, COTA CATA and the OECD and ensured that it complied with requirements to exchange tax information. In this regard, the Authority collected information from the Financial Institutions on the island and forwarded via the Common Transmission System to its 91 exchange partners under the Common Reporting System for the first time as required. During 2018, the Authority also exchanged information on an automatic basis under the USA Barbados Inter-governmental Agreement and on a request basis using our treaty network. To date, Barbados has concluded Double Taxation Treaties with twenty-eight (28) countries and with the member states of CARICOM.



CORPORATE GOVERNANCE REPORT



GOVERNANCE STRUCTURE



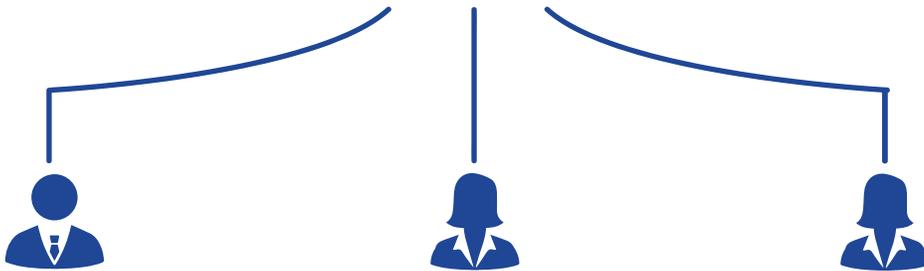
**Minister of Finance, Economic Affairs
and Investment**



Barbados Revenue Authority Board



Revenue Commissioner



**Director Shared
Services**

**Director Corporate
Services**

**Director Audit
Services**



**Senior Manager
Shared Services**



**Senior Manager
Audit Services**



**Senior Manager
Information
Technology**



**Senior Manager
Policy, Planning &
Governance**

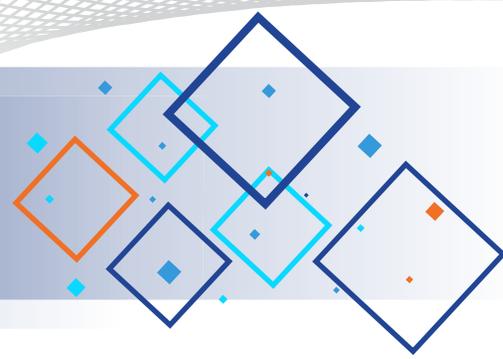


**Senior Manager
Enterprise Risk
Management**



**General Counsel &
Board Secretary**

OUR BOARD



Board of Directors Barbados Revenue Authority

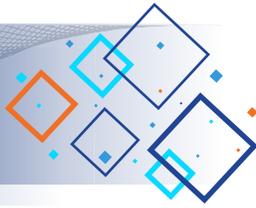
Structure of Board of Directors

The Board comprises nine Directors, six of whom are appointed by the Minister. Five of the six Directors appointed by the Minister are required to be qualified and experienced in economics, accounts, finance, tax, law, public administration or business or such other area, as in the opinion of the Minister, is required for the discharge of the functions of the Board. The sixth person appointed by the Minister is nominated by the most representative trade union from among employees. The appointed members are independent of management. The ex-officio Directors are the Revenue Commissioner, the Director of Finance and Economic Affairs, and the Chief Technical Officer or her nominee.

Board Induction

The 2018 Financial Year saw the induction of a new Board of Directors for the Authority. While some previous Directors were re-appointed for a further term of service, the Authority welcomed a new Chairman; Mr. William Layne, along with five (5) new Directors; Mr. Ian Carrington, Director of Finance and Economic Affairs; Ms. Kaye-Anne Brathwaite; Mr. Calvert Boyea and Mr. Vincent Yearwood. In December 2018 Mr. Wayne Forde, acting Revenue Commissioner, replaced Ms Margaret Sivers, former Revenue Commissioner on the Board of Directors.

C HAIRMAN OF THE BOARD



William **L**ayne

**BA, CPA,
CMA, FCA, ACIS**

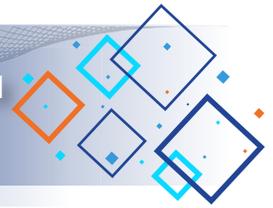
was appointed as chairman to the Board of the Barbados Revenue Authority in the financial year 2018/19. He is a chartered accountant and financial consultant with an illustrious career in the

public sector of Barbados, having served as Permanent Secretary in the Ministry of Finance & Economic Affairs, Director of Social Security, Financial Controller of Social Security and Supervisor of Insurance. Layne currently sits on boards in a number of companies; is the chairman of the Practice Review Committee for the Institute of Chartered Accountants of Barbados (ICAB); a Trustee of the Foundation School Scholarship Fund and a member of the Development Committee of The Codrington Trust.

He is a former member of the CARICOM Audit Committee, as well as a former Council Member of the Inter-American Center for Tax Administrators (CIAT), where he served as President in 2007/8. In 2014, the Minister of Finance and Economic Affairs, appointed him as chairman of the Tax Committee to review IMF Tax recommendations.

He has authored several articles including Financing of Social Security published in the Journal of International Social Security Association (ISSA) 1990, Reform of Barbados Tax System presented at the 2003 National Consultation on the Economy, Investment of Social Security Funds presented at joint ISSA Inter-American Center for Social Security Studies Conference (CISS) 1997 in Montevideo and Financing Pension Plans in Small countries presented at the 40th Anniversary Conference of the Curacao Social Security Board in 2000.

D EPUTY CHAIRMAN OF THE BOARD



Sandra **O**sborne,

**SCM, QC,
BSc (Hons), LLB
(Hons), FCIS,**

is the Deputy Chairman of the Board and is appointed by the Minister. She is a Queen's Counsel of Barbados and a Chartered Secretary with over 35 years' experience in the

legal, governance and corporate secretarial field. Ms. Osborne worked in the financial services industry for 25 years, retiring in 2013 from the position of Executive Vice President, General Counsel and Corporate Secretary of Sagicor Financial Corporation, one of the Caribbean's leading financial services groups, where she played an integral role in effecting fundamental corporate change, including demutualisation, corporate mergers, acquisitions, take-overs, as well as public and private offerings. Her areas of expertise are insurance, securities and corporate law, and corporate governance. Ms. Osborne serves on Boards in the financial services sector and in the non-profit sector both in Barbados and overseas and is an experienced Sport Administrator.



Ian Carrington BSc, CPA, FCGA, MPA,

is an ex-officio member of the Board. He is the Director of Finance and Economic Affairs, Ministry of Finance, Economic Affairs and Investments, with responsibility and oversight for the Government's financial management.

He holds a Masters of Public Administration and a Post-Graduate diploma in Public Policy from Harvard University, and is a Fellow of the Certified General Accountants of Canada and of Certified Professional Accountant of Canada. Mr. Carrington is the former Director of the National Insurance Department in Barbados where he was responsible for the administration of Barbados' social security system.

Mr. Carrington brings a wealth of expertise and knowledge in the areas of Finance, Insurance, Banking and Economic Affairs.



Richard Greene, (Education and Research Officer, NUPW) **BSC, MSC** - was nominated by the most representative trade union and appointed by the Minister. He has worked in the development of workers for the past 24 years practicing in the field of Industrial Relations, Worker and Adult Education and Training, Organisational Development and Human Resource Management.

Mr. Green holds a Bachelor of Science Degree in Management from the University of the West Indies (Cave Hill) and a Master's Degree in International Labour Policy and Globalisation from the Berlin School of Economics (Berlin, Germany). He is a Certified Project Manager (Development Projects) with the Inter-American Development Bank (IDB); and a Certified Trainer of Trainers.

He is a resource person and lecturer throughout Departments of the Public Service, the Training Administration Department, Congress of Trade Unions and Staff Associations (CTUSAB), and the International Transport Federation (ITF) Sub-regional Office, Brazil. He was also a distinguished participant in the Canada-Caribbean Emerging Leaders Dialogue (CCELD) 2011 in Ottawa, Montreal and Dominican Republic.

Mr. Green is a member of the Board of Trustees of the Barbados Institute of Management and Productivity (BIMAP); a Councillor of the Technical Vocational Educational and Training (TVET) Council; he represents the workers on the National Insurance Investments Committee; is a member of the IDB Civil Society Consultative Group (ConSOC) Barbados and is also an experienced sport administrator and cruise and tour organiser.



Kay-Ann Brathwaite, **BSC, MBA** is an experienced executive banking professional who has managed an extensive selection of portfolios over the course of her career, amassing to more than US\$600M in assets. Management included structuring and arranging credit facilities and capital market transactions. The banking professional notes that her work is motivated by a client-first ethos. She believes that one must provide productive assistance and solutions to clients, helping them to achieve their ultimate goals.

A certified tertiary educator, and former economist, Ms. Brathwaite lectures in the areas of Mathematics, Statistics and Economics with the Cave Hill School of Business, University of the West Indies. This

experienced banking professional holds a Bachelor's Degree in Economics and Accounting and a Masters in Business and Financial Economics.



Calvert (Cally) Boyea is a highly accomplished Executive with a proven track record and an extensive and unique blend of success derived from key leadership roles in the Oil and Gas / Petroleum Sectors. A results driven consensus builder; influential communicator;

and experienced in maximizing operational efficiency, customer excellence and business development. Mr. Boyea has held a number of posts across the Caribbean region and in the USA during his 45 years at ExxonMobil which included Economic Planning and Analysis of strategic multi-million-dollar projects.

A long-time member of the Board of Trustees of the Barbados Diabetes Foundation – Mr. Boyea was recently appointed CEO of The Maria Holder Diabetes Center for the Caribbean with a mandate to place the Centre on a path of sustainability.

Mr. Boyea is a graduate of the Executive Management Program at the Disney Institute; Media Relations and Crisis Management at Florida International University; and Industrial Safety and Emergency Response at Texas A+M University.



Vincent Yearwood FCCA, FCA, MBA, CFE, is a former Executive Vice President, of a leading financial services company in Barbados where he served from 2004 to 2013. Immediately prior to this, he held the position of Chief Executive Officer of the Barbados Investment and Development Corporation for a period of eighteen months.

His professional career dates back to 1973, spanning both the professional and commercial spectrum. He has gained varied experience as an Auditor, Financial Controller, General Manager, and as Chief Operating Officer, the majority of his service with Cable and Wireless (Barbados) Ltd which he joined in 1984 and worked until 2002.

Additionally, he has held board responsibilities for organizations in various fields ranging from banking, telecommunications, financial services, international business and port operations.

In preparation for these varied roles, Mr Yearwood gained qualifications as a chartered accountant with membership in the Association of Certified Fraud

Examiners and he also holds a Master of Business Administration degree.



Cheryl Bennett-Inniss, is an ex-officio member of the Board. She has a BSc. in Civil Engineering (Upper Second Class Honours) from the University of the West Indies, St. Augustine Campus in Trinidad (1982) and a Masters of Engineering in Transportation Engineering from the University of California at Berkeley, USA (1989). She started her career as a civil servant in 1982 at the Ministry of Transport and Works (MTW) as a junior engineer and assumed the duties of the Deputy Chief Technical Officer (Design Services), in 1993 where she supervised the staff of the following sections; Architects, Traffic Management, Road Engineering and Town Planning, and Land Surveying. She has been the Chief Technical Officer (Acting) at that Ministry continuously since June 1st, 2017 and now manages the entire Technical arm of MTW, which also now places the Government Electrical Engineering Department, Operations Section, Projects Section, Mechanical Workshop, the Barbados Licensing Authority and the Barbados Building Standards Authority under her purview. In her current position she Chairs, is the Deputy Chair or is a member of seven of the fifteen Disaster Emergency Management (DEM) Emergency Management Advisory Council (EMAC) Standing Committees and she sits as an ex-officio member on the Boards for the Architects Registration, Barbados Revenue Authority, Barbados Water Authority and the Transport Authority.



Wayne Forde, JP, FIRR, V, is the Revenue Commissioner (ag) of the Barbados Revenue Authority. In this capacity, he serves as an ex-officio member of the Board of the Barbados Revenue Authority.

Prior to this acting appointment, Forde was the Director of the Shared Services Division responsible for the Revenue, Collections, Customer Service and Land Valuation departments in the Barbados Revenue Authority.

He is a Fellow of the Institute of Rating Revenues and Valuation and holds a Masters in Urban Land Valuation as well as a degree in Economics from the University of the West Indies.

Having served as Land Tax Commissioner in the Land Tax Department for nine years before the amalgamation of three revenue collecting agencies to form the Barbados Revenue Authority, Mr. Forde amassed a wealth of knowledge and experience in the administration of Land Tax in Barbados.

Board Competency Matrix

The Authority's Corporate Governance Guidelines, which accord with best practice internationally, require that the Board comprises a group of individuals who have the appropriate combination of competencies (skills and experience) and personal attributes (behaviour and attitude) to support the Authority's mission, and contribute together as a highly motivated team. The desirable competencies are driven by the Authority's mandate and the skills needed to complement its Management team. It is however expected that the requisite skills and experience will change over time as the Authority evolves to face changes in its operating environment. The updated Board Competency Matrix shows the core competencies which have been identified for the collective Board of the Authority:

Board Core Competencies	William Layne	Sandra Osborne	Ian Carrington	Kaye-Anne Brathwaite	Calvert Boyea	Vincent Yearwood	Richard Green	Cheryl Bennett-Inniss	Wayne Forde
Economics*	✓		✓	✓	✓				✓
Accounts*	✓		✓	✓		✓			
Finance*	✓		✓	✓		✓			
Taxation*	✓		✓						✓
Law*		✓							
Public Administration*	✓		✓				✓	✓	✓
Business*	✓	✓	✓	✓	✓	✓			
Corporate Governance		✓				✓			
Human Resources Management						✓	✓	✓	
Information Technology									
Risk Management					✓				
Other (Banking)	✓		✓	✓		✓			
Other (Engineering)								✓	

* Competencies required by Barbados Revenue Authority Act.

In addition to the above core competencies, all Directors are expected to possess appropriate personal attributes. These include integrity and high ethical standards, sound judgment, an ability and willingness to question conventional assumptions, strong interpersonal skills, and a high level of commitment to the Authority.

Board Roles and Responsibilities

The Board occupies a central position in the governance of the Authority. Its general role is to foster the Authority's short and long-term success consistent with its mandated objectives and accountability to its stakeholders. In the discharge of its mandate, the Board oversees the affairs of the Authority, supervises management, which is responsible for day-to-day operations and, through the Revenue Commissioner, sets the standards of the Authority's conduct.

During the year, the Board fulfilled its mandate by providing leadership with respect to the following specific responsibilities:

- (i) Selecting, assessing, compensating, and if necessary, replacing the Revenue Commissioner and planning for the Revenue Commissioner's succession with the approval of the Minister of Finance & Economic Affairs.
- (ii) Overseeing the development of and approving a strategic plan that takes into account the opportunities and risks facing the Authority.
- (iii) Approving the Authority's capital and operating budgets and ensuring the integrity of financial statements, internal controls, financial information systems, projections, forecasts and audited statements.
- (iv) Approving the Authority's significant policies.
- (v) Working with management to identify the principal risks to the Authority and ensuring that systems to manage those risks are in place.
- (vi) Monitoring the Authority's performance against agreed goals and objectives.
- (vii) Approving major transactions in accordance with Authority's Delegation.

- (viii) Ensuring compliance with legal and regulatory requirements.
- (ix) Ensuring that reporting, monitoring and accountability obligations are met.
- (x) Ensuring that controls, codes or guide lines are in place governing ethical conduct, conflict of interest, environmental protection, personal and public safety, equity and similar concerns.
- (xi) Ensuring that the Authority has an appropriate communications strategy.
- (xii) Providing for the Board's good management and on-going effectiveness including establishing of the committees, task forces and work groups required to assist the Board in the effective discharge of its mandate.
- (xiii) In consultation with the Minister, identifying the required competencies and personal attributes required on the Board, and providing recommendations for the orderly succession of Board members.

The roles and the expectations for the Chair, individual Directors, and the Revenue Commissioner have been clearly defined. The Chair's leadership skills are a critical factor in determining overall Board effectiveness, while collectively, the individual Board Members execute the Board's responsibilities set out in the Corporate Governance Guidelines, adhering to a high standard of performance and personal behaviour. The Revenue Commissioner is responsible for leading management, developing and implementing the Authority's strategy and reporting to the Board of Directors.



Board Operations

During the 2018 Financial Year, the new Board held regular monthly meetings during the months of July 2018 to March 2019. Business outside of these regular meetings was also attended to expeditiously by round-robin decisions when required.

The table below shows the number and percentage of meetings attended by Directors during the year 2018-2019

Directors	Board Meetings Attended	%
William Layne	9 of 9	100
Sandra Osborne	7 of 9	77.7
Ian Carrington	5 of 9	55.5
Kaye-Anne Brathwaite	6 of 9	66.6
Calvert Boyea	8 of 9	88.8
Vincent Yearwood	7 of 9	77.7
Richard Green	9 of 9	100
Cheryl Bennett-Inniss	8 of 9	88.8
Margaret Sivers*	5 of 5	100
Wayne Forde*	4 of 4	100

* Mr. Wayne Forde commenced his acting assignment as Revenue Commissioner in December 2018 serving for remaining four months in the financial year as Ms. Sivers' replacement.

Board Committees

The Board established four (4) Sub-Committees - the Audit Committee; the Human Resources Committee; the Procurement/Tenders Committee and the Information Technology Committee. The purpose of these committees is to undertake regular detailed reviews of these four (4) respective functions within the Authority and to provide in-depth supervision in key areas of the Board's responsibility. The Committees therefore assist the Board in gaining a more comprehensive understanding of all matters requiring specialized attention and operate within the framework of a written Board-approved Charter which defines their purpose, objectives, authority, roles and responsibilities.

Audit Committee:

Members: Vincent Yearwood (Chair), William Layne and Calvert Boyea.

The function of the Audit Committee is to assist the Board in fulfilling its financial accountability, risk management and oversight responsibilities. This Committee executes its function by reviewing the

adequacy and integrity of the Authority's Financial Statements and monitoring the efficiency of the Authority's financial reporting process, its system of internal controls, its internal audit function, its external audit process, the management of its financial risks and compliance with applicable legal and regulatory requirements. Audit Committee members are required to be financially literate and at least one (1) member must have accounting or related financial management expertise. During the 2018-2019 period, the Committee's work included:

- Reviewing the Authority's operations every quarter of the Financial Year.
- Reviewing and approving the Financial Statements for Financial Year 2018/2019.
- Reviewing and approving the internal audit plan for Financial Year 2018/2019.
- Reviewing, discussing and approving the Authority's Internal Audit Reports.
- Preparing an Audit Schedule to ensure completion of all 2018-2019 audits within three (3) months of the 2018-2019 financial year-end.
- Discussing and approving measures for off-site backup storage.

Human Resources Committee:

Members: Sandra Osborne (Chair), Richard Green and Vincent Yearwood.

The function of the Human Resources Committee is to assist the Board in ensuring that adequate policies and procedures are in place for the effective management of the Authority's human resources. The Committee executes this function by formulating Human Resource policies, procedures and practices and ensuring their implementation. At least one (1) member of the Committee is required to have expertise in Human Resources. During the year, the Committee:

- Approved a number of Training Loan Applications and revised the Authority's Training Loan Policy.
- Addressed the Human Resources matters emanating from the Auditor General's Report for the Financial Year ended March 31st, 2018.
- Implemented measures to enable the Authority's Health and Safety Committee to play a more vital role in relation to environmental issues experienced at the offices of the Authority.
- Presided over one (1) disciplinary matter but unanimously decided that the Committee would be an appellate body going forward and not a disciplinary body.
- Approved recommendations to facilitate the registration of the Authority's Pension Plan.

- Commenced work on the establishment of the Authority's Non-Cash Incentive Scheme.
- Commenced work on the Authority's Sexual Harassment Policy.
- Commenced work on the Authority's Succession Plan.

Tenders Committee:

Members: Cheryl Bennett-Inniss (Chair), Ian Carrington and Kaye-Anne Brathwaite.

The function of the Tenders Committee is to oversee the procurement of goods and services by the Authority. This function therefore ranges from the preparation and review of the required Specifications, invitations for Expressions of Interest, Terms of Reference and other Bidding Documents to the opening, evaluating and recommending bids for award. However, the negotiation, monitoring and contract management are handled by the Authority and relevant agency staff.

During the financial year, the Committee met and deliberated on the engagement of Network Core Media Netherlands Cooperatief U.A. ("Netsweeper") for the provision of services to the Authority for the collection of Value Added Tax on E-commerce transactions.

Information Technology Committee:

Members: Kaye-Anne Brathwaite (Chair), Cheryl Bennett-Inniss and Calvert Boyea.

The function of the Information Technology (IT) Committee is to provide appropriate advice and recommendations to the Board and to provide oversight to the Authority's IT function including its IT strategy, the alignment of the IT function with the Authority's business, systems stability and information

security. The Committee executes this function by monitoring, advising on investment decisions and reviewing risks as well as by making recommendations to the Board regarding the Authority's IT strategy and operations.

The Committee's mandate was to oversee and update the Board on activities relating to the Authority's Information Technology (IT) infrastructure; software acquisition and implementation. The Committee's objectives extended to ensuring that the Authority's systems are consistently monitored and that they maintain alignment with the Authority's objective and overall strategic goals. During the year, the Committee met to:

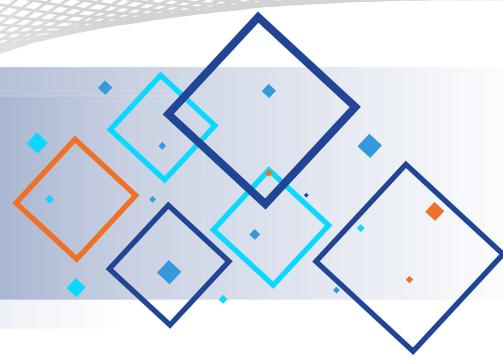
- Discuss, revise and finalize the Authority's Business Continuity and Disaster Recovery Plans.
- Oversee the migration from Asycuda ++ to Asycuda World.
- Oversee and manage the Authority's inventory of Oracle Licenses.
- Discuss and approve the Authority's Equipment Replacement Plan and the purchase of new computer equipment.
- Oversee and monitor the implementation of the Tax Administration Management Information System (TAMIS).
- Resolve issues relating to the TAMIS.
- Establish the Authority's Intranet Portal.
- Discuss the options for the online payment of taxes.
- Oversee and implement the Authority's Document Management System.
- Implement a system of off-site backup storage for the Authority.



GENERAL TAX INFORMATION

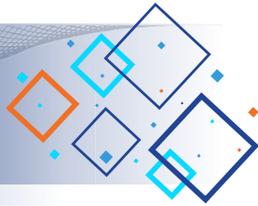


SUMMARY OF TAXES ADMINISTERED



The information detailed below describes the tax system for the year 2018-19

TAXES ON INCOME & PROFITS



Personal Income Taxes (PIT) and Corporate Income Taxes (CIT)

Income Tax is levied on the income of persons resident or non-resident in Barbados. There is no tax on capital. The system is based on self-assessment and resident individuals and companies are required to calculate their taxable income and tax liability as well as to prepay and pay the taxes due at the specified times.

Individuals who spend in the aggregate of more than 182 days in Barbados in an income year, and persons with ordinarily resident status, are deemed resident for tax purposes. A person is deemed to be ordinarily resident in Barbados in an income year if that person has a permanent home in Barbados; and has given notice to the Commissioner that he intends to reside in Barbados for a period of at least two consecutive income years, including the income year in question. Individuals who are both resident and domiciled in Barbados are taxed on their world income. Individuals resident but not domiciled, are taxed on income derived from Barbados and on income from foreign sources, whenever derived to the extent that a benefit is obtained in Barbados from that income.

A company is considered to be resident in Barbados if its management and control are located in Barbados.

Partnerships are not taxed. The partners are subject to tax on the income of the partnership.

Associations and other legal entities are deemed to be companies.

Corporation Tax is levied on the profits of a company earned in a fiscal period that should not exceed 53 weeks.

Individuals who earn less than BDS\$18,000 per annum enjoy the benefit of a "reverse tax credit", a

grant of BDS\$1,300 in each year. Other individuals are granted a personal allowance of BDS \$25,000 per annum, while pensioners aged 60 and over are granted a personal allowance of BDS \$40,000.

For individuals, the current Income Tax rates are:-

Taxable Income	Rate of Tax
\$35,000 or less	16%
over \$35,000	33.5%

Corporation Tax is paid on profits at rates as follows:

First \$1,000,000.00	5.5%
Next \$19,000,000.00	3%
Next \$10,000,000.00	2.5%
Income exceeding \$30,000,000	1%

However, the companies listed below pay tax the following rates:-

1. Manufacturing Companies pay Corporation Tax at the rate of 15%.
2. Small Business Companies that meet the conditions of a small business pay tax at the rate of 15%.
3. Companies carrying on business in special development areas pay tax at the rate of 15%.
4. International Business Companies grandfathered pay tax at rates ranging from 1% to 2.5%.
5. Net rental income derived from residential property is subject to a tax rate of 15%.
6. There is no tax on Barbados source or foreign source capital gains.

Value Added Tax (VAT)

Value Added Tax (VAT) is imposed on the taxable supply of goods and services in Barbados and on goods imported into Barbados.

The standard rate of VAT is 17.5%.

The rate imposed on the supply of accommodation in hotels, guest houses, villas and similar places and on Direct Tourism services is 7.5%.

VAT on mobile services of voice, data and text messaging is 22%.

A rate of zero percent is applicable to select goods and services, while other goods and services are exempt from the tax. The VAT registration threshold was \$200,000.00.

Tourism Levies

Product Development Levy

This levy has been imposed on the supply of Direct Tourism Services at 2.5%.

Room Rate Levy

Any entity bearing the following traits is required to charge the room rate levy on the supply of tourist accommodation:

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

The following rates are applicable:

- "B" Class, Guest Houses and Apartments BDS\$8.75 per room per night
- "A" Class BDS\$19.25 per room per night
- Luxury BDS\$35.00 per room per night

Shared Accommodation Levy

Any entity bearing the following traits is required to charge the shared accommodation levy on the supply of tourist accommodation at 10% of the cost of the accommodation provided that it:

- Is not registered under the Value Added Tax Act, Cap. 87;

- Supplies tourist accommodation; and
- Is registered with the Barbados Tourism Product Authority.

Excise Tax

Excise Tax on rum, tobacco and breweries are all specific taxes on the quantity of goods sold while the Excises tax on sweetened beverages is at a rate of 10% on the cost of the sales. These obligations are all due on the 21st of each month.

Taxes on Insurance Premiums

As per sections 43 through to 44 of the Income Tax Act, CAP 73, any company which carries on general insurance business or carries on life insurance business of an insurance company must pay a tax on its gross direct premium. This gross direct premium is defined as "the aggregate of all direct premiums collected or collectible from insured persons but does not include premiums received consequent upon the acceptance of re-insurance business". The tax is due annually, no later than the 30th of June of the year following the income year in respect of which the tax is payable.

The Income Tax Act (Amendment) (No.3) Act 2018-54 amended the rates applicable to insurance companies effective January 1st 2019. For general insurance companies it is at a rate of 4.75% for property insurance businesses and 4% for others. For resident and non-resident life insurances companies, the rates per annum are as follows:

- Resident Life Insurance Companies - New Business Written for the income year- 6%;
- Foreign Life Insurance Companies- New Business Written for the income year- 6 %;
- Resident Life Insurance Companies -Renewal Business - 3%; and
- Foreign Life Insurance Companies-Renewal Business - 5%

Taxes on Assets

As stipulated by the Tax on Assets Act, 2017-5, Tax on Assets is typically paid at a rate of 0.35% on average domestic assets of a deposit taking licensee or insurance company. "Average domestic assets" means the assets of a deposit taking licensee/ insurance company in national currency, irrespective of the residency and computed in the manner set out in section 5/6 of the Tax on Assets Act, 2017]. The formula for computing average domestic assets is ((1/ number of months for which the tax is being paid) * Sum (domestic assets for identified months)).

Taxes on deposit taking licensees are to be paid on

the 15th of November, February, May and August for the previous three-month period. Like Tax on Bank Assets, payments for the three-month period ending February will be due by May. Taxes on insurance companies are 0.35% of average domestic assets to be paid on the 15th of: June, September, December and March each year for the previous three month periods.

Tax on Bank Assets

As stipulated by the Bank (Tax on Assets) Act, 2017-6, this tax is typically paid at a rate of 0.35% on average domestic assets of a bank. "Average domestic assets" means the assets of a bank held in national currency, irrespective of the residency and computed in the manner set out in section 5 [of the Bank (Tax on Assets) Act, 2017]" The formula for computing average domestic assets of a bank is ((1/number of months for which the tax is being paid) * Sum (domestic assets for identified months))

It is paid on or before the 15th of February, May, August and November each year for the previous quarter. For example, payments for the three-month period ending February will be due by May.

Property Taxes

Land Tax

Payments are due by the 30th of April in the following calendar year. In the two months immediately following the issuance of land tax bills, increased payments are observed as taxpayers take advantage of the discounts given.

Pursuant to the Minister of Finance's March 20th 2019 budgetary proposals, the rates are as follows:

- Improved (Land and structure) Residential land:
 - 0.0% on first BDS\$150,000
 - 0.1% on the next BDS \$300,000
 - 0.7% on the next BDS\$400,000
 - 1.0% on excess over BDS\$850,000
 -
- Improved (Land and structure) Non-Residential land:
 - 0.95%
- Vacant land (land with no building or residence):
 - Measuring less than 4,000 sq. ft. is taxed at 0.8%.
 - Measuring over 4,000 sq. ft. valued up to \$450,000 is taxed at 0.9%.
 - Measuring over 4,000 sq. ft. and valued over \$450,000.00 is taxed at 1%

- Improved (Land and structure) land – Commercial, Industrial and Other:
 - 0.95%
- Ceiling
 - The maximum land tax payable has been increased to \$100,000. This applies only to land on which a dwelling house is erected and where the house is used exclusively as a residence
- Rebates
 - All rebates previously granted remain unchanged.
- Discounts
 - The discount offered for early payment of land tax is 5% once the full tax due is paid by August 31, 2019.
 - Taxpayers were also advised that they could pay their Land Tax bill in four equal monthly instalments, the first of which was to be made by July 26, 2019. The last instalment was to be paid on or before October 30, 2019.
 - Provided that the payments were made in the above manner, a 5% discount was given. The discount was applied when the final payment is made.



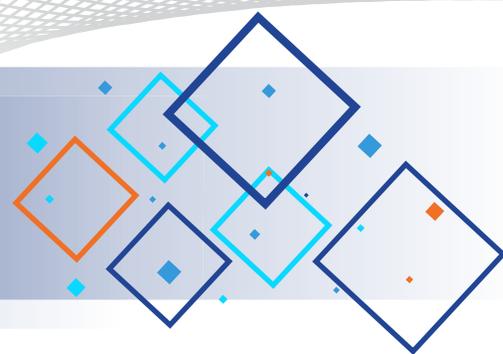
Vacant land measuring over 4,000 sq. ft. valued up to \$450,000 is taxed at 0.9%.



FINANCIAL STATEMENTS



STATEMENT OF MANAGEMENT RESPONSIBILITIES



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.



FINANCIAL STATEMENTS AGENCY ACTIVITIES





AUDITOR GENERAL'S OFFICE BARBADOS



INDEPENDENT AUDITOR'S REPORT To the Board of Directors of the Barbados Revenue Authority For the year ended March 31, 2019

Qualified Opinion

I have audited the financial statements of the Barbados Revenue Authority (the Authority), which comprise the Statement of Financial Position as at March 31, 2019, Statement of Change in General Fund, 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, 2019 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 Responsibilities 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.

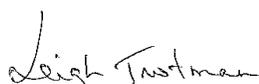
Responsibility of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the International Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of 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 includes 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

2020-03-24

Barbados Revenue Authority
Statement of Financial Position
as at March 31, 2019
BDS\$000's

	Notes	Actual Mar 2019 \$	Actual Mar 2018 \$
TOTAL ASSETS			
Current Assets			
Cash and Bank	4	7,154	1,976
Subvention Receivable	5	4,484	9,269
Subvention Receivable _TAIRP	5	-	4,395
Staff Loans/ Advance		492	532
Prepayments		587	527
Prepayments – TAIRP		4,797	32
Other Receivables		42	39
Total Current Assets		17,556	16,761
Fixed Assets			
Fixed Assets- TAIRP	6	1,288	1,633
Total Fixed Assets		3,066	4,285
Total Assets		20,622	21,046
Liabilities			
Accounts Payable & Accrued Liabilities	7	9,057	3,917
Accounts Payable & Accrued Liabilities - TAIRP	7	-	458
Unearned Revenue -TAIRP	8	4,466	3,252
Total Liabilities		13,523	7,727
GENERAL FUND			
Total General Fund	10	7,099	13,419
TOTAL LIABILITIES AND GENERAL FUND		20,622	21,046

TAIRP – Tax Administration Infrastructure Reform Project

The accompanying notes form an integral part of these financial statements



Chairman

31/07/2019

Date



Revenue Commissioner

31/07/2019

Date

Barbados Revenue Authority
Statement of Change in General Fund
For the Year Ending March 31, 2019
BDS\$000's

	Opening Capital	Surplus (Deficit)	Total
	\$	\$	\$
Balance as at March 31, 2016	3,651	6,348	10,006
Adjustment to Prior Period	-	-	-
Net Surplus		3,413	3,413
Balance as at March 31, 2017	3,658	9,761	13,419
Net Surplus		(6,320)	(6,320)
Balance as at March 31, 2018	3,658	3,441	7,099

The accompanying notes form an integral part of these financial statements

Barbados Revenue Authority
Statement of Financial Performance
For the Year Ending March 31, 2019
BDS\$000's

	Notes	Actual Mar 2019 \$	Restated Actual Mar 2018 \$
Operating Income	16	29,569	27,659
Operating Income – TAIRP	16	10,977	7,888
Total Operating Income		40,546	35,547
EXPENDITURE			
Personnel Expenses	17	24,015	22,553
Other Expenses	18	13,603	4,049
Other Expenses-TAIRP	18	8,631	5,132
Depreciation		617	398
Total Operating Expenditure		46,866	32,136
Net Surplus (Deficit)		(6,320)	3,413

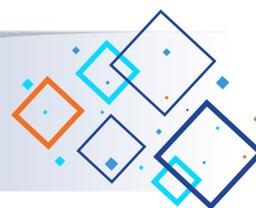
TAIRP – Tax Administration Infrastructure Reform Project

The accompanying notes form an integral part of these financial statements

**Barbados Revenue Authority
Statement of Cash Flows
For the Year Ending March 31, 2019
BDS\$000's**

	Actual	Restated
	Mar 2019	Mar 2018
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Surplus/(Deficit)	(6,320)	3,411
Add: Depreciation	617	397
Operating Income before working capital changes	(5,703)	3,808
Net Changes in assets and liabilities	10,280	(1,203)
Net cash flows from operating activities	4,576	2,605
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of Assets	601	(3,215)
Net cash flows from investing activities	601	(3,215)
CASH FLOWS FROM FINANCING ACTIVITIES		
Change in Administered Agency Fund	-	3
Net cash flows from financing activities	-	3
Net increase / (decrease) in cash and cash equivalents	5,178	(607)
Cash at beginning of Year	1,976	2,583
Cash at end of the Year	7,154	1,976

Financial Statements of the Barbados Revenue Authority



Significant Accounting Policies

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.

The Financial Statements of the Barbados Revenue Authority are prepared in accordance with the requirements of the Financial Management and Audit Act 2007. This is in accordance with Section 22 of the Barbados Revenue Authority Act which requires that the Financial Management and Audit Act may be applied with such adaptations and modifications that may be required.

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

2. Accounting Policies

These financial statements comply with International Public Sector Accounting Standards (IPSAS). The measurement base is historical cost. The accrual basis of accounting has been used unless otherwise stated.

2.1 Reporting and forecast period

The reporting period for these financial statements is the year April 1, 2017 to March 31, 2018.

2.2 Exchange revenue (Revenue Earned through operations)

If revenue has been earned by the Barbados Revenue Authority in exchange for the provision of Goods and Services to third parties, the Authority records its revenue through operations. Such revenue is recognized when it is earned.

2.2.1 Revenue for Operations

The Authority's main source of revenue to fund its operations is by way of a subvention from Government. 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.

2.3 Expenses

Expenses are recognized in the period to which they relate.

2.3.1 Foreign currency transactions

Transactions in foreign currency are translated into Barbados dollars using the exchange rate on the dates of the transactions. 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.

2.3.2 Depreciation

Depreciation is charged on a straight line basis calculated to allocate the cost or valuation of an item of property, plant and equipment over the estimated useful life. Typically the estimated useful lives of different classes of property plant and equipment are as follows:

Assets	Life	Rates Used
Leasehold improvements	15 years	6.67%
Machinery and Equipment Office	3 to 10 years	10% to 33%
Computer Hardware	5 years	20%
Computer Software	5 years	20%
Furniture and Fittings	10 years	10%
Motor Vehicles	7 years	14%

2.4 Assets

2.4.1 Receivables and Advances

Receivables and advances are recorded at the amounts expected to be ultimately collected in cash.

2.4.2 Inventories

Inventories are recorded at the lower of cost and net realizable value. Where inventories acquired are recorded at cost, the weighted average cost method is used.

2.4.3 Plant and Leasehold Improvements

Items of property, plant and equipment which include buildings, motor vehicles and office equipment, are recorded at cost less accumulated depreciation. Assets costing under \$3,000 individually are expensed at acquisition but if purchased as part of a group and the cost is \$3,000 or over, they are capitalised.

Revaluations are carried out for the classes of property, plant and equipment noted below to reflect the service potential or economic benefit obtained through control of the asset. Revaluation is based on the fair value of the asset.

Classes of property, plant and equipment assets that are revalued, are revalued at least every three years.

2.5 Liabilities

All liabilities are recorded at the estimated obligation to pay.

3. Comparatives

These statements are presented with comparative figures for the year April 1 2018 – March 31, 2019.

4. Cash	2018	2017
	\$000's	\$000's
Cash in Bank	7,147	1,969
Change on Hand	<u>7</u>	<u>7</u>
Cash at end of the year March 31	7,154	1,976

5. Subvention Receivable

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

	2019	2018
	\$000's	\$000's
BRA Operations 2016-2017		1,062
BRA Operations 2017-2018	4,483	8,207
TAIRP	-	4,395
Subvention Receivable March 31	4,483	13,664

6.

**Barbados Revenue Authority
Fixed Assets
As at March 31, 2019**

	Plant and Leasehold Improvements 000's	Computers 000's	Office Equipment 000's	Furniture and Fixtures 000's	Vehicles 000's	Assets Under Construction	Total 000's
COST							
a) Cost @April 1, 2018	491	1,557	474	166	336	2,029	1,833
Adjustments						(2,029)	(2,029)
Additions	17	1,126	211	27		47	1,428
Disposals							
Cost @ March 31, 2019	508	2,683	685	193	336	47	4,452
b) Accumulated Depreciation							
Balance at April 1, 2018	47	389	106	18	207		768
Depreciation for Year	41	408	104	18	47		617
Disposal (Depreciation)							
Accum. Depreciation March 2019	88	797	210	36	255		1,386
Net Book Value 2019	420	1,886	475	157	81	47	3,066
Year 2016 -2017							
Cost @April 1, 2017	361	833	208	95	336		1,833
Additions	130	724	266	71	0	2,029	3,220
Disposals Cost @ March 31, 2018	491	1,557	474	166	336	2,029	5,053
Accumulated Depreciation							
Balance at April 1, 2017	14	138	48	5	159		364
Prior Period Adjustment		6					6
Depreciation for Year	33	245	58	13	48		398
Disposal (Depreciation)							
Accumulated Depreciation March 2018	47	389	106	18	207		768
Net Book Value at March 31, 2017	443	1,168	368	148	129	2,029	4,285

7. Accounts Payable

	2019 \$000's	2018 \$000's
Accounts Payable and Accrued Liabilities	-	3,917
Accounts Payable and Accrued Liabilities-TAIRP	9,057	458
	9,057	4,375

Account Payable and Accrued Liabilities include \$6.7M which relate to expenditure accrued for the Authority's pension obligations for its staff for financial years 2017-2018 and 2018-2019.

8. Unearned Revenue

Unearned revenue represents funds released by the Ministry of Finance for the acquisition of goods and services for the Tax Administration Infrastructure Reform Project for which expenditure has not been incurred.

9. Contingent liabilities

Contingent liabilities are estimated at \$3.5M representing outstanding costs of contracts for services or supplies relative mainly to the Tax Administration Infrastructure Reform Project (TAIRP) and a Country by Country Reporting Solution to enhance compliance efficiency under the Foreign Account Tax Compliance Act (FATCA) and the Common Reporting Standards (CRS).

10. General Fund

General Fund represents the equity components i.e. the residual of assets less liabilities. The separation of the Agency activities from the Administered activities resulted in an adjustment of \$217K at March 31, 2019 (2018: \$217K) between the two agencies which has been netted in General Fund for the relevant year.

	2019 \$000's	2018 \$000's
GENERAL FUND		
Donated Capital	3,658	3,658
Net Surplus (Deficit)	3,441	9,761
Total General Fund	7,099	13,419

11. Prior Period Adjustments

These statements have been restated to reflect pension contributions adjustments relating to financial year 2017-2018 for employees who fall under the Defined Contribution segment of the Authority Pension Plan to record the following:-

a) Statement of Financial Position

- (i) Accounts Payable and Accrued Liabilities of \$481K for pension contributions on behalf of staff who fall under the Defined Contribution segment of the Authority's Pension Plan;

b) Statement of Financial Performance

- (i) Retiring benefits of \$481K associated with accrued expenditure for pension contributions on behalf of staff outlined above;

	Balance	Restated Balance
	2019	2018
	\$000's	\$000's
Retiring Benefits	3,366	2,846
Prior Period Adjustment		481
		<hr/>
Total	3,366	3,327

12. Retiring Benefits

The Authority is in the process of implementing its pension plan and the retiring benefits represent the recording of the projected expenditure. The plan is a hybrid plan where employees who transitioned to the Authority from one of the legacy agencies are entitled to receive benefit, computed using the same method as under Cap 25. whilst staff members recruited by the BRA are required to make contributions. These contributions will be matched by the Authority.

13. Related Party Transaction

The Authority considers related parties' transactions to be those with Government owned entities. The Authority engages in related party transactions with the Treasury Department and the Ministry of Housing and Lands 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.

14. Key Management Personnel Compensation

	2019	2018
	\$000's	\$000's
Board of Directors	89	88
Senior Management	1,444	1,404
		<hr/>
	1,533	1,492

15.1 Financial Risk Management

The Corporation has exposure to the following risk from its use of financial instruments:

- Credit risk
- Liquidity Risk
- Operational Risk

15.2 Risk Management Framework

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.

15.3 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.

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

15.2 Credit Risk (continued) 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:-

	2019 \$000's	2018 \$000's
Cash and cash equivalents	7,154	1,976
Staff receivables	492	532
Other Receivables	42	39
	7,688	2,538

15.3 Liquidity Risk

Liquidity risk is the risk that the Authority will not be able to meet its financial obligations as they fall due. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. 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 management of the Authority aims at maintaining flexibility in funding by monitoring and budgeting commitments and by monitoring the timing of its cash flows.

The Authority's liquidity risk is minimal since as discussed in note 2.2.1, the Authority is economically dependent on the Government for its financing.

15.4 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.

16. Operating Income

	2019	2018
	\$000's	\$000's
OPERATING INCOME		
Subvention from Government - BRA	29,546	27,654
Subvention from Government – TAIRP	10,977	7,889
Other	23	4
Total Operating Income	40,546	35,547

17. Expenditure

Personnel Expenses	2019	Restated 2018
	\$000's	\$000's
Personal Emoluments	19,115	17,876
Employers Contributions	1,534	1,350
Contract Gratuity	3,366	3,327
Total	24,015	22,553

Other Expenses	2019	2018
Travel	79	83
Utilities	802	765
Rental of Property	13	13
Library Books & Publications	23	30
Supplies & Materials	557	546
Maintenance of Property	1,489	1,436
Maintenance of Property - TAIRP	731	
Operating Expenses	731	861
Operating Expenses (Extraordinary item Subvention Receivable written off)	9,199	
Operating Expenses-TAIRP	141	34
Bad Debts	32	
Structures	14	5

17. Expenditure

Other Expenses	Restated	
	2019	2018
	\$000's	\$000's
Structures – TAIRP	143	53
Professional Services	414	246
Professional Services-TAIRP	7,617	5,045
Subscriptions to Int'l Organisations	63	65
Total Operating Expenditure	22,234	9,182

18. Operating Expenses

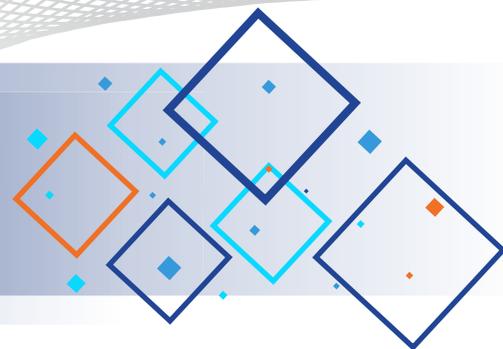
	2018	2017
	\$000's	\$000's
Hospitality	56	82
Conferences	272	726
Conferences-TAIRP	32	
Board & Tribunal Expenses	121	146
Postage	170	155
Special Payments	104	104
Information services	70	34
Information services - TAIRP	108	34
Uniforms	65	22
Other Operating Expenses	54	65
Extraordinary Item	9,199	-
Bank Charges	5	7
	10,256	895

18. CASH FLOW

	March 2019	March 2018
	\$000's	\$000's
Change in assets and liabilities		
Decrease in Subvention Receivables	9,180	(8,230)
Decrease in Staff Loans/Advances	31	(91)
Increase in Prepayments	(4,824)	(113)
Increase in Other Receivables	(3)	(3)
Increase in Administered Agency Receivable		(2)
Increase in Accounts Payable & Accrued Liabilities	4,682	3,981
Increase in Deferred Revenue	1,213	3,252
Net Change in assets and liabilities	10,280	(1,204)

FINANCIAL ANALYSIS AND DISCUSSION

AGENCY ACTIVITIES



This section of the Annual Report provides a discussion and analysis of the financial position and performance of the Barbados Revenue Authority's Agency Activities for the financial year ended March 31, 2019 as compared to the prior year ended March 31, 2018.

Overview

The Authority has completed its fifth year of operations. During this period, there was continued improvement to its financial position evidenced by continuous review, acquisition and reallocation of resources to create greater efficiencies within the organisation and assist in achieving its mandate of collecting revenue on behalf of the Government of Barbados.

General Fund

At March 31, 2019, General Fund stood at \$7m compared to \$13m at March 2018. This reduction was attributed to a write-off of subvention receivable which was owed by the Treasury Department at August 31, 2018.

Asset/Liability Management

Fixed Assets decreased by 28% despite the Authority's continued efforts to upgrade its plant to ensure that staff are provided with furniture that meets ergonomically accepted standards and equipment that improves the air quality within the office. The Authority also sought to improve efficiency and effectiveness as it relates to tax administration with the acquisition of software for a tax information system.

Assets under construction was reduced by 98% due to the recognition of the scanning equipment purchased on behalf of the Customs and Excise Department in financial year 2017-2018 as a prepaid expense. There are no future economic benefits from this asset that will flow to the Authority and as such the adjustment was made. The asset has to be transferred to the books of the Customs and Excise Department.

The acquisition of the software for the implementation of the Tax Administration Management Information System resulted in an overall increase of 173% to software.

Additional machinery and equipment costing \$0.402m and comprising mainly computer hardware and

network equipment was acquired. This resulted in the net book value of machinery and equipment increasing by 4%.

Leasehold improvements and furniture and fixtures represent 14% and 5% of fixed assets respectively. Prepayments relating to annual maintenance contracts increased by \$0.061m or 12% over last financial year. Those related to the scanning equipment for the Customs & Excise Department increased by \$4.8m.

Liabilities increased by \$5.9m or 77% due mainly to deferred revenue associated with the Tax Administration Infrastructure Reform Project and funds for PAYE for a Statutory Corporation which was deposited to the Authority's operations bank account instead of the revenue bank account by the remitter.

Subvention Income

The Authority receives its operational funds via subventions from Government. During the financial year, the Authority received subvention of \$29.5m, an increase of 7% compared to the prior financial year. These funds assisted the Authority in its efforts to continue streamlining its programmes to fulfil its mandate.

The Authority also received the amount of \$13.4m for the Tax Administration Infrastructure Reform Project (TAIRP) from Government. This project includes the Tax Administration Management Information System (TAMIS) as well as the acquisition of new scanning equipment for the Customs and Excise Department and the development and implementation of a new risk-based compliance plan, namely; the Revenue Enhancement Project (REP) aimed at optimising collections and increasing tax revenue.

The subvention for the TAIRP is initially recorded as deferred revenue and recognised when the related expenditure is incurred.

the Asset Management Module of the Smartstream system and coaching services for Senior Managers to assist in the development and enhancement of their leadership skills.

Expenditure

Major changes in expenditure were seen in Personal Emoluments, Maintenance of Property, Operating

Expenses, Depreciation and Professional Services.

During the financial year, Personal Emoluments increased by \$1.4m or 7% as a result of the following:

- increments paid to employees;
- arrears of salary paid to a Valuer for the period April 2014 to May 2018;
- the 5% salary increase for members of staff as at August 2018 along with arrears of salary for the period April to July 2018 as a result of salary negotiations between the Government of Barbados and the National Union of Public Workers and the increase in Employers Contributions from October 2018.

Maintenance of Property increased by \$.784m or 55% due mainly to expenditure incurred for the first year maintenance services for the Tax Administration Management Information System (TAMIS), tiling of the conference room at the Treasury location and soundproofing of the Boardroom at the Weymouth location.

Operating Expenses increased by \$9.4m or 1047% due mainly to the write off of subvention due from The Treasury Department at August 31, 2018. Increased costs for Professional Services of \$2.7m related mainly to the Tax Administration Infrastructure Reform Project (TAIRP).



FINANCIAL STATEMENTS ADMINISTERED ACTIVITIES





AUDITOR GENERAL'S OFFICE BARBADOS



INDEPENDENT AUDITOR'S REPORT To the Board of Directors of the Barbados Revenue Authority For the year ended March 31, 2019

Disclaimer of Opinion

I was requested to audit the financial statements of the Barbados Revenue Authority (the Authority) Administered Agency - Treasury, which comprise the Statement of Financial Position as at March 31, 2019, Statement of Change in Administered Agency Fund, Statement of Administered Revenue, Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

I do not express an opinion on the accompanying financial statements of the Administered Agency - Treasury of the Authority. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

There were a number of totals on the Statement of Financial Position in which adequate supporting information was not provided to allow for confirmation and these include tax receivables (net) \$1,552,010,000, other receivables \$460,043,000; liabilities due to Treasury \$1,604,244,000 and tax refunds payable of \$464,084,000. In addition, I was not given access to the E-Tax application and therefore could not perform audit procedures on taxes recorded therein to assist with the verification of the Statement of Administered Revenue reported as \$2,042,558,000.

As a result, I was unable to determine whether any adjustments were necessary to the financial statements in respect of tax and other receivables, refund payables, due to Treasury and revenue.

Emphasis of Matter

I draw attention to the format of these financial statements which are not representative of the role of a collector of revenue for the Government of Barbados. My disclaimer of opinion is not in respect of this matter.

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

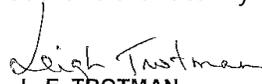
Management is responsible for the preparation and fair presentation of the financial statements in accordance with the International Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free 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 responsibility is to conduct an audit of the Administered Agency-Treasury of the Authority in accordance with International Standards of Supreme Audit Institutions and to express an audit opinion. However, because of the matter described in the Basis for Disclaimer of Opinion section of my report, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an opinion on these financial statements.

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


L. E. TROTMAN
Auditor General
2020-03-26

**Statement of Financial Position
Administered Agency – Treasury
For the Year Ending March 31, 2019
BDS\$000's**

	Notes	Actual Mar 2019 \$	Actual Mar 2018 \$
TOTAL ASSETS			
Current Assets			
Cash and Bank	6	82,784	20,255
Tax Receivables (Net)	7	1,552,010	1,337,884
Other Receivables	8	460,043	458,337
Total Current Assets			1,816,476
Total Assets		2,094,837	1,816,476
Liabilities			
Due To Treasury	9	1,604,244	1,364,866
Tax Refunds Payable	10	464,084	425,200
Deferred Revenue	11	231	227
Total Liabilities		2,068,559	1,790,293
GENERAL FUND			
Prior Year Bank Clearing Account		26,278	26,183
Net Surplus (Deficit)		-	-
Total General Fund		26,278	26,183
TOTAL LIABILITIES AND GENERAL FUND		2,094,837	1,816,476

The accompanying notes form an integral part of these financial statements



.....
Chairman

31/07/2019

.....
Date



.....
Revenue Commissioner

31/07/2019

.....
Date

**Statement of Change in General Fund
Administered Agency – Treasury
For the Year Ending March 31, 2019
BDS\$000's**

	Prior Year Activities	Total
Balance as at March 31, 2017		26,183
Increase/(Decrease) in Fund		-
		26,183
Balance as at March 31, 2018		
Increase/(Decrease) in Fund	95	95
Balance as at March 31, 2019		26,278

Barbados Revenue Authority
Statement of Administered Revenue
For the Year Ended March 31, 2019
BDS\$000's

	Actual 2019 \$	Actual 2018 \$
Goods & Service	761,076	731,235
Taxes on Insurance Premiums	27,190	27,630
Taxes on Bank Asset	32,223	35,411
Tax on Asset	12,650	11,301
Motor Vehicles	22,334	55,608
Public service vehicles	8,172	9,625
Taxes on Remittances	155	278
Excise Duties	13,939	17,164
Value Added Tax	644,413	574,218
Taxes on Income and Profits	1,080,575	744,484
Corporation Taxes	539,728	306,239
Income Taxes	493,699	393,460
Withholding Taxes	47,148	55,317
Taxes on Property	170,905	173,252
Land Tax	170,904	173,250
Rent Registration	1	2
Special Receipts	18,012	
National Social Responsibility Levy	9,594	20,781
Betting and Gaming	679	
Direct Product Development Levy	3,022	
Room Rate Levy	4,717	
Total Tax Revenue	<u>2,030,568</u>	<u>1,667,752</u>
Non-Tax Revenue - Highway Revenue	11,990	12,006
TOTAL REVENUE	<u>2,042,558</u>	<u>1,681,758</u>

The accompanying notes form an integral part of these financial statements

Barbados Revenue Authority – Administered Activities
Statement of Cash Flows
For the Year Ending March 31, 2019
BDS\$000's

	Actual	Actual
	Mar 2019	Mar 2018
	\$	\$
Net Surplus (Deficit)		
 CASH FLOWS FROM OPERATING ACTIVITIES		
 Change in Working Capital items		
Increase in Tax Receivables (Net)	(214,126)	(192,175)
Increase in Other Receivables	(1,706)	(190,493)
Increase in Deferred Revenue	4	(70)
Increase in Due To Treasury	239,378	190,931
Increase in Tax Refunds Payable	38,884	184,934
 Net Change in operating activities	 62,434	 (6,873)
 Financing Activities		
Change in General Fund	95	-
 Change in cash	 62,529	 (6,873)
Beginning Cash	20,255	27,128
Ending Cash	82,784	20,255

The accompanying notes form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

Significant Accounting Policies

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 Financial Statements of the Administered Operations 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 have been divided into two sets of financial statements: agency activities and administered activities. 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. The Authority administers and collects revenue relating to the specified enactments outlined in Schedule 1 of the Barbados Revenue Authority Act (BRAA) which include individual income tax, corporation income tax, property tax and vehicle licensing.

2. Accounting Policies

These financial statements comply with generally accepted accounting principles. The measurement base is historical cost. The accrual basis of accounting has been used unless otherwise stated.

3. Reporting and Forecast Period

The reporting period for these financial statements is the year April 1, 2018 to March 31, 2019.

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.

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.

Revenue Type	Revenue Recognition Point	Basis of Accounting
Income and Profits:		
Income Tax (source deductions)	When an individual earns income that is subject to PAYE and the necessary payment and schedule are 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/are 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	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 with accrual at year-end
Excise Duties	When Goods are subject to duty on assessment; on filing by taxpayer when payment of the levy is made	Accrual basis
Bank Asset Tax	Based on information submitted by Central Bank and Financial Services Commission.	Accrual basis
Property Tax:		
Land Tax	When the tax invoices are issued to the taxpayers	Accrual basis
Rent Registration	When tax is paid	Cash basis
Special Receipts:		
Municipal Solid Waste Tax	When invoices are issued to the taxpayer. 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
Non-Tax Highway Revenue	This revenue is derived from the sale of drivers licences, Highway Code booklets, visitors permits etc when payment is received.	Cash basis

5.2

The Revenue for the year ended March 31, 2018 as shown in the Statement of Administered Revenue was restated to reflect only collections by the Barbados Revenue Authority. Therefore collections from the Customs Department and Treasury Department have been excluded.

6. Cash and Bank

Cash and Bank refers to amounts received in the Authority's offices or by its agents up to March 31, 2019 but not yet deposited to the Treasury Department's bank accounts. The Authority deposits funds to the Treasury's accounts on a daily basis. Two bank accounts are held by the Authority with respect to administered activities; the Refunds account from which refunds to taxpayers are honoured and the revenue account into which revenue collected is deposited and transferred to the Treasury daily.

Cash and Bank consists of \$83M as reflected below:-

		2019	2018
		\$000's	\$000's
Refunds Account	Cash on Hand	-	-
Refunds Account	Balance at bank	33,483	3,068
Deposit Account	Cash on Hand	-	-
Deposit Account	Balance at Bank	49,301	17,187
		<u>82,784</u>	<u>20,255</u>

7. Receivables

7.1 Tax 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	2019	2018
		\$000's	\$000's
7.1.1	Value Added Tax		
	Opening balance	879,846	763,344
	Prior Years changes	(5,291)	37,298
	Principal	74,116	67,440
	Penalty	14,976	7,093
	Interest	5,433	4,671
	Amnesty	(1,308)	
		967,772	879,846
	Provision for Bad Debt	(19,355)	(17,560)
	Balance 31-Mar-19	948,417	862,286

	2019	2018
	\$000's	\$000's
7.1.2 Excise Tax		
Opening Balance	3,746	1,807
Prior Years change	(793)	1,895
Excise Tax		
Principal	238	29
Penalty	21	14
Interest	25	1
Balance 31-Mar-19	3,237	3,747
Provision for Bad Debt	(65)	
Balance 31-Mar-19	3,172	

Corporation Tax

	2019	2018
	\$000's	\$000's
7.1.4 Opening balance	54,745	31,350
Prior year changes	21,961	4,638
Principal	180,501	17,284
Penalty	5,139	1,162
Interest	2,348	331
Amnesty	(4,266)	
260,428	54,745	54,745
Provision for Bad Debt	(115,720)	(1,095)
Balance 31-Mar-19	144,708	53,651

	2019	2018
	\$000's	\$000's
7.1.5 Income Tax		
Opening balance	20,203	12,564
Prior period adjustment	14,240	2,826
Principal	66,021	4,083
Penalty	4,718	644
Interest	1,409	87
Amnesty	(3,864)	
102,727	20,204	20,204
Provision for Bad Debt	(2,054)	(389)
Balance 31-Mar-19	100,673	19,815

During 2016 – 2017 we implemented a number

7.1.6 Consolidation Tax		2019	2018
		\$000's	\$000's
Opening balance		6,947	6,254
Prior Years adjustments		7236,947	199
Principal		-	495
		7,670	6,948
	31-Mar-19		
Provision for Bad Debt		(153)	(139)
	Balance 31-Mar-19	7,517	6,809
7.1.7 National Social Responsibility			
		2019	2018
		\$000's	\$000's
Bal b/forward		3,397	953
Prior period adjustment		(351)	71
Principal		1,103	2,034
Penalty		113	196
Interest		90	144
	31-Mar-19	4,352	3,398
	Less Prov B/D 2%	(87)	(68)
	Balance 31-Mar-19	4,265	3,330
7.1.8 Land Tax			
		2018	2017
		\$000's	\$000's
Opening balance		321,288	238,848
Prior Years adjustments		(107,954)	585
Principal		35,344	22,167
Penalty		1,369	1,078
Interest		17,129	15,928
	Balance 31-Mar-18	306,934	361,046
7.1.9 Municipal Solid Waste Tax			
		2019	2018
		\$000's	\$000's
Opening balance		27,448	25,613
Prior Years adjustments		(112)	
Principal		5	(396)
Penalty		2	(21)
Interest		2,163	2,252
		29,506	27,448
Provision for Bad Debt		(590)	(549)
	31-Mar-19	26,899	26,899

	2019 \$000's	2018 \$000's
Withholding Taxes		
Opening balance		-
Principal	3,440	-
Penalty	130	-
Interest	28	-
31-Mar-19	3,598	-
Premium Taxes		
Opening balance	-	-
Principal	2,037	-
31-Mar-19	2,037	
Product Development Levy		
Opening balance		
Principal	747	-
Penalty	21	-
Interest	4	-
31-Mar-19	772	
Room Rate Levy		
Opening balance	-	
Principal	662	
Penalty	32	
Interest	7	
31-Mar-19	701	
	\$000's	\$000's
7.1.10 Highway Revenue	300	300
Total Receivable (Net) @ March 31, 2018	<u>1,552,010</u>	<u>1,337,884</u>

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 \$138M, (2018: \$19.8M)

Provision for Doubtful Accounts	2019	2018
	\$000's	\$000's
Value Added Tax	19,356	17,560
Corporation tax	115,720	1,123
Income Tax	2,054	412
Consolidation Tax	153	139
MSWT	590	549
NSRL	87	68
Excise	65	
Balance 31-Mar-18	138,025	19,799

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.

9. Due To Treasury

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

	2019	2018
	\$000's	\$000's
Opening Balance	1,364,872	1,173,931
Accts Receivables	222,894	261,536
Collections	1,299,948	1,430,384
Deposits	(1,283,470)	(1,500,979)
31-Mar-19	1,604,244	1,364,872

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, 2019.

	2019	2018
	\$000's	\$000's
Opening Balance	425,200	240,266
Assessments	145,018	212,348
Refunds Paid	(85,542)	(27,414)
31-Mar-19	464,085	425,200

10.2 Refunds Payable by Tax Type

	2019	2018
	\$000's	\$000's
Consolidation Tax	2,938	3,501
Corporation Tax	181,472	156,420
Interest re: Corporation Tax	67,910	46,134
Interest re: Tax Certificates	130	170
Income Tax	60,492	67,526
Interest re Income Tax	38,332	31,054
Reverse Tax Credits	8,108	10,283
VAT	103,314	109,988
Land Tax	124	124
Highway Revenue Refunds (Road tax)	1,265	
	31-Mar-19 464,085	425,200

11. Deferred Revenue

Deferred Revenue represents overpayments of taxes in the current year that relate to a future accounting period. At March 2019 Deferred Revenue for prepaid land tax activities stood at \$231K (2018: \$226K).

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 to March). 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 2019: \$63.8M (2018: \$63.0M)

Rebates, Waivers & Discounts on Land Tax

	2019	2018
	\$000's	\$000's
Rebates	43,895	43,177
Waivers	8,425	8,427
Discounts	11,512	11,423
	63,832	63,027

13. Penalties and Interest waived relative to Amnesty

	2019	2018
	\$000's	\$000's
Corporation Tax - Interest	3,910	1,113
Corporation Tax - Penalties	356	288
Income Tax - Interest	3,568	832
Income Tax - Penalties	296	325
VAT – Interest	1,080	687
VAT – Penalties	228	167
Land Tax – Interest	3,838	4,098
Land Tax – Penalties	586	483
	13,862	7,993

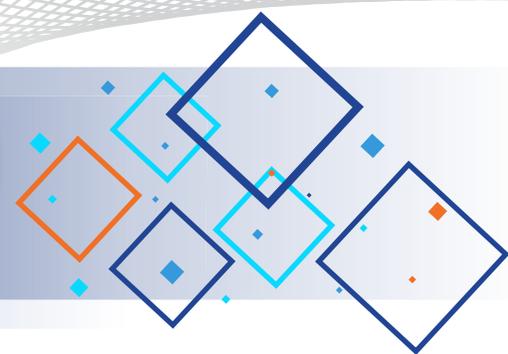
14. Accounts Written off

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 \$150M as shown below:-

Balances prior to tax year 2000.

	2019 \$000's	2018 \$000's
Land Tax	25,03	-
Inter-governmental Debts	8,425	-
Land Tax	58,261	-
Value Added Tax	66,565	-
	149,856	-

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 Revenue Authority-Administered Activities for the financial year ended March 31, 2019 as compared to the prior financial year ended March 31, 2018.

Revenues, expenditures, assets and liabilities related to the funds collected and earned for the financial year 2019 are reported in the Statements of the Administered Operations - Treasury.

The Administered Agency Statement reports the revenues, expenditures, assets and liabilities related to the funds collected and earned for the financial year 2017-2018.

Basis for preparation of the Administered Operations - Treasury Statements

The Authority's accounts are prepared in accordance with the requirements of the Financial Management and Audit Act 2007-11 and Financial Regulations 2011 which require the use of International Public Sector Accounting Standards (IPSAS).

The Authority has worked closely with the Accountant General's office to ensure that the accounting policies which underpin these accounts are comprehensive and appropriate.

Accounting policies for the Administered Operations - Treasury 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 gross and no deductions are made for the payment of refunds due to taxpayers. The Authority therefore, on behalf of the Administered Operations - Treasury, 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. With respect to matters of litigation, the Authority makes provision for proceedings which occur in the normal course

of business, as "Provision for liabilities or contingent liabilities". Provision is made after litigation is completed and a reasonable estimate can be made. In other cases where it is probable that the Authority will be required to settle and it is not possible to make a reliable estimate, or where it is possible that the Administered Operations - Treasury will incur a liability, those are shown as contingent liabilities.

There were no contingent liabilities made during 2018-2019.

Auditors

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

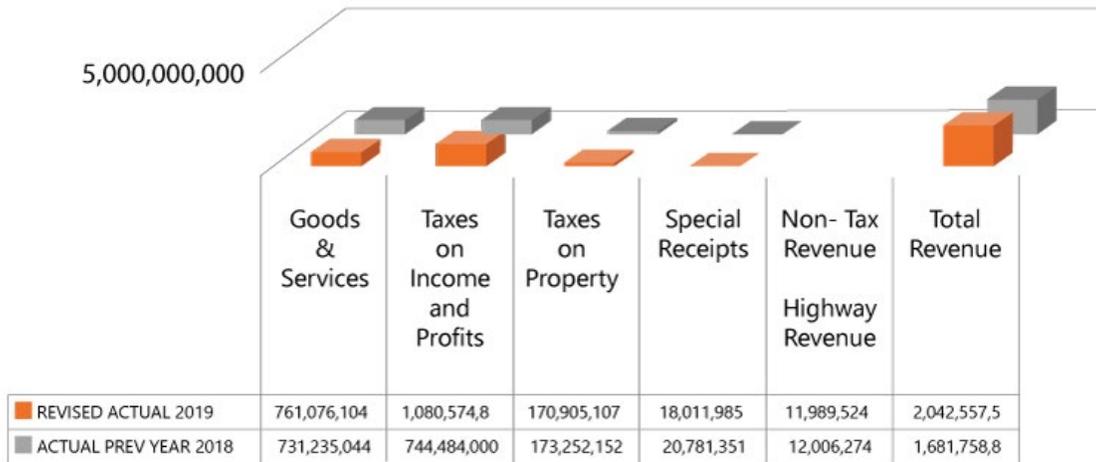
Financial Review

Statement of Revenue

In previous years the Financial Statements included taxes collected by the Customs Department and the Treasury Department. These financial statements were updated to report on only the taxes collected by the Authority and the prior year figures were therefore restated to reflect such collections. In financial year ended March 2019, the Authority recorded \$2.04 billion in revenue on behalf of the Administered Operations surpassing \$1.68 billion in the year ending March 2018. This represents an increase of over \$360m or 21% over the previous year. The major increase was recorded under the Incomes & Profits(\$336M) and Goods and Services (\$29M) comprising mainly increases in VAT(\$70M) with offsetting decreases in Motor Vehicles (\$34M) and Tax on Bank Assets (\$3M) and Excise (\$3M).

The National Social Responsibility Levy (NSRL) was repealed in June 2018. The decrease in Motor Vehicle resulted from the removal of road tax on privately owned vehicle.

Major Revenue Earners Actual 2019 vs Actual 2018 (Restated)

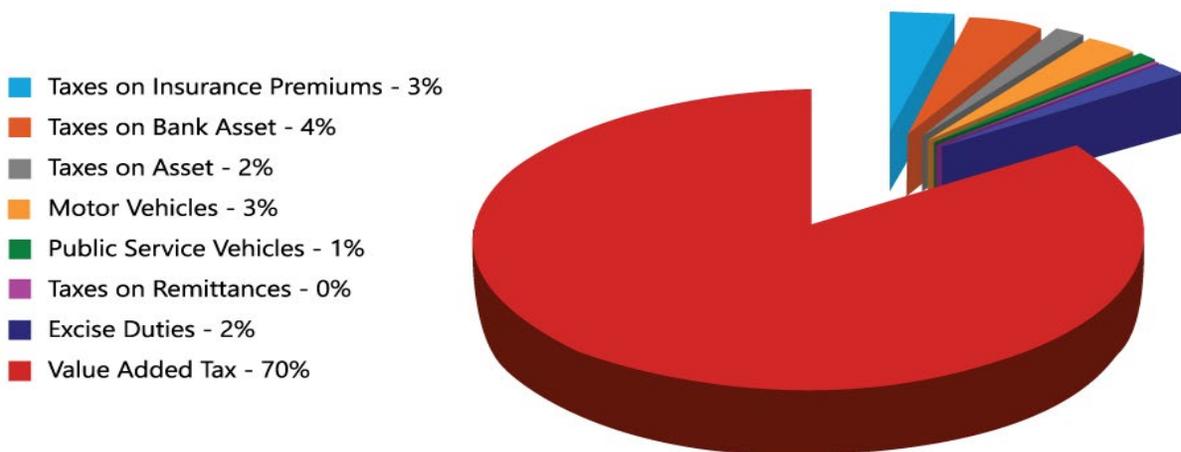


Taxes on Goods & Services

Goods & Services revenue for financial year 2019 exceeded the actual amount for financial year 2018 by \$29m. Goods & Services which performed

favourably were VAT which showed a \$70m increase. This was however offset by decreases in in Motor Vehicles (\$34M) and Tax on Bank Assets (\$3M) and Excise (\$3M).

Revenue from Goods & Services

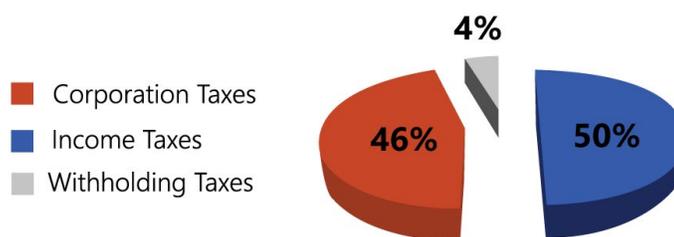


Taxes on Income & Profits

Taxes on Incomes and Profits comprising mainly Corporation Tax and Personal Income Tax, saw an increase of \$337m when compared to the previous year. Corporation Tax showed an increase of \$251m

over last year, while Personal Income tax and Withholding taxes reflected an increase of \$84m and \$2m respectively compared to prior year.

Revenue Generated from Incomes and Profits Sector



Property Taxes

Land Tax recorded a 1% decline in revenue from prior year. ■

Statement of Financial Position

1.1. Tax Receivables

At March 31, 2019, tax receivables net stood at \$1.5b, an increase of \$214m. Including interest and penalties, these increases were mainly due to Value Added Tax receivables at \$88m, Corporation tax receivables of \$91m and Income Tax of \$81M. Land Tax receivables declined by \$54m.

1.2. Other Receivables

There was a slight increase of \$1m in Other Receivables which represents mainly funds due from the Treasury to honour tax refunds. In financial year ending March 31, 2019 refunds paid totalled \$85m.

Refunds paid for VAT, Consolidation Tax, Corporation Tax and individual Income Tax, inclusive of Reverse Tax Credit, were \$35m, \$.09m, \$1.8m and \$47m respectively.

1.3. Due To Treasury

Due to Treasury represents assessments on Incomes & Profits, Land Tax billings and filing of VAT returns net of collections paid over to the Treasury.

At March 31, 2019, Due to Treasury stood at \$1.6b, an increase of \$239m. This growth reflects the increases in the various areas of Tax Receivables.

1.4. Tax Refunds Payable

Tax Refunds Payable represents amounts due to taxpayers based on assessments on Incomes & Profits, and filing of VAT returns. There was an increase of \$38.8m in Refunds Payable at March 31, 2019.



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