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## GUIDANCE NOTE

OGC No. 04/2024

Value Added Tax Act, Cap. 87

Budgetary Proposals and Financial Statement 2024/25

Reference	OGC No. 04/2024
Title	Import Duty and Value Added Tax: Generators and Transfer Switches
Subtitle	Import Duty and Value Added Tax on Generators and Transfer Switches
Purpose	This note is intended to inform the public when the purchase and installation of generators and transfer switches are exempt from import duty and Value Added Tax ("VAT"). It should be read in conjunction with the <i>Value Added Tax Act, Cap. 87</i> , as amended and the <i>Customs Act, 2021-34</i> .

### Import Duty and Value Added Tax on Generators and Transfer Switches

On Monday, 18 March, 2024, the Honorable Prime Minister and Minister of Finance and Economic Affairs, Culture, Security and the Public Service, Mia Amor Mottley, S.C, M.P, announced, during the Budgetary Proposals and Financial Statement for the financial year 2024/2025, the introduction of a

**“waiver of Import Duty and VAT for two-years starting April 1, 2024 on the purchase and installation of generators and transfer switches at residential homes, irrespective of the fuel type, for a further 2 years”.**

To give effect to the foregoing, the Barbados Revenue Authority advises that:

### **Commencement and Ending Date**

Effective from April 1, 2024 to March 31, 2026, no import duty is payable on generators and transfer switches under the *Customs Act, 2021-34*.

## Guidance Note: Import Duty and Value Added Tax on Generators and Transfer Switches

Further, effective from April 1, 2024 to March 31, 2026

- (a) a supply of generators and transfer switches, where the supply is acquired for a residential property;
- (b) a supply of services, where the service is acquired for the purpose of installing generators and transfer switches in a residential property; and
- (c) generators and transfer switches imported for residential properties,

shall be exempt from the tax imposed under the *Value Added Tax Act, Cap. 87*.

### Scope of the relief

The exemption from VAT applies to

- (a) the services of installing generators and transfer switches in residential properties. For example, where a customer employs a business to install generators and transfer switches that the customer purchased directly from a retailer;
- (b) the supply of generators and transfer switches by a person who installs those materials in residential properties. For example, where a customer employs a business to supply and install generators and transfer switches;
- (c) the supply of generators and transfer switches without installing them. For example, the sale of generators and transfer switches by a retailer to a customer.

The exemption from VAT also applies if you

- (a) import generators and transfer switches for retail sale with respect to residential properties, whether or not installation services are provided. For example, a business imports generators and transfer switches for retail sale but for residential properties **ONLY**;
- (b) import generators and transfer switches for personal use. For example, where a person imports generators and transfer switches for subsequent installation on his/her residential property.

The exemption from import duty applies to the importation of generators and transfer switches by any person whether for resale or personal use.

Note, the foregoing relief applies to residential property.

## Guidance Note: Import Duty and Value Added Tax on Generators and Transfer Switches

**Mixed services**

If the supply and installation of generators and transfer switches is part of a contract for the construction of a dwelling house, which is subject to VAT, the invoicing should be split between the part that is VAT exempt and that which is subject to the standard rate of VAT.

Should you have any queries about this guidance note or require further information, please direct your enquiries to our Contact Centre at [1 \(246\) 429-ETAX \(3829\)](tel:1246429429) or via email at [bramail@bra.gov.bb](mailto:bramail@bra.gov.bb).

**Office of the General Counsel  
Barbados Revenue Authority  
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