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Policy Note
OGC No 004 /2026
Tourism Levy Act, 2019-57
Budgetary Proposals 2026

Reference	OGC No.004
Title	Approved Rental Car Companies
Subtitle	Direct Tourism Services
Purpose	This policy note is intended to inform the public that from October 1, 2026, approved rental car companies will be designated as Direct Tourism service under Section 3(1) of the Tourism Levy Act, 2019-57.

Approved Rental Car Companies

On Monday March 16, 2026 the Minister of Finance the Honorable Ryan Straughn M.P, announced during the Budgetary Proposals and Financial Statement for the financial year 2026/2027 that

"With effect from July 1, 2026, rental car companies be designated as eligible tourism service providers under Section 3(2) of the Tourism Levy Act……."

Effective Date

Effective October 1, 2026, rental car companies will be designated as Direct Tourism Services providers under Section 3(1) of the Tourism Levy Act.

Approved Rental Car Companies

Approved rental car companies refer to businesses that provide vehicle rental services and direct tourism services, are VAT Registered, NIS, customs, and tax compliant and have deposited 60% of foreign revenue into the banking system.

Direct Tourism Services

Direct Tourism Services refer specifically to the provision of goods and services by a person who has a license from the Barbados Tourism Product Authority (BTPA) or an entity or organization, which is approved by the BTPA. Relevant goods and services include:

- Accommodation: Hotels, resorts, and Airbnb.
- Transportation: Airlines, taxi services, and car rentals.
- Experiences & Entertainment: Theme parks, museums, and local tours.

- Food and Beverage: Restaurants and cafes.
- Travel Arrangements: Tour operators and travel agencies.

Registration and Approval

To be approved, rental car companies must register with the BTPA, the Barbados Revenue Authority (BRA) and the Customs and Excise Department (CED).

Product Development Levy and VAT

Approved rental car companies are required to charge the Product Development Levy on the provision of Direct Tourism Services. Taxable Supplies made by approved rental car companies will be subject to 10% VAT effective October 1, 2026.

Rate of Levy

The rate of the Product Development Levy is 2.5 per cent of the amount paid for the Direct Tourism Service.

Conditions:

Approved rental car companies must:-

1) remain compliant with Value Added Tax (VAT), National Insurance and all other applicable tax obligations;
2) provide evidence of current vehicle licensing, inspection, insurance and routine maintenance requirements;
3) initially provide evidence that at least 60 per cent of revenue for the past three (3) income years was earned from foreign sources and was deposited into the domestic banking system and maintain that percentage going forward;
4) acquire only new battery electric vehicles, plug-in hybrid electric vehicles or full hybrid vehicles under the concession.
5) obtain qualifying vehicles either by direct importation or through an approved local bonded warehouse or other approved local source where the applicable duties and taxes have not already become payable;
6) be subject to a quota system based on the company's verified active rental fleet, structured to provide equitable access to the concession by small, medium and large rental car operators. The applicable quota and eligibility criteria shall be determined administratively by the Ministry of Finance in consultation with the relevant agencies and may be reviewed periodically;
7) retain each vehicle acquired under the concession in the approved rental fleet for a period of at least five (5) years, unless earlier disposal or replacement is approved by the relevant authorities;
8) before approval is granted for a replacement vehicle, declare the proposed disposal of the existing concessional vehicle to the Ministry of Finance and provide satisfactory evidence of its location, ownership, use and intended disposition. Disposal shall be verified before the replacement concession is granted;

9) provide copies of the commercial invoice, proof of payment, insurance documentation and such other valuation information as CED may require. The insured value and the value declared to CED should be reasonably reconcilable, and any material unexplained variance may result in valuation verification before the concession is granted;
10) maintain complete records for all vehicles acquired under the concession, including the chassis/VIN, registration number, date of acquisition, value, amount of duties and taxes relieved, retention period, current status and final disposition, and make such records and vehicles available for audit or inspection by CED, the BRA or another authorised agency;
11) immediately notify the relevant authorities of any sale, transfer, change of use, theft, loss, destruction, export or other material change affecting a concessional vehicle;
12) acknowledge that unauthorised sale, transfer, disposal, change of use, false declaration, failure to produce a vehicle or other breach of the conditions of the concession may result in suspension or withdrawal from the programme, recovery of duties and taxes and the imposition of any penalty provided by law; and
13) comply with any additional monitoring, reporting, audit, environmental or programme requirements issued by the Ministry of Finance, CED, the BRA or other regulatory authority.

Administration:

1) Subject to approval by the Ministry of Finance and the applicable quota, approved car rental companies will be eligible for relief from Import Duty, Excise Tax and VAT on qualifying vehicles acquired for use in the approved rental fleet;
2) Mild hybrid, mild-hybrid electric (MHEV), micro-hybrid or other vehicles in which the electric motor is not capable of independently propelling the vehicle shall not qualify for the concession ;
3) Where a vehicle is sold, transferred or otherwise removed from the approved rental fleet before the expiration of five (5) years, approved rental car companies must obtain prior approval and pay the applicable proportion of the duties and taxes originally relieved, calculated using an approved depreciation or pro-rated recovery methodology. Provision may be made for total loss, theft, export, destruction, uneconomical repair or other exceptional circumstances;
4) Where, during an audit or investigation, a concessional vehicle cannot be produced or its lawful disposition satisfactorily established, approved rental car companies will be liable for the recovery of the applicable duties and taxes relieved, together with any applicable administrative penalty. Amounts assessed and remaining unpaid may be recovered using the statutory debt-recovery mechanisms available to the relevant authority, including garnishment where authorised by law;
5) The vehicle concession shall operate as a targeted fiscal measure for such period as may be approved by the Ministry of Finance and shall be subject to periodic review having regard to Government's fiscal, tourism, environmental and green-

energy objectives, revenue performance, compliance levels and developments in vehicle technology.

6) Direct Tourism Services provided by rental car companies will be administered through the Barbados Revenue Authority's Tax Administration Management Information System (TAMIS).

Should you have any queries about this policy note or require further information, please direct your enquiries to our Contact Centre at 1 (246) 429-ETAX (3829) or via email at bramail@bra.gov.bb.

Office of the General Counsel
Barbados Revenue Authority
30 September 2026