

POLICY NOTE

OGC No. 001/2026

Income Tax Act, Cap. 73

Budgetary Proposals 2026

Reference	OGC No. 001/2026
Title	Personal Income Tax
Subtitle	Reduction of Personal Income Tax Rates
Purpose	This policy note is intended to inform the public that effective Income Year 2026, the personal income tax rates for individuals have been reduced from 12.5% to 11.5% and from 28.5% to 27.5% respectively.

Reduction in Personal Income Tax Rates with Effect from Income Year 2026

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

“.....I now propose that with effect from income year 2026, the personal income tax rate for individuals earning between \$25,000 and \$75,000 is reduced from 12.5 percent to 11.5 percent, at a cost of \$16.4 million, and for those earning above \$75,000 from 28.5 percent to 27.5 percent, at a cost of \$9.7 million.”

To give effect to the Minister’s proposal, the Barbados Revenue Authority (“the Authority”) advises that:

Effective Date

Effective Income Year 2026 the new income tax rates for individuals shall apply.

Rates of Tax

The new income tax rates for individuals shall be applied as follows:

Income	Rate of Tax
Above \$25,000 but not more than \$75,000	11.5%
Over \$75,000	27.5%

Examples:

- 1) An individual earns annual employment income of \$60,000.00. He receives no other source of income. He claims personal allowance of \$25,000. His monthly and annual taxes will be calculated as follows:

Monthly Calculation

Monthly Income (\$60,000/12)	\$5,000.00
Less: Personal Allowance (\$25,000/12)	\$2,083.33
Taxable Income	\$2,916.67
Tax Payable (\$2,916.67* 11.5%)	\$ 335.42

Annual Calculation

Annual Income	\$60,000.00
Less: Personal Allowance	\$25,000.00
Taxable Income	\$35,000.00
Tax Payable (\$35,000* 11.5%)	\$4,025.00

- 2) An individual earns annual employment income of \$100,000.00. He receives no other source of income. He claims a personal allowance of \$25,000. He will be subject to tax at both tax rates. His monthly and annual taxes will be calculated as follows:

Monthly Calculation

Monthly Income (\$100,000/12)	\$8,333.33
Less: Personal Allowance (\$25,000/12)	\$2,083.33
Taxable Income:	\$6,250.00
Tax on first \$50,000 (\$50,000/12) = (\$4,166.67*11.5%) =479.17	
Tax on the remainder (\$6250.00 - \$4,166.67= \$2083.33) (\$2083.33*27.5% = \$572.92)	
Total Tax Payable (\$479.17 + \$572.92)	\$1,052.09

Annual Income Calculation

Annual Income	\$100,000.00
Less: Personal Allowance	\$25,000.00
Taxable Income:	\$75,000.00
Tax on first \$50,000 = $(\$50,000 \times 11.5\%) = \$5,750$	
Tax on the remainder $(\$25,000 \times 27.5\%) = \$6,875$	
Total Tax Payable $(\$5,750 + \$6,875)$	\$12,625.00

Pay as you earn (PAYE)

- Payroll personnel responsible for deducting PAYE should adjust their payroll systems to ensure that the correct taxes are deducted from earnings such as wages and salaries.
- The tax deducted or withheld each month shall be paid to the Revenue Commissioner on or before the 15th day of the following month.

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
April 2026**