

## DOING BUSINESS WITH BARBADOS



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# DOING BUSINESS WITH BARBADOS

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## 1. GENERAL INFORMATION

**Official Name:** Barbados

**Capital:** Bridgetown

**Area:** 431 sq km

**Population:** 280,946 (July 2007 est.)

**Population growth index:** 0.369% (2007 est.)

**Population density:** 651 per square kilometer

**Official language:** The country's official language is English, the local dialect of which is referred to as Bajan, spoken by most.

**Currency:** Barbadian dollar (BBD)

**Exchange rate:** U.S. dollar = BDS\$ 2

**Climate:** The climate of Barbados is typically tropical, the weather generally sunny and warm. Daytime temperatures in Barbados hover around 24 to 29°C (75 to 85°F), the heat dampened slightly on occasion by northeast tradewinds. Although Barbados is in the hurricane belt, the island is fortunate to be bypassed by most of the storms, but it is subject to the odd intense tropical rainstorm that is usually short-lived. The dry season in Barbados stretches from January to June.<sup>1</sup>

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<http://www.climateandweather.com/Climate/Countries/Barbados>

### Principal Cities and Population: (2005 est.)

Bridgetown, 89,840  
Holetown, 20,771

**Airports:** The island of Barbados has a single major airport, the Sir Grantley Adams International Airport. It receives daily flights by several major airlines from points around the globe, as well as several smaller regional commercial airlines and charters. The airport serves as the main air-transportation hub for the Eastern Caribbean. It is currently undergoing a US\$100 million upgrade and expansion.<sup>2</sup>

**Ports:** The Deep Water Harbour (a.k.a. the Port of Bridgetown), lies on the Western coast of the country, and handles all of the bulk ship-based trade and commerce.

### Holidays:

New Year's Day	Jan 01
Errol Barrow Day	Jan 21
Good Friday	Apr 6
Easter Monday	Apr 9
National Heroes Day	Apr 28
Labour Day	May 1
Whit Monday	May 28
Emancipation Day	Aug 1
Kadooment Day	Aug 6
Independence Day	Nov 30
Christmas Day	Dec 25
Boxing Day	Dec 26

### Life Expectancy:

Total Population - 73 years

<sup>2</sup> <http://en.wikipedia.org/wiki/Barbados>

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**Literacy Rate:**

Total population - 99.7%

problem with dengue fever, a mosquito-borne viral illness.<sup>4</sup>

**Local Time:** UTC-4 (1 hour ahead of Washington, DC during Standard Time)

**Business Hours:** Business hours are generally 8am to 5pm Monday to Friday.

**Telephone Codes:** 246

**Health:** There are no mandatory requirements regarding vaccinations for visitors to Barbados, however a yellow fever vaccination certificate is required from travellers over one year of age coming from infected areas, and Hepatitis A vaccinations are recommended for those aged over two years. There has been an increase in the outbreaks of dengue fever and mosquito repellent is strongly recommended. Medical care is good but very expensive and serious cases are usually transferred overseas (usually to the USA). Health insurance is therefore strongly recommended. Ambulances take hours to respond and attendants may not administer life-saving techniques en route to hospital.<sup>3</sup>

The main hospital is the 600-bed Queen Elizabeth Hospital in Bridgetown, and there are several well-equipped health clinics distributed throughout the island. The medical community includes specialists trained in the Caribbean, the United States, Canada, and Europe. Barbados is experiencing a growing

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<http://www.wordtravels.com/Travelguide/Countries/Barbados/Basics>

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<sup>4</sup> Doing Business in Barbados: A Country Commercial Guide for U.S. Companies, 2006.

## 2. THE ECONOMY

### 2.1 Structure of the Economy

Historically, the Barbadian economy had been dependent on sugarcane cultivation and related activities, but production in recent years has diversified into light industry and tourism. The development of the "offshore" international business and financial services sector, which began around 1977, now also contributes to national income.

Over the last two decades, the most dynamic sectors overall were tourism, and transport and communications. Negative overall growth rates were recorded for sugar production, while GDP in manufacturing stagnated. In terms of national expenditure, personal and public consumption by far outpaced the expansion of trade and that of capital stock.

The government continues its efforts to reduce unemployment, to encourage direct foreign investment, and to privatize remaining state-owned enterprises.<sup>5</sup>

### 2.2 Recent Economic Performance

Since independence, in 1966, Barbados has transformed itself from a low-income economy dependent upon sugar production into an upper-middle-income economy based on tourism. Growth rates averaged between 3-5 percent since 1993 until 2001, when the economy contracted 2.8 percent in the wake of the

September 11 terrorist attacks and the global drop-off in tourism. Growth picked up again in 2004 and 2005, and the economy grew by 3.8 percent in 2006.

Tourism drives the economy in Barbados, but offshore banking and financial services have become an increasingly important source of foreign exchange and economic growth. The sugar industry, once dominant, now makes up less than 1 percent of GDP and employs only around 500 people. The labor force totaled 142,000 persons at the end of 2006. The average rate of unemployment during the last quarter of 2006 was estimated at 7.6 percent. The current account deficit expanded to 12.5 percent of GDP, and government debt rose above 80 percent of GDP in 2006.

Economic activity in Barbados was estimated to have grown by 3.4% in real terms during 2006 compared with growth of 3.8% recorded for 2005.

Growth was recorded for all sectors except agriculture. Unemployment remained below 10%, while consumer prices continued to rise above trend, in part reflecting the impact of rising international oil prices over the last two years. Strong revenue growth led to a lower overall deficit of US\$24.6 mn on Central Government operations during the first nine months of 2006 compared with an overall fiscal deficit of US\$70.4 mn during the corresponding period of 2005. Reflecting the broad-based expansion in economic activities, the monetary liabilities of the banking system expanded by 6.7 percent or US\$219.1 mn during the first nine months of 2006. On the other hand, net domestic credit grew by 8.4% or \$218.1

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<https://www.cia.gov/library/publications/the-world-factbook/geos/bb.html>

mn; consequently, net international reserves grew only marginally. Net international reserves had declined in each of the preceding two years by a total of US\$238 mn.<sup>6</sup>

GDP (2006): US\$2.976 billion.

GDP growth rate (2006): 3.8%.

Per capita GDP (2006 est.): US\$17,300<sup>7</sup>

Unemployment rate: 7.6% (2006 est.)<sup>8</sup>

### 2.3 Balance of payments

The small overall balance of payments surplus reflected in the increase in net international reserves was underpinned by an improvement in both the external current account and the external capital account positions. During 2005, there was an overall payments deficit of US\$152.1 mn. A current account deficit of US\$206.7 mn during the first nine months of 2006 was lower than the deficit recorded during the corresponding period of 2005 by US\$42.4 mn. During the first nine months of 2006 imports fell by US\$64.3 mn while exports fell by US\$24.6 mn. The resulting decline in the merchandise trade deficit, along with a US\$61.4 mn increase in net travel inflows, were the major sources of the improvement on the current 32 CDB Annual Economic Review 2006 Barbados account balance. Imports of consumer goods declined by 11.9% to \$374.9 mn during the first nine months of 2006 in contrast to growth of

16.4% during 2005, suggesting there may have been some success in the fiscal and monetary measures implemented to improve the balance of payments outturn. On the other hand, imports of capital goods continued to increase, moving by 16.7% to US\$249.1 mn compared with growth of 11.3% during 2005. The growth in imports of intermediate goods slowed to 0.4% compared with growth of 1.7% during 2005. Imports of intermediate goods amounted to US\$419.2 mn during first nine months of 2006.<sup>9</sup>

### 2.4 Overview of Trade

#### 2.4.1 Exports

Exports--US\$359 million (merchandise) and US\$1.41 billion (commercial services)

Major markets--United States (13.4%), European Union (12.4%), Trinidad and Tobago (10.8%), St. Lucia (6.1%), and Jamaica (5%)<sup>10</sup>

#### 2.4.2 Imports

Imports--US\$1.6 billion (merchandise) and US\$636 million (commercial services).

Major suppliers--United States (35.9%), Trinidad and Tobago (21.2%), European Union (13.3%), Japan (7.6%), and Canada (3.4%)<sup>11</sup>

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<sup>6</sup> Caribbean Development Bank Annual Economic Review 2006, Overview, page 30.

<sup>7</sup> <http://www.state.gov/r/pa/ei/bgn/26507.htm>

<sup>8</sup>

<https://www.cia.gov/library/publications/the-world-factbook/geos/bb.html>

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<sup>9</sup> Caribbean Development Bank Annual Economic Review 2006, External Sector pages 31b-32a.

<sup>10</sup>

<http://www.state.gov/r/pa/ei/bgn/26507.htm>

<sup>11</sup>

<http://www.state.gov/r/pa/ei/bgn/26507.htm>

### **2.5 Barbados' Trade with CARICOM**

In 2006, Barbados exports to CARICOM was EC\$7 billion while imports were EC\$4.7 billion, a trade surplus of EC\$571 million.

Barbados' top exports from CARICOM in 2006 includes Margarine, Cement (grey), prefabricated steel, Paper and paper board, medicaments and aerated water. While the top imports include petroleum products, aerated beverages, beer, cigarettes, and bars and rods.

### 3. GENERAL MARKETING FACTORS

#### 3.1 Distribution and Sales Channels

Wholesalers are the major importers, although some retailers import products directly from manufacturers, wholesalers, and retailers in the United States, Canada, and Europe. Distribution agreements are common because manufacturers often grant countrywide or regional exclusive distribution agreements.<sup>12</sup>

#### 3.2 Transportation

Grantley Adams International Airport, located about half an hour from the capital city of Bridgetown, handles commercial passenger and freight aircraft, and serves as a sub-regional hub. Direct flights from North America, Europe and Latin America facilitate tourist and business travel to other islands of the eastern Caribbean.

The port handles bulk exports, ocean-going freighters and containerized cargo vessels, as well as the largest cruise liners that operate in the region. In 2001, there were over 90 ships registered with a total tonnage in excess of 750,000 tons. The Barbados Ships registry is the second Ships Registry worldwide that has received Lloyd's Registry Quality Assurance approval under the Quality Management System Standard ISO 9002.

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<sup>12</sup> Doing Business in Barbados: A Country Commercial Guide for U.S. Companies, 2006.

#### 3.3 Use of Agents/Distributors

Although the use of an agent or distributor is not required, it is recommended. A strong local representative can place product and generate sales that otherwise may not materialize.

#### 3.4 Franchising

The Barbados Minister of Finance and Economic Affairs evaluates the potential competitive impact on non-franchised local businesses and must approve all franchises. Franchise holders pay an initial registration fee of BDS \$10,000 (USD \$5,000), and annual renewal fees of BDS \$2,000 (USD \$1,000). All franchises must be registered with the Ministry of Finance in order to operate legally and repatriate profits and capital. Process franchises, such as those used in manufacturing or designs, must also be registered so that royalties can be remitted abroad. Barbados currently has a policy of refusing to grant licenses to foreign fast food franchises.<sup>13</sup>

#### 3.5 Advertising / Trade Promotion

Most businesses advertise in newspapers, radio or television.

##### 3.5.1 Direct Marketing

Direct marketing is not common in Barbados. The Barbados Investment and

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<sup>13</sup> Doing Business in Barbados: A Country Commercial Guide for U.S. Companies, 2006.



Development Corporation (BIDC) can be helpful in arranging this type of activity.

institutions or from foreign government aid sources that do not require purchase from donor country companies.<sup>14</sup>

### **3.6 Joint Ventures / Licensing**

There is considerable joint venture and licensing activity in Barbados. The Barbados Investment Development Corporation can also be helpful in arranging this type of activity.

### **3.7 Selling Factors / Techniques**

In sales of services and manufactured goods, Barbadians prefer to buy proven and brand name goods. Because prices are high and storage space may be limited, Barbadians tend to purchase smaller lots of consumer goods more often than is the norm in larger countries. All sales material and product labels should be in the English Language.

#### **3.7.1 Product Pricing**

Local companies adopt the cost plus method for pricing of their products. The cost base is the CIF (Cost + Insurance + Freight) plus local charges. Markups generally range from 20 percent to 50 percent. Higher markups exist for specialty items where there is little or no competition.

#### **3.7.2 Selling to the Government**

Significant opportunities exist for selling to the government. This is particularly the case when project financing is available from international financial

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<sup>14</sup> <http://edis.ifas.ufl.edu/FE502>

### 4. MARKET ACCESS CONDITIONS

#### 4.1 Customs Tariffs

Barbados allows duty-free imports from CARICOM members. However, the CET allows each member to impose import duties on imports of scheduled products from other members.<sup>15</sup> In the case of Barbados, products scheduled are milk and cream, wheat flour, and millfeed (pollard).<sup>16</sup>

Barbados also accords tariff preferences to certain products imported from Colombia, and the Dominican Republic, countries with which CARICOM has entered into free-trade agreements.

Import duty ranges from 0 to 20 percent of the CIF (Cost + Insurance + Freight) value on most items. There are some exceptions, which include bound rates which range from 40 to 196 percent on specified agricultural and manufactured products.

The bound rates were reduced by 2.4 percent every year until 2004. Exceptions also include 60 percent on jewellery, 50 percent on watches and 45 percent on motor cars. There are also some items such as cigarettes and alcoholic beverage,s which pay specific rates of import duty.

Rates of Import Duty can be obtained from the Barbados Customs Tariff, which is based on the Harmonised

Commodity Description and Coding System (HS).

Environmental Levy is charged at the rate of one percent of the CIF Value on most goods. Since 1996, sales of imported (but not domestic) goods from all countries are subject to an environmental levy for the purpose of defraying the cost of disposing of specific goods. The goods, which are specified in a schedule, include motor vehicles, tyres, refrigerators, stoves and ranges, washing machines, dishwashing machines, television sets, mattresses, and electric accumulators. The levy rates vary from BDS\$1.00 per item (for bicycle tyres) to BDS\$150 per item (for motor vehicles). The levy may be refunded on re-exported goods.

Excise Tax is charged on four categories of goods and these are:

- Motor Vehicles
- Tobacco Products
- Alcoholic Beverages and
- Petroleum Products

Excise taxes apply to the customs value plus the customs duty and environmental levy.

Value Added Tax is charged at the rate of 15 percent. This tax is compounded and is charged on the total of the CIF Value and any other import taxes. Some goods are zero rated. Most domestically produced agri-food supplies are zero-rated, as are drugs and medical devices. Financial services, sales of property, ground transportation, water distribution, and sewerage services are exempt from VAT. In addition, investment incentives generally include VAT exemptions on inputs used in construction projects. Also, in order to assist local

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<sup>15</sup> Annex to the Treaty Establishing the Caribbean Community, Chapter III, Article 13, Schedule I.

<sup>16</sup> The products belong to HS headings: 04.02, 11.01, and 23.02.

manufacturers, the VAT has been waived on their purchases of equipment, machinery and spare parts, fuel, diesel, and natural gas. This waiver avoids long delays before manufacturers obtain their refund.

Copies of the legislation governing all import taxes can be obtained from the Barbados Government Printing Department.

The normal office hours of the Customs and Excise Department for the processing of documentation and the clearance of goods are 08:15 hours until 16:30 hours.

Importers who have rush shipments and wish to clear them outside of the official hours may do so, but would be required to pay fees and travelling costs for the extra attendance of Customs personnel.

Additional fees are required where the extra attendance of personnel from other regulatory agencies is necessary.<sup>17</sup>

### 4.2 Free Trade Agreements

1. EU/ACP (COTONOU) Agreement
2. CARIBCAN
3. CARICOM / DOMINICAN REPUBLIC
4. CARIBBEAN BASIN INITIATIVE
5. CARICOM
6. CARICOM / VENEZUELA
7. CARICOM / COLUMBIA
8. CARICOM / CUBA<sup>18</sup>

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<http://customs.gov.bb/General/Trade2.php>

Barbados has bilateral investment treaties with Canada (CARIBCAN), China, Cuba, Germany, Italy, Switzerland, the U.K., and Venezuela.

- The Caribbean Basin Initiative, which covers exports into the US;
- The Lome Convention, which covers sugar and a number of other products and services, as imported into or provided to the EU;
- CARIBCAN, which provides duty-free access to Canada for many Caribbean products.

### 4.3 Non-Tariff Barriers

Import licences have been used in general to monitor import flows and to protect domestic production from competition. Imports from CARICOM members are free of any quantitative restrictions (QRs). Other quantitative restrictions such as prohibitions and controls are in place to ensure national security, safeguard consumer health and morality, or to preserve domestic plant and animal life and the environment.

Barbados has eliminated restrictive licensing procedures and imposed WTO-approved bound duty rates. However, licenses are still required (automatically granted). A complete list of items that require an import license can be found in a publication titled “Open Import General License Regulation 1995”. Importers must obtain licenses prior to the importation of the goods. Goods subject to bound duty rates can be found

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<http://customs.gov.bb/General/Trade1.php>

on the Customs Tariff (Amendment) Order, 2000 S.I. 2000 No. 29.

#### 4.4 Prohibited and Restricted Imports

Almost all goods can be imported into Barbados, though some require import licenses, including many agricultural products. Beer, fruit juices, and fruit drinks can be imported with a license.

#### 4.5 Import Documentation

Below are some of the documents that must be presented to Customs when goods arrive in Barbados:

- Airway bills or bills of lading, depending on the method of import.
- The CARICOM document invoice (the Commercial Invoice is acceptable if all of the required information is present).
- The supplier's invoice documenting all items in the shipment.
- The C-60 form (a declaration of particulars relating to Customs value).
- The C-63 form (indicating the items being shipped, the weight, the shipper, the tariff code, etc.).<sup>19</sup>

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<sup>19</sup> <http://edis.ifas.ufl.edu/FE502>

#### 4.6 Labelling and Marking Requirements

The Barbados National Standards Institution (BNSI) publishes the labeling and marking requirements in their standards regulations. To inquire about the labeling and marketing requirements for a specific class of goods, contact the Barbados National Standards Institution at Tel: 246-426-3870.<sup>20</sup>

#### 4.7 Sanitary and Phytosanitary (SPS) Measures

Barbados requires that importers obtain permits, licenses or permission from the relevant authorities for specified products prior to importation. Phytosanitary certificates are required from the exporting authorities for fresh fruit, vegetables, and plants and plant materials, and must accompany the goods declaration before processing is allowed. Similarly, overseas health certificates must accompany meat and meat products. Psychotropic and other controlled drugs are subject to licenses from the Ministry of Health. Additionally, there are a number of other products that must meet obligatory requirements from the Barbados National Standards Institution.<sup>21</sup>

#### 4.8 Standards

The Barbados National Standards Institution (BNSI) oversees product

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<sup>20</sup> Doing Business in Barbados: A Country Commercial Guide for U.S. Companies, 2006.

<sup>21</sup> Doing Business in Barbados: A Country Commercial Guide for U.S. Companies, 2006.

standards, labeling, and certification in Barbados. A nongovernmental organization, it was established in 1973 under the Companies Act as a joint venture between the Government of Barbados and the private sector. The actions of the Barbados National Standards Institution were given legal weight by the following acts:

- The Control of Standards Act, Cap 326A;
- The Weights and Measures Act, Cap 331;
- The BNSI Certification Marks Act, Cap 325A.

Quality (CROSQ) is the body charged with setting regional standards. BNSI also works with the Pan-American Standards Commission (COPANT) to address standards issues as they relate to the Free Trade Area of the Americas.

On August 6, 1997, BNSI accepted the WTO TBT Agreement's Code of Good Practice for the Preparation, Adoption and Application of Standards.<sup>22</sup>

#### 4.9 Product Certification

The BNSI Certification Marks Act, Cap 325A bestows the Barbados National Standards Institution with the authority to certify products and processes and to issue certification marks for which a Barbados National Standard exists. BNSI practices a third party certification system and also accepts third party marks of conformity from other reputable and well-known agencies.

Other marks are accepted on a case-by-case basis. A firm interested in having a mark accepted must submit the mark and relevant details to BNSI for assessment.

The procedures for product certification are as follows. The interested party must submit an application and a non-refundable application fee of BDS \$50.00 (USD \$25.00) to BNSI. BNSI will then conduct a preliminary inspection of the manufacturing facility to assess the testing facilities and the quality assurance procedures for the manufacturing process. In addition, testing samples are taken to ascertain conformity to a standard's specifications. Testing costs are borne by the applicant. After a report of the preliminary inspection is completed, a scheme of testing and inspection is prepared for the organization. This scheme includes information such as the points of production from where samples would be drawn for testing and/or inspection, the frequency, size and manner of drawing the samples, the tests to be performed, the types of records to be maintained, corrective actions to be taken if necessary, and the method of applying the mark. A marking fee, paid by the applicant, is negotiated which covers the costs of the scheme of inspection.

At this point, a license to use the BNSI mark can be issued. The license is good for one year and must be renewed annually; there is a BDS \$100.00 (USD \$50.00) annual license fee. An application along with a BDS \$20.00 (USD \$10.00) application fee must be submitted in order to renew the mark.

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<sup>22</sup> Doing Business in Barbados: A Country Commercial Guide for U.S. Companies, 2006.

### 5. INVESTMENT PROFILE

#### 5.1 Investment Incentives Schemes

International Businesses enjoy substantial tax incentives, including a maximum tax rate of 2.5 percent, and lengthy tax holidays for exporters.

While there are no formal performance requirements, government officials will more likely approve investments they believe will create jobs and increase exports and foreign exchange earnings. There are no requirements for participation either by nationals or by the government in foreign investment projects.

There is no requirement that enterprises must purchase a fixed percentage of goods from local sources, but the government encourages local sourcing.

Companies must meet export performance requirements to take advantage of certain tax incentives. For example, “enclave enterprises” must produce goods exclusively for export outside the CARICOM region. Foreign investors must finance their investments from external sources or from income that the investment generates. When a foreign investment generates significant employment or other tangible benefits for the country, the authorities may allow the company to borrow locally for working capital.

There is no requirement that locals own shares of a foreign investor's enterprise, but some restrictions may apply to share transfers. The Companies Act does not permit bearer shares. Foreign investors do not need to establish facilities in any

specific location, although there are zoning restrictions.

Most investment incentives in Barbados are tax incentives, although there are some special programs for manufacturers. Potential investors should contact a licensed accountant and/or lawyer in Barbados to find out which incentives fit best with their goals.

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#### 5.2 Foreign Investment Regime

The Barbadian Government introduced a wide range of investment incentives applying broadly to manufacturing industry offered by the Barbados Investment and Development Corporation. Some of these are as follows:

- Full exemption from taxes on corporate profits for fifteen years for export-only manufacturing companies;
- Special tax rate for export industries of only 2.5 percent after the expiration of the tax exemption period;
- Tax rate of 1 - 2.5 percent on profits of Information Services companies;
- Full exemption from import duties on components, raw materials, production machinery and other production related equipment such as computers and spare parts;
- Expedited customs clearance procedures with minimal paper work and no delays;

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<sup>23</sup> Doing Business in Barbados: A Country Commercial Guide for U.S. Companies, 2006.

- Full and unrestricted repatriation of capital, profits and dividends;
- Subsidised factory/office space available for rental in well-planned industrial parks;
- Industrial training grant scheme to subsidize the cost of worker training;
- A one-stop service for investors is provided by the Barbados Investment and Development Corporation, a special agency established by the Government to facilitate investors and promote industrial development;
- Tax rate of 1 - 2.5 percent on profits of International Financial Services Companies;
- Tax rate of 1 - 2.5 percent for International Business Companies.

The Industrial Incentives (Factory Construction) Act 1965 (as amended) provides for extensive tax benefits to be given to certain companies that construct factory premises.

A number of incentives relating to tourist development were introduced in the 2004 Budget, in December 2004.

Under the Tourism Development Act 2003, a total of 11 new hotels accounting for 406 rooms have been developed, with extensions and renovations to 10 other hotels, representing an investment of \$306.7 million, resulting in an additional 483 rooms and 442 new jobs. New multi-purpose developments include 100 hotel rooms and 605 villa rooms and are expected to generate 506 jobs on completion of the projects.

The Act allows investors in tourism projects to benefit from write-off of capital expenditure and 150 percent of interest costs. There is also exemption

from import duty, value added tax and environmental levy in respect of furniture, fixtures and equipment as well as building materials, supplies and equity financing.<sup>24</sup>

### 5.3 Free Trade Zones

There are no free trade zones in Barbados. The government permits goods to be stored in licensed bonded warehouses with duties payable prior to the removal of goods for home consumption.

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<http://www.lowtax.net/lowtax/html/jbscfir.html>



### 6. ESTABLISHMENT OF BUSINESSES

#### 6.1 Right to Private Ownership

There is a constitutional right for nationals and non-nationals to establish and own private enterprises and private property in Barbados. These rights also pertain to the acquisition and disposition of interests in private enterprises.

No industries are officially closed to private enterprise. Some activities, such as telecommunications, utilities, broadcasting, banking, and insurance, require a license from the government. There are no percentage or other restrictions on foreign ownership of a local enterprise or participation in a joint venture.

#### 6.2 Establishing an Office

Barbados' laws allow the formation of several types of companies. One of these is the International Business Company (IBC). By law, a locally registered attorney will be required to draft and file Articles of Incorporation. The cost of filing the application at the Corporate Affairs office is BDS \$750 (USD \$375) and BDS \$30 (USD \$15) to reserve the name of the company prior to incorporation. This is mandatory. The cost of share certificates, a company seal, and other secretarial documentation required to commence operations usually does not exceed an additional BDS \$250 (USD \$125). Attorneys fees are usually quoted at about BDS \$3,000 (USD \$1,500), but those fees are negotiable. Attorneys' fees are normally lower for incorporation of a local company.

The Articles of Incorporation must conform to the Companies Act. Among the requirements is that the corporation's principal officer must be at least 18 years old, be of sound mind and must not have been declared bankrupt.

Any number of shares may be issued. Shares must be fully subscribed and paid for before they are issued.

The Corporate Affairs and Intellectual Properties Office publishes a notice of the formation of the company in the Official Gazette.

An IBC is required to obtain a license from the Ministry of Industry and International Business in order to operate. This is a fairly routine procedure and costs about BDS \$200 (USD \$100). There is an annual renewal fee of BDS \$200 (USD \$100).<sup>25</sup>

The "Corporate Affairs Section" of the Corporate Affairs and Intellectual Property Office has statutory responsibility for the registration and incorporation of various types of companies, business names, bills of sale, pharmacies, trade unions, newspapers and limited partnerships. Numerous statutory registers are kept for the benefit of the public at large, and the Registrar is responsible under the law for maintaining the registers and ensuring that the particulars filed therein are kept current and are in a reliable state for inspection by the public.

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<sup>25</sup> Doing Business in Barbados: A Country Commercial Guide for U.S. Companies, 2006.



Attorneys-at-Law, Corporate Secretaries and members of the public may visit the Office to conduct searches in relation to the above-mentioned types of businesses and companies registered here. The register of company mortgages and charges and the bills of sale register may also be searched by creditors and other interested members of the public to determine the outstanding indebtedness of particular companies as well as individuals.

Since the Registrar also functions as an adjudicator of property transfer tax and stamp duty, commercial documents may also be presented at the Office to be assessed for government Stamp Duty or Property Transfer Tax.

Most registrations are affected by completing prescribed forms and paying a registration fee, whereupon a certificate will invariably be issued by the Registrar.<sup>26</sup>

### 6.3 Work Permit Requirements

Recent information from the Immigration Department indicates that CARICOM skilled nationals are required to arrive in Barbados with return airline tickets until they have been formally registered with the Immigration Department as such. The registration process can take up to four weeks to complete, and includes submitting to the Immigration Department a registration form (available at the Immigration Department or at the B IDC), along with the following documentation:

- Four photographs
- Police certificate of character (from home country)
- Birth certificate
- Documentary proof of qualifications
- Letter from employer, where applicable
- Document certifying citizenship by descent, where necessary

Non-residents require work permits to work in Barbados. These are processed in about six to eight weeks. There are no statutory restrictions on the number of foreign employees on the payroll of a company at any time, but employers are required to establish that the position in question cannot be filled satisfactorily by a resident or national of Barbados. A long-term work permit is valid for up to three years. The cost per approval is approximately Bds\$3,600 - \$4,000. Short-term work permits are valid for up to six months and are necessary for company personnel entering the country to assist with the setting up of the operation and training employees. Approval will cost approximately Bds\$600.00.<sup>27</sup>

### 6.4 Intellectual Property Rights

The 'Intellectual Property Section' of the Corporate Affairs and Intellectual Property Office is responsible for administering Barbados' intellectual property rights system and for advising the Ministry of Industry and International Business on the technical and policy issues which underlie

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<http://www.caipo.gov.bb/corp/corp.html>

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<http://www.lowtax.net/lowtax/html/jbscfir.html>

Barbados' intellectual property rights regime.

Intellectual Property comprises two (2) main branches, namely:

1. Industrial Property for inventions called patents, trade marks or service marks, integrated circuits, geographical indications, plant breeder's rights and industrial designs; and
2. Copyright for literary, musical, artistic, photographic and audiovisual works and related rights.

To obtain protection for any form of "Industrial Property" the right-holder must make an application to the Office in the prescribed manner. After examination of the application, the Director may grant or renew these rights as the case may be according to law. Registers are kept by the Director in respect of the various categories of industrial property rights and public records are maintained for the information of interested rights-holders and members of the public. Under Barbados law, any rights-holder or other person who is aggrieved by any act or decision of the Director has a right of appeal to the High Court against any act or decision of the Director affecting their rights.

In contrast, there are no such formalities required to obtain Copyright protection. Copyright protection for the creator/author starts as soon as the work is created and no application to the Office for protection is required.

Barbados is a party to many international treaties and conventions which recognize intellectual property rights of several

kinds, and which guarantee protection and legal recourse to rights-holders in line with internationally accepted standards.<sup>28</sup>

### 6.5 Conversion and Transfer Policies

Companies can freely repatriate profits and capital from foreign direct investment if they registered with the Central Bank at the time of investment. The Central Bank may limit or delay conversions depending on the level of international reserves under the Bank's control

The Ministry of Finance controls the flow of foreign exchange, and the Exchange Control Division of the Central Bank of Barbados executes policy under the Exchange Control Act. Individuals may apply through a local bank to convert the equivalent of USD \$3,750 per year for personal travel and USD \$25,000 for business travel. To convert anything over these limits, one must apply to the Central Bank.<sup>29</sup>

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<http://www.caipo.gov.bb/intell/intell.html>

<sup>29</sup> Doing Business in Barbados: A Country Commercial Guide for U.S. Companies, 2006.

### 7 CULTURAL PRACTICES

Barbados collects a departure tax of BDS \$25.00 (USD \$12.50).

#### 7.1 Business Customs

Bridgetown is generally the centre of business on the island. Business protocol is fairly formal, including greetings (use Mr or Ms) and dress, which is smart. Handshaking between both men and women is expected and business cards are handed out on introduction. Punctuality is expected at meetings. Business hours are generally 8am to 5pm Monday to Friday.<sup>30</sup>

For men, suit and tie is the normal business attire; Barbadian men sometimes wear a "shirt-jack," which is akin to a safari-type short-sleeved jacket with matching trousers. For women, a long- or short-sleeved suit, or a dress, is appropriate. Business hours are generally from 8:00 a.m. - 4:30 p.m. Luncheon meetings are common, but breakfast meetings are not. Appointments are generally required for business meetings.<sup>31</sup>

#### 7.2 Entry/Exit Requirements:

Valid passports are required for all visitors. All tourists require a return or onward ticket, proof of sufficient funds and documents for onward travel. Passports must be valid for the period of intended stay.

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<http://www.wordtravels.com/Travelguide/Countries/Barbados/Basics>

<sup>31</sup> Doing Business in Barbados: A Country Commercial Guide for U.S. Companies, 2006.