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POLICY NOTE
OGC No. 009/2023
Income Tax Act, Cap. 73

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Corporation Tax Reform **Pre-Payment of Tax for Income Year 2024**

Introduction

On Monday November 7, 2023, the Hon. Mia Amor Mottley SC, MP, Prime Minister and Minister of Finance, Economic Affairs and Investment, rose in Parliament to announce a reform of Barbados' corporation tax regime. The reform includes changes to the corporation tax rate, the introduction of a top-up tax and monthly pre-payments, and other measures.

To assist taxpayers with the compliance of the Minister's announcement on monthly pre-payments, the Barbados Revenue Authority ("the Authority") wishes to advise the following:

Monthly Tax Pre-payments for Income Year 2024

For income year 2024 and commencing January 1, 2024, some companies will move to a monthly prepayment cycle.

Companies which are required to make monthly prepayments from January 1, 2024 shall be:

Any company that is part of a MNE group that has annual revenue of €750 000 000 or more in its consolidated financial statements in at least two of the last four fiscal years, the ultimate parent entity or intermediate parent entity of which is located in a jurisdiction that has implemented legislation in accordance with the GloBE rules.

Where the jurisdiction of the Ultimate Parent Entity (UPE) or Intermediate Parent Entity (IPE), as referred to above, has not implemented legislation in accordance with the GloBE rules, but subsequently implements such legislation, such companies shall make their prepayments with effect from the month following the month that such legislation is implemented in such jurisdiction.

For example, if such legislation was implemented on February 20, 2024, the company shall commence prepaying its tax on March 15, 2024 and thereafter monthly.

ALL CORRESPONDENCE MUST BE ADDRESSED TO THE REVENUE COMMISSIONER

For the avoidance of doubt, for income year 2024, all other companies shall continue to prepay tax on the same basis as currently applicable in accordance with *section 64B* of the *Income Tax Act, Cap. 73*.

Monthly Prepayment Filing Requirement

Companies subject to monthly prepayments shall complete the Monthly Corporation Tax Prepayment Return online at <https://globalrelations.bra.gov.bb>.

Please note that monthly prepayment should not be completed in TAMIS.

Application of Monthly Pre-payment Obligation

Companies subject to monthly prepayments for income year 2024 **MUST** pay to the Commissioner, a monthly pre-payment of corporation tax at a rate of 9 per cent on its taxable income.

The pre-payment is due on the 15th day of each month.

The taxable income of said companies for an income year shall be taken to be the taxable income for the income year before the preceding income year, as disclosed in its return filed in accordance with *section 52* of the *Income Tax Act, Cap. 73*. Therefore, for income year 2024 the prepayment shall be calculated based on the company's taxable income for income year 2022.

Calculation of Monthly Pre-payment

Pre-payments shall be calculated based on the taxable income multiplied by the corporation tax rate, net of tax credits, divided by the number of applicable months. That is, monthly pre-payments shall be determined according to the following formula:

$$PR_{\text{Monthly}} = RT \times \frac{TI}{M}$$

Where:

PR_{Monthly} shall be the monthly tax pre-payment.

TI shall be taxable income for the income year before the preceding income year net of credits.

M shall be the number of months in the income year for which the prepayments should be made.

RT shall be the 9 per cent rate of tax.

New companies shall request a prepayment determination within the monthly Corporation Tax Prepayment Return Form at <https://globalrelations.bra.gov.bb>.

Companies requesting a reduction in prepayments should also do so by way of requesting a determination of instalments payable to the Revenue Commissioner within the monthly Corporation Tax Prepayment Return Form at <https://globalrelations.bra.gov.bb>. In all instances, adequate supporting documentation must be uploaded.

How to Pay Pre-payments

Online

The prepayment can be paid online using debit or credit cards by accessing <https://globalrelations.bra.gov.bb>

In person or by cheque

Payments can be made at any of the Authority's offices or by cheque payable to the "Barbados Revenue Authority" accompanied by the completed and printed Monthly Prepayment Return, deposited in the drop boxes available at any of our locations.

Locations	Opening Hours
Bridgetown Street Mall, Bridge Street, Bridgetown	7:30 a.m. - 3:30 p.m.
Warrens Tower II, Warrens, St. Michael	8:15 a.m. - 3:30 p.m.
Holetown Public Centre, Holetown, St. James	7:30 a.m. - 3:30 p.m.
Southern Plaza, Oistins, Christ Church	8:15 a.m. - 3:30 p.m.
Pine East-West Boulevard	7:30 a.m. - 4:30 p.m.

By Wire Transfer

Prepayments can be paid in United States Dollars (USD), by way of wire transfer directly to the bank account listed below:

Name of Bank: Wells Fargo Bank, New York
Swift Code: PNBPU3NNYC
ABA Code: 026005092
For credit to: FirstCaribbean International Bank (Barbados) Limited
Swift Code: FCIBBBBB
Beneficiary Name: Barbados Revenue Authority
Beneficiary Account #: 1001235129

Penalty for Nonpayment or Late payment

Failure to make pre-payments by the due date will result in a penalty of 10 per cent or \$10, whichever is greater, as well as interest at the rate of 0.5 per cent per month.

Definitions

For definitions, please see draft legislation at Barbados Corporate Tax Reform 2024 - Barbados Revenue Authority (bra.gov.bb).

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January 2024

**Office of the General Counsel
Barbados Revenue Authority**