

Frequently Asked Questions

Reference No.	OGC: 06/2025 FAQs Monthly Prepayments
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1. Who has to Prepay Monthly?

1.1. **INCOME YEAR 2024** - For the income year 2024, **ONLY** companies that are part of a Multinational Enterprise (MNE) group and have annual consolidated revenue of EUR 750 million or more are required to make monthly corporation tax prepayments. This requirement applies if the company's ultimate parent company or the intermediary parent company is located in a jurisdiction that has implemented top-up tax legislation, specifically legislation consistent with Pillar II of the GloBE Rules.

1.2. **NOTE:** Monthly prepayments began on January 1, 2024, for the income year 2024. Therefore, if a relevant company's 2024 income year ends on December 31, 2024, it will be required to make a total of 12 monthly prepayments for that year. If, however, a relevant company's 2024 income year ends on a date prior to December 31, 2024, the number of required monthly prepayments will be adjusted accordingly.

1.3. **INCOME YEAR 2025** - For the income year 2025, **ALL** companies are required to prepay corporation tax on a monthly basis. However, companies registered as approved small businesses under the *Small Business Development Act, Cap. 318C*, and having a gross income of \$2,000,000 or less are exempt from this requirement.

2. How to Calculate Monthly Prepayments?

2.1. The prepayments are calculated based on the taxable income, for the income year before the preceding income year, net of tax credits, multiplied by the applicable corporation tax rate, divided by the number of applicable months. That is, monthly prepayments shall be determined according to the following formula:

Prepayment =

$$\frac{[(\text{Taxable Income of Year before Preceding Income Year} * \text{Applicable Corporation Tax Rate}) - \text{Tax Credits}]}{12}$$

2.2. Below is a simplified example of the calculation of prepayments based on the corporation tax rate of 9%. This example is provided for illustrative purposes only and should be regarded as a general guide, as circumstances may vary.

Example 1:

XYZ Corp is required to make monthly prepayments for the 2025 income year. The prepayments are based on the taxable income for the income year before the preceding income year (i.e., for the 2023 income year). The company has taxable income (TI) of \$1,000,000 for income year 2023 and tax credits (TC) totaling \$50,000. The applicable tax rate (TR) is 9% (0.09). Additionally, the company's fiscal period ends on December 31, 2025.

$$\text{Monthly Prepayment} = \frac{[(\text{TI} * \text{TR}) - \text{TC}]}{12}$$

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Substituting the values:

Step 1: Multiply the taxable income by the applicable corporate tax rate:
 $\$1,000,000.00 * 9/100 = 90,000.00$

Step 2: Subtract the Tax Credits:
 $\$90,000.00 - \$50,000 = \$40,000$

Step 3: Divide by 12:
 $\frac{\$40,000.00}{12} = \$3,333.33$

The **monthly prepayment is \$3,333.33**

NB: For **income year 2025**, in this example, monthly prepayments will start on **January 15, 2025** and continue thereafter since fiscal period ends December 31, 2025.

3. Can a company apply for a determination of the prepayment payable or a reduction in prepayment if lower profits are expected compared to the relevant previous income year?

3.1. Yes, newly formed companies may apply for a determination of the prepayment payable by submitting an estimate of taxable income. These companies are required to make the appropriate prepayments based on that estimate, in accordance with the instructions of the Barbados Revenue Authority ("the Authority").

3.2. Other companies may request a reduction in prepayments by applying for a determination of the instalments payable to the Authority. Adequate supporting documentation **MUST** be submitted for consideration.

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5. When are Monthly Prepayments Payable?

5.1. Monthly prepayments must be paid no later than the **15th day of each calendar month.**

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<p>6. How do companies make a prepayment if they are not subject to the monthly prepayment obligation?</p>
<p>6.1. Companies are required to make prepayments in accordance with <i>Section 64B</i> of the <i>Income Tax Act, Cap. 73</i>, as outlined below:</p>
<p>6.2. Companies with fiscal periods ending between January 1 and September 30 must make a corporation tax prepayment by September 15, equal to 50% of the tax payable for the previous fiscal period. Any remaining tax is due when filing the return by March 15 of the following year.</p>
<p>6.3. Companies with fiscal periods ending between October 1 and December 31 must make two prepayments: one by December 15 and the other by March 15 of the following year. Each prepayment is 50% of the tax payable for the previous fiscal period. Any remaining tax is due when filing the return by June 15 of the following year.</p>
<p>7. What are the Monthly Prepayment Filing Requirements?</p>
<p>7.1. Companies subject to monthly prepayments shall complete the required Corporation Tax Prepayment Return online via the Global Relations Web Portal at https://globalrelations.bra.gov.bb. From April 2025 prepayment shall be facilitated directly into TAMIS.</p>
<p>8. How to Pay Prepayments?</p>
<p>8.1. You can make your monthly prepayment online through the Global Relations Web Portal at https://globalrelations.bra.gov.bb using a debit or credit card. Monthly prepayments made through the Global Relations Web Portal will be subsequently recorded in TAMIS. Prepayments can also be paid by cheque or wire transfer.</p>
<p>8.2. Prepayments Due on September 15, 2024, December 15, 2024 or Otherwise</p> <p style="padding-left: 40px;">8.2.1.1. If a company has prepayments due on September 15, 2024, December 15, 2024, or otherwise in accordance with <i>Section 65B</i> of the <i>Income Tax Act, Cap. 73</i>, those payments must be made in TAMIS under the existing prepayment system.</p>
<p>9. Payment Instructions: Quoting Reference Number and Tax Identification Number</p>
<p>9.1. When making monthly prepayments via wire transfer, in-person, or by cheque, please ensure you quote the reference number provided when filing the Corporation Prepayment Return in the Global Relations Web Portal, name of the entity, month/s to which the payment relates and obligation type, i.e., monthly prepayments.</p>

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9.2. Alternatively, when submitting a prepayment return through TAMIS, kindly quote your Tax Identification Number (TIN) when making the payment.

10. Penalties

10.1. The penalties and interest for failing to file a return on time and pay the corporation tax due are as follows:

10.1.1. Penalty for failing to file a corporation tax return by the due date is BBD 500 plus 5% of the tax assessed at the due date.

10.1.2. Penalty for failing to pay corporation tax by the due date is 5% of the tax assessed and unpaid at the due date.

10.1.3. Interest charge of 1% per month on the tax and penalties calculated for each month during which any amount of tax and penalties remain unpaid on the largest amount of tax and penalties that were due and unpaid at any time during that month.

10.1.4. The penalty for failing to make an instalment of corporation tax by the due date is 10% of the corporation tax prepayment due, plus interest at 0.5% per month on the corporation tax prepayment outstanding.

11. Contact Us!

11.1. Please reach out to the Team with your queries at +1 (246) 232 2045 or our Contact Centre at +1 (246) 429 ETAX (3829) or email ltuoperations@bra.gov.bb

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Office of the General Counsel
Barbados Revenue Authority**