

**GUIDANCE NOTE**

**OGC No. 10/2023**

<b>Reference</b>	<b>OGC No. 10/2023</b>
<b>Title</b>	<b>Common Reporting Standard</b>
<b>Sub Title</b>	<b>Due Diligence and Reporting Obligations</b>
<b>Purpose</b>	<b>To provide information of residence/citizenship by investments schemes, the impact on the Common Reporting Standard, and what Reportable Barbados Financial Institutions are required to do.</b>

**Income Tax (Automatic Exchange of Information) Regulations, 2017**

**Common Reporting Standard - Citizenship by Investment/Residence by Investment Schemes**

The Barbados Revenue Authority (“the Authority”) has penned this note to provide Reporting Barbados Financial Institutions (“RBFi”) with guidance on residence by investment (RBI) and citizenship by investment (CBI) schemes.

**What is a Residence by Investment / Citizenship by Investment Scheme?**

According to the OECD, CBI/RBI schemes are offered by a substantial number of jurisdictions and allow foreign individuals to obtain citizenship or temporary or permanent residence rights on the basis of local investments or against a flat fee.

CBI/RBI schemes can be misused to undermine the CRS due diligence procedures. This may lead to inaccurate or incomplete reporting under the CRS, in particular when not all jurisdictions of tax residence are disclosed to the Financial Institution. Such a scenario could arise where an individual does not actually or not only reside in the CBI/RBI jurisdiction but claims to be resident for tax purposes only in such jurisdiction and provides his Financial Institution with supporting documentation issued under the CBI/RBI scheme, for example, a certificate of residence, ID card or passport.

**What are the responsibilities of RBFIs in respect of the RBI/CBI Schemes?**

With respect to CBI/RBI schemes an RBFi must observe and follow the below actions:

1. An RBFi may not rely on a self-certification or documentary evidence if the RBFi knows or has reason to know that the CRS self-certification form or documentary evidence is incorrect or unreliable.
2. In making the determination of whether an RBFi has reason to know that a CRS self-certification form or documentary evidence is incorrect or unreliable, it should take into account all relevant information available to the RBFi, including the results of the following CBI/RBI risk analysis undertaken by the OECD.

[\(https://www.oecd.org/tax/automatic-exchange/crs-implementation-and-assistance/residence-citizenship-by-investment/\)](https://www.oecd.org/tax/automatic-exchange/crs-implementation-and-assistance/residence-citizenship-by-investment/).

To the extent that the doubt is related to the fact that the Account Holder or Controlling Person is claiming residence in a jurisdiction offering a potentially high-risk CBI/RBI scheme, RBFIs may consider raising further questions, including

- Did you obtain residence rights under a CBI/RBI scheme?
- Do you hold residence rights in any other jurisdiction(s)
- Have you spent more than 90 days in any other jurisdiction(s) during the previous year?
- In which jurisdiction(s) have you filed personal income tax returns during the previous year?

Where, taking into account all the relevant information, the facts and circumstances would lead the RBFi to have reason to know that an Account Holder or Controlling Person is claiming tax residency under a CBI/RBI scheme, it should take appropriate measures to ascertain the jurisdictions of tax residence of such persons.

Where it becomes evident to the RBFi that the account holder may be tax resident in another jurisdiction, the RBFi should require the account holder to submit a valid self-certification declaring the correct jurisdiction(s) of tax residence.

**Barbados - Special Entry and Residence Permit (SERP)**

The OECD has noted that Barbados has a RBI scheme, namely, the Special Entry and Residence Permit (SERP). Therefore, RBFIs, to the extent that there is doubt, should raise the

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additional questions outlined above to ascertain whether the Account Holder or Controlling Person is claiming residence in Barbados under the SERP Programme.

All correspondence and queries regarding the contents of this Guidance Note should be sent to the Global Relations Unit via email at [compauth@bra.gov.bb](mailto:compauth@bra.gov.bb).

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November 2023**