

# 2018 ANNUAL REPORT



BARBADOS  
REVENUE AUTHORITY



**BARBADOS REVENUE AUTHORITY  
ANNUAL REPORT AND ACCOUNTS  
For the Year ended March 31, 2018**

Presented to the Minister of Finance and Economic Affairs  
pursuant to Section 23 of The Barbados Revenue Authority Act 2014-1



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## ***OUR CHARTER***

# OUR CHARTER

## **Our Role**

The Barbados Revenue Authority (“the Authority”) was established on April 1, 2014 as a statutory corporation. The Authority is responsible for effective and efficient tax administration in a fair open and transparent manner fostering a high degree of voluntary compliance.

## **Taxpayers’ rights**

Taxpayers in their dealings with the Barbados Revenue Authority have the right to:

- Be respected
- Be informed
- Receive quality service based on the principles of integrity and honesty
- A fair system administered in an even-handed manner
- Privacy and confidentiality of their information
- Expect that the Authority has a technically proficient and professional workforce
- Appeal to an independent Tribunal against any assessment of the Authority.

## **Taxpayers’ obligations**

Taxpayers are required to comply with certain key obligations:

- To register with the Barbados Revenue Authority
- To file returns and provide information on incomes, transactions and relevant activities
- To report correctly and completely and
- To pay the amount of tax due on time, in accordance with the law.

# MISSION

To administer tax and promote voluntary compliance in a cost effective manner by providing quality service to our taxpayers through an empowered and engaged staff.

# VISION

To be a model tax administration, committed to serving our taxpayers and contributing to the economic well-being of our nation

# GOALS & OBJECTIVES

Our key goals and objectives are to:

- Secure and maximise revenue as we transition to an integrated organisation
- Improve our service delivery through a more customer-centric approach to tax administration
- Improve compliance and enforcement through the use of risk management techniques

# VALUES

In pursuit of these objectives we are committed to investing in the development of our human capital and will be guided by the core values of:

- Integrity,
- Fairness
- Professionalism and
- Responsiveness.

These are supported by the characteristics of:

- Courtesy
- Consistency and
- Co-operation.



**Sandra Osborne, SCM, QC, FCIS**  
Chairman of the Board of Directors

## Message from the **CHAIR**

This is the fourth year since the establishment of the Barbados Revenue Authority. Since its inception, the Board has played a pivotal role in the Authority's successes to date and the institution's transition as it moves towards becoming a model tax administration. It is my distinct honour as Chairman of the Board, to submit the fourth annual report to the Minister of Finance and Economic Affairs for tabling in Parliament.

As a Board, our mandate is to oversee the administration and management of the Authority in its achievement of the goals outlined in the Authority's Strategic Plan and to assist the Authority in realising these goals and moving the institution in the direction of becoming more efficient and effective in its operations. While there is still a lot more work for the organisation to do in enhancing efficiency and effectiveness, this Annual Report demonstrates the progress which the Authority has made towards this end.

Service is one of the most important things taxpayers seek from entities whether it be a public or private sector agency and more importantly when it is a tax administration. This therefore, has been a major theme underpinning the goals and objectives of the Authority's Strategic Plan which the Board continues to support. We remain committed to ensuring that the service provided by the Authority makes tax administration consistent, transparent, based on good governance principles and that tax compliance is easy.

Given our attention to addressing the operational weaknesses identified in prior years, the past year has seen progress on the Authority's reform agenda. The Authority's progress during the year is a result of a combination of factors based on the implementation

of strategies focused on inculcating a risk management culture, improving tax administration, promoting human resource development and enhancing information technology. Technology serves as one of the main components in enhancing the Authority's operations. Accordingly, information technology (IT) remained an important aspect of Board oversight.

Two of the key initiatives during the year 2017-2018 included establishing a single domain for the Authority in preparation for implementing an integrated tax administration system. The Board is pleased to report that the Authority has successfully transitioned to the single domain which laid the groundwork for the Authority to start the project focused on introducing a new tax system. The Board is also pleased to report that by the end of the past year, the first phase of the implementation of the integrated tax system had commenced with an expected completion date of April 2019.

With any organisation, change is ever present and so during the year in review there were a number of changes in staff with retirement of some and recruitment to either replace these or to fill newly approved positions. My fellow Directors and I wish those who retired a long, healthy and active retirement and thank them for their dedicated service to the Authority since its inception in 2014. To our new recruits, we welcome them to the Authority.


We also saw the retirement of two of our Board Members- Ms. Annice Dalrymple who served the Authority from its inception as Chairman of the Audit Committee and Mr. N.A.S.H. Lovell who though joining the Board for a short period provided valuable



knowledge and support during his tenure to both the Board and the Tenders Committee of which he was the Chair. On behalf of the Board, Management and Staff, I wish to express sincerest appreciation for the sound advice and guidance provided to both the Board and the Board Committees on which they served and wish them a long, healthy and active retirement. We were pleased to welcome Ms. Cheryl Bennett-Inniss and

Mr. Wayne Lovell as the new members of the Board.

Finally, I would like to express my gratitude and appreciation to the members of the Authority's Board, the Revenue Commissioner, Management team and all Staff for their efforts and contribution in this the fourth year of operation.



Sandra Osborne, SCM, QC, FCIS  
Chairman of the Board of Directors  
Barbados Revenue Authority



**Margaret Sivers, FCMA, FCPA**  
Revenue Commissioner

## Message from the **REVENUE COMMISSIONER**

The Authority continued its focus on the two overarching objectives established during the 2016 – 2017 year - improved service delivery and excellence in the workplace through staff empowerment.

One of the areas where we continually seek to improve efficiency and effectiveness as an Authority, is with respect to the services we deliver to taxpayers. From the middle of the year we focused our efforts on an initiative to provide our service through the introduction of taxpayer segmentation. Technical assistance was being provided by the Caribbean Technical Assistance Center (CARTAC) in achieving this objective and it is expected that by the end of the coming year we will be well on the way to establishing a functioning Large Taxpayer Unit (LTU).

Further to this, we know that we no longer function within our own vacuum but rather in a shrinking world where developments in one state can impact how we do business in Barbados. Consequently, following our convergence as an institution, we recognised that true value added can only be gained from the use of an integrated platform; one which provides easy access not only for staff, but also by and to taxpayers. For us the benefits of such a system would redound even farther, as greater functionality would be gained and it would enable us to provide a level of service which taxpayers expect and to which we aspire.

Accordingly, during 2017-2018, the Authority placed significant emphasis on developing the necessary requirements and sourcing a system that would enable us to do so. By the end of the period we were ready to implement a new electronic tax system

branded as the Tax Administration Management Information System (TAMIS). We officially launched this new system in March 2018 and started the first phase implementation focusing on the business sector. It is expected that by the end of the next financial year all persons and entities who have to file taxes would be able to do so using TAMIS,

In terms of the second overarching objective—excellence in the workplace—we have implemented our Employee Performance and Development System (EPaDS), which fully integrates human resources and business planning. A number of challenges which were identified during the previous year were acted upon and for financial year 2017 – 2018 all staff appraisals were completed and submitted with appropriate Performance Improvement Plans where necessary. This initiative provides not only the forum for performance appraisals but also for staff and management to have the opportunity for continuous discussions relating to alignment and achievement of goals of the organisation and those of staff while remaining informed of management's and staff expectations.

All in all for this year we met most of our performance targets. For those that we did not meet, we are analysing and seeking to gain a greater understanding of the factors involved, in order to identify the steps we can take to improve performance in the future.

We however recognise that none of what we have achieved over the past four years would have been possible without the dedication and hard work of our employees. I wish to extend a heartfelt thank you to everyone in the organisation for their support

during the year. I am also confident that with the strategy envisaged, the continuous guidance and support of the Board, the dedication from the management

team and with the cooperation of staff, the Authority will realise its vision and fulfil its responsibilities to the government and people of Barbados.



Margaret E. Sivers FCMA, FCPA  
Revenue Commissioner  
Barbados Revenue Authority



# OVERVIEW

# ORGANISATION OVERVIEW

The Barbados Revenue Authority (the Authority) was established on April 1, 2014 by the Barbados Revenue Act 2014-1 ("the Act") to administer a number of specified tax enactments, to advise the Government and other public authorities and to represent Barbados on matters relating to taxation.

The governance structure of the Barbados Revenue Authority is set out in Barbados Revenue Authority Act, 2014-1. The Board of the Authority Board is responsible for the overall management of the Authority and the Revenue Commissioner is the chief executive officer of the Authority and reports to the Board. Overall responsibility for the operations of the Authority is vested in the Minister of Finance and Economic Affairs.

## Responsibilities

Our activities form the basis of the collection of in excess of seventy-five percent of Government's revenue which is used to provide services to the people of Barbados. Last year the Authority reported just over **BDS \$2.5 billion** in revenue and paid out just over **BDS \$200 million** in refunds. Our activities are guided by the principles of good governance, customer service and cooperation.

## Environmental Analysis

The Authority operates within the economic sphere of Barbados, but its reach is global as it interacts with other tax administrations, governments and persons in the international arena. Taxation is a global activity. Cross border trading, transnational corporations, and the movement of citizens of a state to work in another state are all factors which impact the operations of the Authority as a tax administration.

## Economic Outlook

The Barbados economy faced many challenges in 2017, and was downgraded by Standard & Poors to a CCC+ rating in September of that year. Inflation remained relatively low at 4%, while unemployment was estimated at 10.2%. The debt to GDP ratio continued to increase, with public debt estimated at 157% of GDP. The island was also challenged with maintaining an adequate foreign reserve level, and in December 2017, the foreign reserves fell to 6.6 weeks of import cover, well below the benchmark of 13 weeks. Given these challenges the economy grew marginally by 1%, and this was due to growth in the tourism and construction sectors.

In its review of the Barbados economy for 2017, the

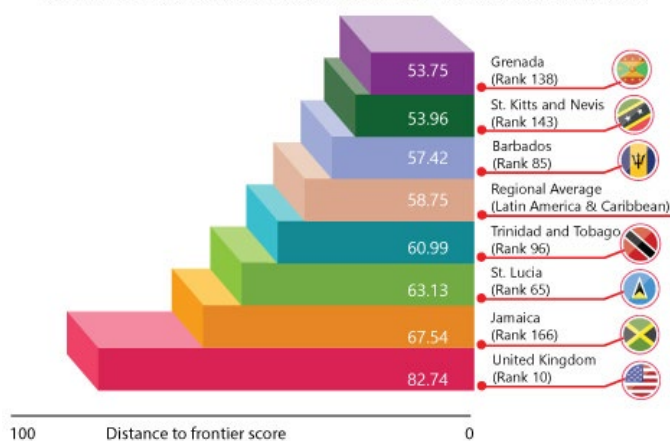
Central Bank of Barbados reported that "the fiscal deficit fell by \$197 million during the first nine months of the fiscal year, as Government accelerated efforts to strengthen the public finances. This deficit, the lowest in seven years, was attributable to improved revenues arising from the tax measures introduced during the past two years, and the stabilisation of non-interest expenditure." The increase in revenue was driven by increases in the NSRL, Excise Tax and VAT.

## Doing Business 2017

The Doing Business 2017 report on Barbados ranked the island 117 when compared to other countries in region, with Jamaica (67), St. Lucia (86) and Trinidad and Tobago (96) having a better rank. Significantly, Barbados' average of 57.42 was below the regional average for Latin America and the Caribbean (58.75). The graph below shows how Barbados compared with its regional neighbours. The ease of paying taxes however held steady, improved one ranking point from 86 in 2016 to 85 in 2017.

However, the graph below shows that the island is well above the regional average of 58.63 with an average of 72.7.

Figure 8.1 How Barbados and comparator economies rank on the ease of paying taxes



Barbados has thirty-six (36) Double Taxation Agreements (DTAs), six Bilateral Investment Treaties (BITs) and four Tax Information Exchange Agreements (TIEAs) which, along with the island's infrastructure and strong regulatory environment, drive the international financial sector. In addition, the country has completed a reciprocal agreement with the United States Internal Revenue Service under the Foreign Account Tax Compliance Act (FATCA) and has become a signatory to the Multilateral Convention and Multilateral Competent Authority

Agreement under the Global Forum on Transparency and Exchange of Information for Tax Purposes.

### **Technological Infrastructure**

Barbados has a stable political democracy, and an excellent communication system. The island has kept pace with improvements in technology as evidenced by the use of fibre optics in the telecommunications sector. The BRA, despite the myriad challenges being faced in implementing an integrated secure electronic environment for the administration of taxes, has been able to move all of its major tax administration systems from manual to online systems. Taxpayers have responded favourably to this use of technology, a trend that is expected to continue.

In furtherance of its strategic objectives to provide a more customer centric environment and to improve its IT infrastructure to facilitate this, the Authority commenced the implementation of a new integrated tax system in October 2017. This system is expected to provide a single view to each taxpayer of his/her status with the tax administration while making information and communication between themselves and the Authority more accessible and easier. This project, which is to be implemented in a number of phases, is expected to be fully implemented and in use by June of 2019.

### **Our activities**

The Barbados Revenue Authority administers eight (8) types of taxes on behalf of the Government of Barbados. In addition, the Authority collects highway revenue on behalf of the Ministry of Transport and Works – Licensing Authority and offers information technology services to the Customs and Excise Department.

These activities form the basis for the collection of in excess of seventy-five percent (75%) of Government's tax revenue which is used to provide services and infrastructure for use by the people of Barbados. These activities are guided by the principles of good governance, customer service and cooperation and are geared towards ensuring that the revenue base of our nation is protected.



**STRATEGIC  
ACHIEVEMENTS**

# STRATEGIC ACHIEVEMENTS

Reviewing and assessing one's focus is always important to the improvement of an organisation's performance. This is the belief of the Board of Directors and staff of the Authority.

In keeping with this view, the Barbados Revenue Authority in 2016-2017, undertook an independent assessment of its processes and our performance as a tax administration vis a vis international best practice. This assessment was completed by a team of technical experts provided by the International Monetary Fund (IMF) using their Tax Administration Diagnostic Assessment Tool (TADAT).

This assessment provided the Authority with a clearer view of its position vis a vis other tax administrations based on a standard set of performance indicators. This set baselines for guiding our reform agenda and developing our strategic goals and objectives for the next four-year planning period.

Starting in 2016 – 2017, the Authority therefore set its strategic goals as:

- Improving its organisation structure and governance practices to align with best practice
- Improving service delivery through a customer-centric organisation
- Improving programme delivery through the use of risk management principles
- Developing and implementing a performance management framework for both its staff and the organisation
- Implementing an integrated management information system in support of the Authority's strategy.
- Improving its organisation structure and governance practices to align with best practice
- Improving service delivery through a customer-centric organisation
- Improving programme delivery through the use of risk management principles
- Developing and implementing a performance management framework for both its staff and the organisation

- Implementing an integrated management information system in support of the Authority's strategy.

The Corporate Business Plan for the year 2017-2018 was therefore developed as a continuum of the work started in 2016 – 2017 with the focus for the year being:

- Enhancing our people, processes and technology
- Strengthening our governance function and improving our corporate image
- Promoting voluntary compliance and
- Improving taxpayer services.

## ENHANCING OUR PEOPLE, PROCESSES AND TECHNOLOGY

### *Capacity Building*

The success of the Authority as a trusted world-class tax administration and employer relies significantly on the effectiveness of its people. We recruit and develop our employees to provide the expertise and experience necessary to achieve the goals of the organization today and in the future. This is an on-going priority.

At March 31, 2018, the total number of employees at the Authority stood at 325. During the course of the year, 25 employees were given the opportunity to perform in higher level positions, as the Authority sought to continue the succession planning programme and provide exposure to staff at different levels within the organisation.

The Authority continued its commitment to provide training and development opportunities for its employees by providing attendance at local/in-house training, overseas training, study tours, workshops, seminars and conferences for staff at all levels of the organisation.

These opportunities included attendance at various activities locally, regionally and internationally some of which included:

- The Identification of Counterfeit Currency workshop hosted by the Central Bank of Barbados



- The application of the legislative VAT and Income Tax framework to Auditing workshop hosted by the Authority
- A data analytics training workshop for auditors hosted by CARTAC
- The Barbados Association of Office Professionals Annual Conference
- The 6th Global Forum Competent Authorities Conference
- 35th Annual Conference of the Accounts of the Institute of Chartered Accountants of the Caribbean (ICAC)
- Caribbean Double Taxation Treaty Meeting in Trinidad and Tobago
- Barbados Stock Exchange Corporate Governance and Accountability Conference 2017
- Human Resource Management Association of Barbados Conference
- Institute of Chartered Accountants of Barbados (ICAB) Annual Conference November 2017



*Participants and the Facilitators at the end of Team Mate training*

## Health, Safety and Wellness

In addition to the programme of training and development activities implemented, the Authority also continued its programme of staff wellness introduced in the previous financial year. This programme looks not only to the physical wellness of staff but also seeks to address other areas that impact on the physical and psychological well-being of our employees. We believe that a healthy employee is a productive employee and therefore, as part of the programme for the second year, we adopted the motto "Wellness prevents illness".

During the period April 1, 2017 to March 31, 2018, the Wellness Committee arranged a total of fifteen

lectures and undertook several educational and informative activities including:

- Sneaker Days held every last Friday of each month.
- The Authority's Annual 5K Walk held on Sunday, August 12, 2017 and
- Participation in the Barbados Cancer Society's "Walk for the Cure" 5K, held on Sunday, October 1, 2017.



*Breakfast Walk to Batts Rock*

- Lunchtime Lectures on:
  - Infectious Disease (STI) by a representative from the Community Health Division of the Ministry of Health.
  - Salt Awareness by Community Nutrition Officer, Ms. Karen Griffith
  - Medicinal Plants of Barbados for the Treatment of Communicable and Non Communicable Diseases by Senior Lecturer of the University of the West Indies, Dr. Damien CoHall

The Authority sees the health and safety of all employees as paramount to the achievement of its organisational goals and objectives. It recognises that in addition to implementing activities as part of its Wellness Programme, a formal structure to address various health and safety issues must be in place, explicitly stated and widely disseminated to ensure full acceptance and adherence by all staff of the Authority.

In furtherance of this objective and in keeping with the requirements of the Health and Safety at Work Act, 2013, the Authority developed its Occupational Health and Safety Management Policy. This Policy is intended to guide the implementation of an Occupational Health and Safety Management System at the Authority.

## Pension Plan

The Barbados Revenue Authority Act requires that the Authority put in place a pension plan for its employees. In keeping with this requirement, the Authority commenced the process for the implementation of a pension plan from which all staff of the organisation can benefit.

The pension plan will maintain benefits in line with the Pensions Act, CAP 25 for former officers of the Barbados Public Service while providing for staff recruited by the Authority under the Occupational Pensions Benefit Act.

The Board of Directors has already approved the format of the Plan and the Authority is actively working with the approved Plan Administrator for the registration and commencement of the Plan. It is expected that the Plan will be fully implemented during Financial Year 2018 – 2019

## Performance Management

Performance management as it relates to tax administration provides feedback about internal business processes and external outcome and is an essential part of the broader processes of strategic and operational planning. It is concerned with developing the capacity of employees to meet or exceed expectations and to achieve their full potential to the benefit of themselves and the organization. It not only provides the basis for self-development but importantly, it also ensures that the support and guidance employees need to develop and improve are readily available.

The Barbados Revenue Authority fully implemented its Performance Management System during the Period April 1, 2017 to March 31, 2018 - the Employee Performance Appraisal and Development System - having piloted the system within the organization during the previous year. Staff at all levels within the Authority participated in the process and it was generally considered as successful. The process, which takes the form of a self-renewing cycle, is depicted below. within the organization during the previous year. All staff at all levels within the Authority participated in the process and it was generally considered as successful. The process, which takes the form of a self-renewing cycle, is depicted below.



## Non-Cash Rewards and Recognition Scheme

The Authority has commenced the process of establishing a Non-Cash Rewards and Recognition Programme. In this regard, there was collaboration with the Barbados Productivity Council in designing a suitable programme aimed at increasing productivity performance.

## Risk Management Approach

The Enterprise Risk Management Department (ERMD) continued the implementation of the evolutionary risk-based approach to management. The Risk Management Approach strives to refine the decision making process towards greater transparency and accountability to the activities of the organisation. Risk management allows us to better measure the quality of each stage of the decision making process, making it easier to detect potential risks or opportunities.

With a Risk Management Framework and Policy in place the Authority was better able to manage its risk through the use of a risk register. A Governance Risk and Compliance Committee (GRCC) was established; comprising members of the Executive Management of the Authority, the Senior Manager ERMD, the General Counsel and the Senior Manager Policy Planning and Governance.

Management was kept aware of the risk process in order to review and monitor the progress of implementation of treatments and strategies identified by the ERMD and approved by the

GRCC and monthly meetings were held between the Risk Management Unit and the various departments of the Authority with the intent of gathering information on the risks encountered to enable the Risk Management Unit to report on the progress of mitigation strategies and to provide assistance where necessary in their implementation.

These meetings also served to continue to build the relationship between the Risk Unit and the managers and staff of the sections, which has seen the evolution of an enterprise risk management culture.

Implementing the risk approach has been a challenge. However, it is opined that this should improve with time and as staff become more familiar with this new approach to operations.

### 3. Technology

The Authority collects and processes large amounts of data. Our information technology infrastructure must therefore support the achievement of our strategic outcomes, foster taxpayer confidence in respect of confidentiality and security of information and meet the need for continuous, up to date electronic services.

The Authority commenced the implementation of a new electronic tax system branded as the Tax Administration Management Information System (TAMIS) during the third quarter of financial year 2017 - 2018. The project was launched in March 2018 with an expected Go Live date for businesses of June 2018. This system was made possible through a programme consisting of three components, designed to:

- i. improve the efficiency of the tax collection technological systems, currently under the responsibility of the Barbados Revenue Authority ("BRA");
- ii. Modernize the Department of Custom's control systems at the port and airport; and
- iii. Assist in the development and implementation of a programme to support the consolidation of the tax reforms in Barbados.

Other technological initiatives completed during the year included:

- The implementation of a single domain, Microsoft Active Directory, across all Barbados Revenue Authority locations to facilitate ease of communication between locations as well

as with taxpayers;

- The development of new web documents to support filing of corporation and income tax returns.
- One of the strategic goals of the Authority is to have fully electronic self-service, 24-hour system for its taxpayers by 2020. It is therefore imperative that greater use is made of technology and the capabilities available through the use of web services. The Authority has therefore commenced the process of transitioning its services to a web-based system;
- The upgrade of the security appliances at our main datacenter and at the Customs and Excise Department, Port Authority location;
- Support continued for the upgrade of computer systems across the Customs and Excise Department from the current ASYCUDA ++ to that of ASYCUDA World. This also saw the Authority assisting in the configuration and testing of HS Tariff 2012 for use when the system goes live in the 2018-2019 fiscal year;



*Tax Administration Management Information System (TAMIS) training for staff*

- The migration of the telephone network to provide seamless access across three of the Authority's locations using the Government of Barbados WAN;
- The successful upgrade of the SMARTSTREAM application from version 8.0.01 to 8.0.04; and
- With the implementation of the Foreign Account Tax Compliance Act (FATCA) and the pending implementation of the Common Reporting Standards by the OECD and Global Forum in 2018-19, the Authority was required to pass a Security and Safeguard Assessment. This commenced at the end of financial year 2016-2017 for which the Authority was required to complete a Network Security and Configuration management Plan in order to become fully compliant with these standards.

## STRENGTHENING OUR GOVERNANCE FUNCTION & IMPROVING OUR CORPORATE IMAGE

### Merger to Strengthen Risk Management Focus

On September 1, 2017 the internal audit function was twinned with the risk management function to form the Enterprise Risk Management Department (ERMD). The collaboration with the Internal Audit Department ensured that the Risk Management Unit was better positioned to assist in formulating improved risk management strategies and tools.

### Regional Engagement

The Authority represents the Government of Barbados as a member of a number of international and regional tax organisations, and is on the Executive Committee of a number of these organisations. The Caribbean Organisation of Tax Administrators (COTA) is one such organisation of which the Authority is a member and sits on the Executive Council.

During 2017 – 2018, COTA held its Annual General Assembly and Technical Conference at which it announced the winners of its Annual Essay Competition and COTA Appreciation Awards. This year Ms. Aliah Hazzard placed third regionally in the Essay Competition while Mrs. Sabina Walcott-Denny

- The Fund Access seminar for small businesses and
- Entrepreneur symposium as part of Global Entrepreneurship Week activities.

Information sessions were held on the Common Reporting Standard (CRS) to keep stakeholders abreast of changes regarding exchange of information and their associated reporting obligations and to discuss any issues that still remain in relation to the Foreign Account Tax Compliance Act (FATCA). Additionally, presentations on Donations to Charities were made to various agencies. These sessions allowed for a more engaging dialogue with participants.

The Authority also conducted training sessions for Community Development Officers as well as representatives from the Barbados Postal Service. This was formed part of the thrust towards providing additional community support services to taxpayers during the income tax filing period.

### Communication

The Authority continued its quest to provide taxpayers with accurate and timely information which is required to ensure compliance with the tax laws of Barbados. Tax information is communicated through many channels and in addition to the website being the central hub, the Authority uses traditional media and has also implemented the use of social media to its communication efforts.

For the year under review, 150,324 visits were made from 79,264 website users to the Authority's website. Facebook has proven to be the most useful social media platform for the Authority, garnering 821 likes and 871 followers. The Authority's posts on Facebook over the past year have been able to reach over 60,000 persons. Taxpayers have also been using the direct messaging feature of this channel to communicate directly with the Authority, with a range of general questions and in some cases very technical queries.

In moving forward, the Authority will continue to use a combination of media channels to assist taxpayers in fulfilling their obligations. In seeking to expand its online presence, the Authority will be adding a branded YouTube channel and video-based content for use across all digital channels.

### Registration

In order to adequately sustain the obligation to enhance voluntary compliance, the Authority has maintained its concentration on encouraging new entrants to file online. To this end, there were 7,826 new registrants in the electronic tax system in the areas of companies, businesses and individuals registering for VAT and Income Tax.

## PROMOTING VOLUNTARY COMPLIANCE

### Taxpayer Education & Outreach

Taxpayer Education and Outreach efforts continued to focus on educating and assisting taxpayers in meeting their tax obligations. For the 2017 Income Tax filing season, the Authority expanded its reach through tax clinics at malls and community resource centres across the island to aid taxpayers with filing.

Attention on assisting small businesses and students saw the Authority participating in a number of activities including the following:

- The Guidance Counsellor Association Annual Career showcase
- The UWI Cave Hill Campus Career showcase
- The World of Work showcase
- International Business Week Showcase

The Barbados Revenue Authority Amendment Act 2017-10 introduced the requirement for taxpayers who were transacting any business pertaining to the conveyance of property to have a general clearance certificate indicating that they had no outstanding obligations to the Barbados Revenue Authority. As a result, there were intensified requests for tax clearance certificates during the year.

This increase in requests impacted on the number of tax clearances being produced during the year which stood at 2,765 general tax clearance certificates, 2,261 clearance certificates in relation to mortgages, 2348 in respect of Conveyance of Property, and 250 Estate clearance certificates.

## **Filing**

### *Betting and Gaming*

A complete inventory of all existing Betting and Gaming equipment, as well as an audit of all registrants and operations were completed during the year. There are currently 1200 licenses available for issue by the Betting and Gaming Committee to slot machine operators. There are currently a total of 21 operators. Slot machines are distributed across 31 arcades and 12 hotels under strict review constraints. There are 349 video lottery terminals (VLTs) which are operated as non-aperture machines and are separate and distinct from the initial licensing quota.

The cataloguing and registering of all existing machines continued throughout the year with a view for taxpayers in this industry to become fully compliant.

## **Collections**

During the year, the Authority's Tax Arrears Management Unit (TAMU) started to conduct an assessment of all arrears, to establish the stock of arrears inventory including segmenting the arrears by age, size and collection status has commenced. This process is expected to continue into the next financial year to facilitate the establishment of an accurate and up to date Register of Tax Receivables. Regarding the responsibility of collecting arrears, TAMU collected \$33.166 million for the Income Year 2017/2018 of which companies accounted for 56% of total collections. The three largest tax collections for companies were attributed to Land Tax with \$6.4 million, Corporation Tax with \$5.96 million and Value Added Tax (VAT) with \$5.30 million. In terms of collections from individuals, Land Tax again topped the collections listing with \$8.90 million, followed by Income Tax collections of \$4.80 million and Value Added Tax (VAT) with \$0.652 million.

## **Reporting**

As part of the activities to enhance the reporting process, the Authority provided a two-week training programme in the audit software TeamMate. This training provided staff with a tool with which to proactively monitor the progress of audit cases, analyse large volumes of data electronically, and increase efficiency and the rate of case completion.

Audit Services continued to assist with enforcing the compliance of taxpayers with the tax legislation and address the risk of inaccurate reporting by taxpayers through the conducting of audits. In accordance with the new thrust towards improved customer service, the Division is responsible for auditing medium, small and micro enterprises. A fundamental principle of Barbados' tax system is that tax returns voluntarily filed are accepted as the basis for computing a taxpayer's liability. To assist in promoting voluntary compliance the Division's responsibility is to ensure that the information submitted by taxpayers on their returns is accurate and complete and that the correct tax is paid at the correct time by the correct person in conformity with legislation.

It was noted that in many audits, key officers in the business were not reporting the benefits they received or having companies for which no reporting was done. As part of the audit process the auditors have to request returns to be filed on behalf of some directors and companies that are connected to the directors.

The Audit Selection and Review Committee (ASRC) has convened meetings to provide direction to the Audit Division with respect to the areas of focus and accountability based on cases which were assigned.

## **Automatic Exchange of Information (AEOI)**

The Income Tax (Automatic Exchange of Information) Regulations 2017 were laid in Parliament and Gazetted during May 2017. An official copy of the Statutory Instrument was obtained from the Ministry of Finance and Economic Affairs (MFE) and transmitted to the Organisation for Economic Cooperation and Development (OECD) in June 2017. This transmission meant that Barbados met the June 30, 2017 deadline to have the domestic legislation governing the Common Reporting Standards in force. As a result, Barbados avoided being reported by the OECD to the G20 as a non-compliant jurisdiction and has now satisfied most of the major requirements to facilitate the Common Reporting Standard (CRS) transmissions in 2018.

## Social Responsibility Compliance

The National Social Responsibility Levy (Amendment) Act 2017-20 emerged as the single most important piece of legislation during the year. This was due to the increase in the Levy from 2% to 10% by the Minister of Finance and Economic Affairs during the Financial Statement and Budgetary Proposals of May 30, 2017. A number of meetings were held with various stakeholders such as manufacturers and importers to clarify a number of issues emanating from the interpretation of the Levy.

There were other legislative matters completed relating to the Income Tax (Amendment) Act, 2018-4 and the Income Tax (Amendment) Regulations, 2017 which make provision for individuals to withdraw from their Registered Retirement Plan/Annuity Contract. The amendment to the Act allowed individuals with a Registered Retirement Plan/Annuity Contract to withdraw an amount not exceeding 15 percent of the total value of the savings and pay a withholding tax at the reduced rate of 16.5 percent on the said amount(s) withdrawn. This legislative amendment resulted in an increase in the receipt and processing of application requests for withdrawals from Registered Retirement Plans/Annuity Contract during the year.

## MANAGING ENTERPRISE RISK

### Internal Audit

The Internal Audit Unit (IAU) is charged with the responsibility for the oversight and evaluation of the operations (functions performed) by the Barbados Revenue Authority. Its primary function is to examine the effectiveness and efficiency of management at all levels in their stewardship of the Authority's assets and compliance with the relevant Acts, regulations, policies and procedures and make recommendations for improvement as necessary to safeguard the Authority's resources, promote growth and good governance across the organisation.

The IAU reports directly to the Audit Committee of the Board functionally and administratively to the Revenue Commissioner.

During the year, efforts were concentrated on the audits completed to determine whether there was compliance with the established operating procedures, physical and logistical security of assets, segregation of duties, assignment of roles and business/service continuity within the organisation.

Additionally, the Unit experienced a high demand for its investigative and advisory services during the

financial year. This resulted in planned operational audits being reduced by 25% and investigations and advisory services increasing by 67% and 100% respectively. However, the Unit successfully completed twenty-four (24) audits inclusive of investigations and advisory memoranda.

During the months of September and October 2017 procedural manuals were circulated to staff and there was assurance that staff would be trained. A tool was also developed during the 2017 to monitor the status of the implementation of recommendations made by the IAU and agreed to by management. This tool was designed to monitor and gauge the progress in terms of completion of the recommendations and quarterly reports to the Audit and Risk Committee.

With respect to the 2016-2017 outstanding recommendations, 66% have been implemented, 26% are in progress with only 19% not actioned as at March 31, 2018. Additionally, the Information Technology Section has made steady progress in completing some of its outstanding issues.

### Risk Management

The collaboration with the Internal Audit Department ensured that the Risk Management Unit was better positioned to assist in formulating improved risk management strategies and tools.

The creation of the Business Continuity Plan and the Disaster Recovery Plan were completed and the first cohort of officers were sensitized and trained during the period under review. In addition, other tools such as the Internal Control Schedule and the Status and Recommendation Schedule were created to assess and offer more value to the organization.

Throughout the year, risk scores were assigned to each new risk identified and adjustments were made to existing risks and proposed risk treatments were identified and actioned. The relationship between the Risk Management Unit and the staff was fostered and the enterprise risk management culture was formed. Risk treatments in relation to the identified risks were developed, discussed and documented with a view to ensuring continuous implementation and monitoring.

## IMPROVING TAXPAYER SERVICES

### Customer Service Section (Treasury Building) Renovated

The Customer Service Section located on the Ground Floor of the Treasury Building is the first point of contact

for many people. Renovation works were carried out to make the section more comfortable, visually appealing and to enhance the flow of taxpayers into the section. In addition to improved seating and layout, the section now has a designated area equipped with computers to allow taxpayers to file their taxes under the guidance of the Authority's officers.

### **Large Taxpayer Unit Established**

The Authority conducted research which revealed that large taxpayers contributed approximately 70 percent of domestic tax revenues in Barbados. Consequently, the Caribbean Regional Technical Assistance Centre (CARTAC) provided the Authority with technical assistance for the preparation of the framework and implementation plan for the establishment of a large taxpayer unit (LTU).

With this assistance, the LTU Project Implementation

Team was established in June 2017 to develop and implement a Uni. The establishment of this Unit will allow the Authority to adequately monitor the compliance of these taxpayer and enhance service delivery by catering to their unique and complex business needs.

The LTU Project Team established the criteria for selecting large taxpayers as follows:

- Taxpayers with annual average turnover for financial years 2015-2016 and 2016-2017 of \$25 million or more.
- Taxpayers with annual payments to the BRA for the financial year 2016-2017 of \$500,000 or more that did not meet the initial criteria.
- Taxpayers that have CIF values of imports for the calendar year 2016 exceeding \$10 million annually that did not meet the initial criteria



***CORPORATE  
GOVERNANCE  
REPORT***



# GOVERNANCE STRUCTURE



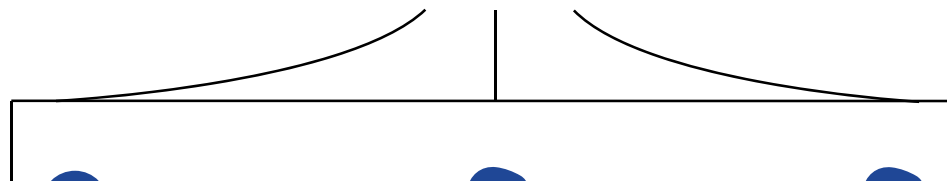
**Minister of Finance and Economic Affairs**



**Barbados Revenue Authority Board**



**Revenue Commissioner**



**Director Shared Services**



**Director Corporate Services**



**Director Audit Services**



**Senior Manager Shared Services**



**Senior Manager Audit Services**



**Senior Manager Information Technology**



**Senior Manager Policy, Planning & Governance**



**Chief Information Security Officer**



**General Counsel & Board Secretary**

# SENIOR MANAGEMENT TEAM

**“Committed to serving our taxpayers and contributing to the economic well-being of our nation”**



From front to back: **Margaret Sivers**- Revenue Commissioner, **Carolyn Barton** - Director Corporate Services, **Hazel Gittens** - Director Audit Services, **Anthony Gittens** - Senior Manager Policy Planning & Governance, **Wayne Forde** - Director Shared Services, **Roger Blackman** - Senior Manager Information Technology, **Trevor Forde** - Chief Internal Control and Systems Officer, **Sonia Jones** - Senior Manager Shared Services, **Erskine Holmes** - General Counsel & Board Secretary and **Anderson Padmore** - Senior Manager Audit Services.

# OUR BOARD

## Board of Directors - Barbados Revenue Authority

### Structure of Board of Directors

The Board comprises nine Directors, six of whom are appointed by the Minister. Five of the six Directors appointed by the Minister are required to be qualified and experienced in economics, accounts, finance, tax, law, public administration or business or such other area, as in the opinion of the Minister, is required for the discharge of the functions of the Board. The sixth person appointed by the Minister is nominated by the most representative trade union from among employees. The appointed members are independent of management. The ex-officio Directors are the Revenue Commissioner, the Director of Finance and Economic Affairs, and the Chief Technical Officer or his nominee.

### Director Rotation and Re-appointment

The terms of office of the appointed Directors are for a period of two years or three years in order to ensure Board continuity. Directors are eligible for reappointment. During the year, the respective terms of office of Directors Karol Ashby, Annice Dalrymple and John Pilgrim came to an end and they were re-appointed for the further term of two years.



**Sandra Osborne, SCM, QC, BSc (Hons), LLB (Hons), FCIS**, chairs the Board and is appointed by the Minister. She is a Queen's Counsel of Barbados and a Chartered Secretary with over 35 years' experience in the legal, governance and

corporate secretarial field. Ms. Osborne worked in the financial services industry for 25 years, retiring in 2013 from the position of Executive Vice President, General Counsel and Corporate Secretary of Sagicor Financial Corporation, one of the Caribbean's leading financial services groups, where she played an integral role in effecting fundamental corporate change, including demutualisation, corporate mergers, acquisitions, take-overs, as well as public and private offerings. Her areas of expertise are insurance, securities and corporate law, and corporate governance. Ms. Osborne serves on Boards in the financial services sector and in the non-profit sector both in Barbados and overseas and is an experienced Sport Administrator.



**Lawson Yearwood** is the Deputy Chairman of the Board and is appointed by the Minister. Mr Yearwood has over 27 years of commercial banking experience, having worked at Barclays Bank PLC and Barbados National Bank.

He was responsible for the set-up of the Wildey branch of the National Bank in 1981 and served as its first manager until 1984. He also worked at the Barbados Development Bank as Manager of Internal Audit. He is Deputy Chairman of the Anti-Money Laundering Authority and a member of the Board of the Financial Services Commission. Mr Yearwood served as a member of the Board of Management of the Princess Margaret Secondary School from 1983 to 2003 and Deputy Chairman of the Barbados Agricultural and Development Corporation (now the Barbados Agricultural Development and Marketing Corporation) from 1986 to 1994.



**Karol Ashby, BSc. (Hons), FCCA, CA, CIA**, is appointed by the Minister. She holds a BSc in Accounting, the FCCA designation and is a Member of the Institute of Internal Auditors. Ms. Ashby has 19 years of experience in the accounting profession. She is a partner of Burrows Chartered Accountants and formerly held senior financial positions in both the private and public sector. She is currently a council member of the Institute of Chartered Accountants of Barbados and a member of the Appeals Tribunal of the Financial Services Commission.



**Dr. Louis Woodroffe** is an ex-officio Member of the Board by virtue of his office as the Director of Finance and Economic Affairs. Dr. Woodroffe has been employed with the Government of Barbados for over thirty years. He was appointed in 2013 as a Permanent Secretary and had the portfolios of Foreign

Affairs and Foreign Trade; Industry and International Business; Commerce and Trade and Economic Affairs. Dr. Woodroffe holds the BSc (Economics), University of the West Indies, Cave Hill Campus; MSc (Economics and Finance), Loughborough University, UK; LL.M (International Trade Law), University of Northumbria, UK; MA (Public Policy Management), York University, UK; and PhD (Economics) from the University of Nottingham, UK.



**Annice Dalrymple, JP, BSc, MBA, CMA**, is appointed by the Minister. She holds an MBA in Financial Management and a BSc in Accounting and is a Certified Management Accountant (CMA) and Justice of the Peace. She started her professional career in the public

sector before joining UWI Cave Hill, where she served for 15 years, retiring as Campus Bursar. She has for many years been active in the Anglican Diocese, serving in various capacities including Treasurer and Chairman of the Finance Committee. She is active in her Church and is currently Treasurer and a Member of the Parochial Church Council. A keen orchid grower, Ms. Dalrymple is a Member of the Barbados Association of Flower Arrangers and is its current Treasurer.



**Cecil Drakes** is appointed by the Minister and is nominated by the trade union representing the highest number of employees within the Authority. Mr Drakes first entered the public service as a Clerical Officer and thereafter enjoyed an extensive and fulfilling

public service career. Through the years, he worked his way up to the ranks of Assistant Accountant, Accountant, Senior Accountant, Tax Inspector, Senior Tax Inspector, Principal Tax Inspector and finally Assistant Commissioner of the Inland Revenue Department. He therefore worked in several Ministries, Departments and Statutory Corporations including the Ministry of Health, the Barbados Water Authority, Seawell Airport Development Project and the Prime Minister's Office. Mr. Drakes has also been actively involved in the National Union of Public Workers (NUPW) for over thirty years, where he served as Shop Steward, Treasurer of Division 2, Deputy General Treasurer, General Treasurer, President, National Councillor and Chairman of the Medicare Scheme. Additionally, he represented the union at several conferences and seminars both locally and overseas and successfully led the union in two salary negotiations. He was a vital part of the salary negotiating team on numerous occasions. Mr. Drakes is a member of the Lions Club of St. Michael.



**John Pilgrim, BSc., MA**, is appointed by the Minister. He is Executive Director of the Barbados National Productivity Council, holds a BSc in Economics, an MA in Agricultural Economics and is a Fellow of the World Academy of Productivity Science. He has

been involved in the design and development of Productivity Improvement programmes in Barbados and throughout the wider Caribbean for many years and has written extensively on productivity-related management issues, conducted seminars and studies and is the author of several publications in this field locally, regionally and internationally. He has worked as a Project Analyst at the Caribbean Development Bank and as Senior Economist with the Caribbean Community Secretariat. Mr. Pilgrim is the past Vice President of the Caribbean Management Development Association and a member of the Project Advisory Committee of the ILO Programme for the Promotion of Management and Labour Cooperation.



**Margaret Sivers, BSc. (Hons), FCPA, FCMA**, is an ex-officio Member of the Board by virtue of her office as the Revenue Commissioner. Ms. Sivers, the first Revenue Commissioner of the Barbados Revenue Authority, is a Fellow of Certified Management

Accountants, FCMA, and holds a BSc in Management Studies. After commencing her career in the private sector, Ms. Sivers joined the public service as Finance Officer. Her last assignment in the public service prior to taking up her position with the Authority was as Permanent Secretary (ag), Ministry of Finance, Special Projects Unit, where she was responsible for the establishment of the Barbados Revenue Authority, the Financial Services Commission, and the modernisation of Government's Procurement System. She previously performed a number of pivotal roles in the Ministry of Finance, including Accountant General, Project Manager - Public Expenditure Management Project and Special Assignments Officer - Office of the International Monetary Fund. Ms. Sivers has served on a number of Boards during her career including the Board of the Kensington Oval Management Inc., the Grantley Adams International Inc. and the Financial Services Commission. As Revenue Commissioner Ms. Sivers also serves as Chair of the Land Tax Relief Board. She is active in the community as the Treasurer of her Church and sits on the Parochial Church Council.



**Cheryl Bennett-Inniss**, has a BSc. in Civil Engineering (Upper Second Class Honours) from the University of the West Indies, St. Augustine Campus in Trinidad (1982) and a Masters of Engineering in Transportation Engineering from the University

of California at Berkeley, USA (1989). She started her career as a civil servant in 1982 at the Ministry of Transport and Works (MTW) as a junior engineer and assumed the duties of the Deputy Chief Technical Officer (Design Services), in 1993 where she supervised the staff of the following sections; Architects, Traffic Management, Road Engineering and Town Planning, and Land Surveying. She has been the Chief Technical Officer (Acting) at that Ministry continuously since June 1st, 2017 and now manages the entire Technical arm of MTW, which also now places the Government Electrical Engineering Department, Operations Section, Projects Section, Mechanical Workshop, the Barbados Licensing Authority and the Barbados Building Standards Authority under her purview.

In her current position she Chairs, is the Deputy Chair or is a member of seven of the fifteen Disaster Emergency Management (DEM) Emergency Management Advisory Council (EMAC) Standing Committees and she sits as an ex-officio member on the Boards for the Architects Registration, Barbados Revenue Authority, Barbados Water Authority and the Transport Authority.

## Board Competency Matrix

The Authority's Corporate Governance Guidelines, which accord with best practice internationally, require that the Board be comprised of a group of individuals who have the appropriate combination of competencies (skills and experience) and personal attributes (behaviour and attitude) to support the Authority's mission, and contribute together as a highly motivated team. The desirable competencies are driven by the Authority's mandate and the skills needed to complement its Management team. It is expected that the requisite skills and experience will change over time as the Authority evolves to face changes in its operating environment. During the year, the Board reviewed the collective skills and experience necessary to enhance its effectiveness, and determined that two key additional competencies in Information Technology and Risk Management should be accessible to the Board through co-option to Board Committees pursuant section 11 of the Second Schedule of the Barbados Revenue Act, 2014-1.

The updated Board Competency Matrix shows the core competencies which have been identified for the collective Board of the Authority:

Board Core Competencies	Sandra Osborne	Lawson Yearwood	Karol Ashby	Louis Woodroffe	Annice Dalrymple	Cecil Drakes	John Pilgrim	Margaret Silvers	Cheryl Bennett-Inniss
Economics*				✓					
Accounts*			✓	✓	✓			✓	
Finance*			✓	✓	✓			✓	
Taxation*			✓	✓		✓		✓	
Law*	✓								
Public Administration*				✓	✓	✓	✓	✓	✓
Business*	✓	✓	✓		✓			✓	
Corporate Governance	✓								
Human Resources Management				✓		✓	✓	✓	✓
Information Technology									
Risk Management									
Other (Banking)		✓							
Other (Engineering)									✓

\* Competencies required by Barbados Revenue Authority Act.

In addition to the above core competencies, all Directors are expected to possess appropriate personal attributes. These include integrity and high ethical standards, sound judgment, an ability and willingness to question conventional assumptions, strong interpersonal skills, and a high level of commitment to the Authority.

## Board Roles and Responsibilities

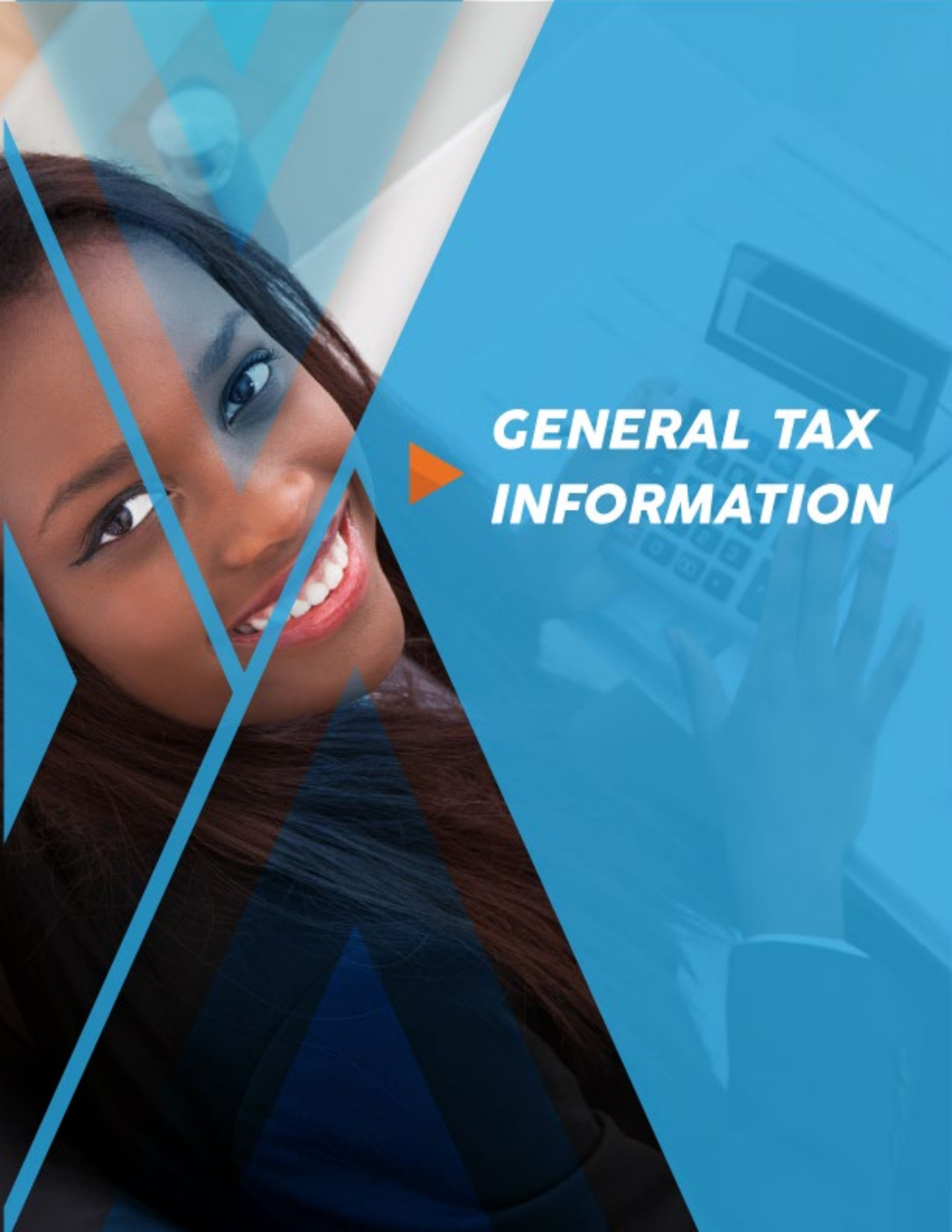
The Board occupies a central position in the governance of the Authority. Its general role is to foster the Authority's short and long-term success consistent with its mandated objectives and accountability to its stakeholders. In the discharge of its mandate, the Board oversees the affairs of the Authority, supervises management, which is responsible for day-to-day operations and, through the Revenue Commissioner, sets the standards of the Authority's conduct.

During the year, the Board fulfilled its mandate by providing leadership with respect to the following specific responsibilities:

- (i) Selecting, assessing, compensating, and if necessary, replacing the Revenue Commissioner and planning for the Revenue Commissioner's succession with the approval of the Minister of Finance & Economic Affairs.
- (ii) Overseeing the development of and approving a strategic plan that takes into account the opportunities and risks facing the Authority.
- (iii) Approving the Authority's capital and operating budgets and ensuring the integrity of financial statements, internal controls, financial information systems, projections, forecasts and audited statements.
- (iv) Approving the Authority's significant policies.
- (v) Working with management to identify the principal risks to the Authority and ensuring that systems to manage those risks are in place.
- (vi) Monitoring the Authority's performance against agreed goals and objectives.
- (vii) Approving major transactions in accordance with Authority's Delegation.

- (viii) Ensuring compliance with legal and regulatory requirements.
- (ix) Ensuring that reporting, monitoring and accountability obligations are met.
- (x) Ensuring that controls, codes or guide lines are in place governing ethical conduct, conflict of interest, environmental protection, personal and public safety, equity and similar concerns.
- (xi) Ensuring that the Authority has an appropriate communications strategy.
- (xii) Providing for the Board's good management and on-going effectiveness including establishing of the committees, task forces and work groups required to assist the Board in the effective discharge of its mandate.
- (xiii) In consultation with the Minister, identifying the required competencies and personal attributes required on the Board, and providing recommendations for the orderly succession of Board members.

The roles and the expectations for the Chair, individual Directors, and the Revenue Commissioner have been clearly defined. The Chair's leadership skills are a critical factor in determining overall Board effectiveness, while collectively, the individual Board Members execute the Board's responsibilities set out in the Corporate Governance Guidelines, adhering to a high standard of performance and personal behaviour. The Revenue Commissioner is responsible for leading management, developing and implementing the Authority's strategy and reporting to the Board of Directors.



***GENERAL TAX  
INFORMATION***



# SUMMARY OF TAXES ADMINISTERED

The Barbados Revenue Authority collects eleven types of taxes administered under seven main pieces of legislation, these being:

- Income Tax Act
- Land Tax Act
- Value Added Tax Act
- Excise Tax Act
- Consolidation Tax Act
- Taxes on Financial Institutions Act
- Municipal Solid Waste Tax Act

A summary of these various taxes is provided below. (Rates relate to the tax year ended March 31, 2016)

## TAXES ON INCOMES AND PROFITS

### Personal Income Tax

Income tax is levied on:

- a) The income earned by individuals in a calendar year.
- b) The profits of a trade or business earned by an individual in a fiscal year.

Personal income tax is levied on the income/salary of individuals. The current tax rates for individuals are:

Taxable Income	Rate of Tax
between \$25,000 and \$35,000	16%
over \$35,000	33.5%

Income from business and investments is included in the accessible income of the individual and taxed at the prevailing rate of tax. Trusts and estates are also taxed at the same rates as individuals, however allowances are not granted.

Income from interest and dividends in the case of an individual is taxed at 12.5%. Individuals who are resident in Barbados who earn less than \$18,000 annually but not more than \$1,500 monthly enjoy the benefit of a "reverse tax credit" which is a grant of \$650 annually.

Individuals are granted a personal allowance of \$25,000 per annum, however, pensioners age 60 and over are granted a personal allowance of \$40,000. Individuals are also granted an allowance of \$3,000 for spouses with no income and a child allowance of \$1,000 per child up to the maximum of two children.

### Filing Requirements

Income tax returns must be filed by April 30th each year. Persons with tax payable are required to pay half by April 30th and the remainder on or before September 30th of the same year. Employers are required to deduct Pay As You Earn (PAYE) deductions from the salary of employees every month and remit the amount deducted to the Barbados Revenue Authority by the 15th of the following month.

### Self Employed

Self-employed persons with assessable income are required to file and make prepayments which are based on estimated income. Prepayments are made by self-employed individuals on the 15th day of, June, September and December. Self employed persons must file their income tax return by April 30th and must pay any amount due on filing.

Income derived from the rental of residential property is taxed separately at the rate of 15%.

### Consolidation Tax

This tax was implemented for a 24 month period ending March 2016. Consolidation Tax was payable by an individual on gross income from all sources and was calculated using the rates in accordance with Section 5 of the Act as follows:

For individuals earning gross income between \$50,000 and \$75,000, 0.5%; for individuals earning gross income between \$75,001 and \$100,000, 1%; for individuals earning gross income between \$100,001 and \$200,000, 2%; and for individuals earning gross income above \$200,000, 3%.



**Income tax returns** must be filed by **April 30th** each year.

## Corporate Income Tax

The timing for companies to file returns and to pay corporation tax on their profits is determined by their fiscal year

### Filing returns

- (a) Companies with a year end between January 1st and September 30th are required to file their returns by March 15th of the following year.
- b) Companies with a year end between October 1st and December 31st are required to file by June 15th of the following year.

### Prepayment of Tax

Every company whose fiscal period ends at any time during January 1st to September 30th in any year (both dates inclusive) shall pay 50% of the tax paid or payable on the total income declared for the previous income year not later than September 15th of the current year. Any balance due is payable on filing on March 15.

Companies whose fiscal period ends at any time during the period October 1st to December 31st (both dates inclusive) must prepay as follows:

- 50% by December 15
- 50% by March 15

and any balance on filing on June 15. The prepayment is calculated on the tax paid or payable on the income declared in the previous year.

### Withholding Tax

Generally, the withholding tax on income under the Barbados Income Tax Act is 15%.

For payments from Barbados by other companies, the following treaty withholding rates apply:

- (a) Dividends 0-15%
- (b) Interest 5-15%
- (c) Royalties 5-15%
- (d) Management Fees 0-15%

For non-treaty countries, the withholding rate is 15%.

Interest on bonds, debentures or stock of the Government of Barbados, beneficially owned by a non-resident person is exempt from withholding tax.

## The tax rate applicable to companies:

Company Type	Tax Rate
Life Insurance Companies	5%
Exempt Insurance (taxable income to 250,000)	8%
Exempt Insurance Companies	0%
Approved Small Business	5%
Construction of 15 or more houses with a sale price of under \$400,000 inclusive of land	5%
Manufacturing Companies	5%
Interest on Government Securities	12.5%
International Business Companies at 2.5% rate	2.5%
International Business Companies at 2.0% rate	2%
International Business Companies at 1.5% rate	1.5%
International Business Companies at 0.5% rate	0.5%
Other Companies	25%
Rental Income from Residential Property	5%

## GOODS AND SERVICES TAXES

### Value Added Tax (VAT)

VAT is imposed on the taxable supply of goods and services in Barbados and on goods imported into Barbados. The current threshold is \$80,000.

VAT is imposed on the value added at each stage of production and does not cascade. In Barbados, there are four rates of VAT- a standard rate of 17.5%, 7.5% on holiday accommodation and Direct Tourism Services, 22% on mobile telephone services (voice, data and text messaging) and 0% on goods detailed in the First Schedule of the Act. In addition, goods listed in the Second Schedule of the Act are exempted from payment of the tax.

Registrants are required to, within 21 days after the end of each taxable period, whether or not the registrant makes a taxable supply during the taxable period, file with the Revenue Commissioner in such manner as the Revenue Commissioner determines, an accurate return for the taxable period.

## Excise Tax

Excise Tax is imposed on tobacco products, petroleum products, automobiles, alcohol and sugar sweetened beverages. The rates of tax applied vary as per tariff heading and are outlined in Excise Tax Regulations, 2014. In January 2016 a new Excise Tax Act and Regulations were passed in the Parliament and the old Act repealed. Breweries, Distilleries and Refineries started reporting through the VAT and Excise Tax Administration System (VETAS) in 2016-2107. Challenges were encountered especially in the blending operations and the BRA has been working with the industry to resolve all issues.

## Taxes on Insurance Premiums

### General Insurance

In respect of a company carrying on general insurance business 4.75% of the gross direct premium in respect of resident and non-resident insurers is payable as premium tax. In respect of a company carrying on general insurance business other than property insurance, 4% is payable in respect of resident and non-resident insurers.

### Life Insurance

In the case of a resident life insurance company, taxes are payable at the rate of 3% of the premium income of the company for renewal business for the income year. In the case of a foreign company taxes are payable at the rate of 5% of the premium income of the company for renewal business for the income year. On new business taxes are payable at a rate of 6% in respect of resident and non-resident insurers.

## Taxes on Assets of Banks and Financial Institutions

This Act was proclaimed on February 3, 2015. It imposed a tax on the assets of commercial banks, insurance companies, credit unions and other financial deposit taking institutions with gross assets of \$40m or more. The rate of the tax payable is 0.2% per annum and is applied to the average domestic assets of the entities. This rate was increased on bank assets only to 0.35% in 2016.

## Taxes on Remittances

- (a) For remittances to a non-resident insurer carrying on general insurance business other than health plans, the tax is 20%
- (b) For remittances to a non-resident insurer carrying on long term business including health, the tax is 15%
- (c) For remittances to a non-resident person administering pension funds, the tax is 6%

(d) Surplus funds by:

- (i) A foreign company carrying on long term insurance business, the tax is 15%
- (ii) A foreign company carrying on general insurance business, the tax is 10%.

## PROPERTY TAXES

### Land Tax

The Valuation and Assessment Department of the Authority values property every 3 years. Based on the improved or site value of the property, land tax is calculated at specified rates.

Rebates are available for pensioners, hotels, villas and the agricultural sector. In addition, there is a rebate for manufacturers whose exports are \$100,000.00 or more per calendar year.

Land Tax is due April 1 of each year; however property owners pay when their tax bill is issued by the Authority. If the bill is paid in full within thirty days after the date of issuance of the tax bill, a discount of 10% is granted to the taxpayer.

Current rates are set out in Table 1. below.

### Rent Registration

A fee of \$2.00 is charged to facilitate registration of rent for residential properties.



**Properties are revalued every 3 years for land tax purposes**

**Table 1: Property Tax Rates**

On the improved value up to \$150,000.00	0.0%
On the excess greater than \$150,000.00 but not exceeding \$450,000	0.10%
On the excess of the improved value greater than \$450,000 but not exceeding \$1,000,000.00	0.45%
On the excess of the improved value greater than \$1,000,000	0.75%
The Tax Cap on residential remains at \$60,000	
2. Non-Residential	
On the improved value of every parcel of land on which there is a building other than a residence	0.70%
3. Un-Improved Land*	
On the site value of each parcel of unimproved land	0.80%
<b>*NB - There is no charge to the rate on site values</b>	



The Barbados Revenue Authority reported just over **BDS \$2.5 billion** in revenue and paid out just over **BDS \$200 million** in refunds.



***FINANCIAL  
STATEMENTS***

## **Statement of Management Responsibility Including Internal Control over Financial Reporting**

The accompanying financial statements of the Barbados Revenue Authority (the Authority) have been prepared in accordance with International Public Sector Accounting Standards (IPSAS). Significant accounting policies are set out in Note 1 to the financial statements. Some of the information included in the financial statements, such as accruals, is based on management's best estimates and judgment, with due consideration to materiality.

The Authority's management is responsible for the integrity and objectivity of data in these financial statements. Management is also responsible for the preparation and the fair presentation of the financial statements in accordance with the applicable financial reporting framework and this responsibility includes:

- (a) Designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- (b) Selecting and applying appropriate accounting policies; and
- (c) Making accounting estimates that are reasonable.

To fulfil its accounting and reporting responsibilities, management maintains sets of accounts which provide records of the Authority's financial transactions. Management also maintains financial management and an effective system of internal control over financial reporting (ICFR) that take into account costs, benefits, and risks. They are designed to provide reasonable assurance that transactions are processed within the powers provided by the Authority's Act, are executed in accordance with prescribed regulations and the Financial Management and Audit Act, and are properly recorded to maintain the accountability of funds and safeguarding of assets.

Financial management and internal control systems are reinforced by the maintenance of internal audit programmes. The Authority also seeks to assure the objectivity and integrity of data in its financial statements by: the careful selection, training, and development of qualified staff; organisational arrangements that provide appropriate divisions of responsibility; communication programmes aimed at ensuring that its regulations, policies, standards and managerial responsibilities are understood throughout

the organisation, and by conducting an annual assessment of the effectiveness of its system of ICFR.

The system of ICFR is designed to mitigate risks to a reasonable level based on an on-going process to identify key risks, assess the impacts and adopt strategies for risk management to assess the effectiveness of associated key controls, and to make any necessary adjustments. The effectiveness and adequacy of the Authority's financial management and its system of internal control are reviewed by the work of internal audit staff, who conduct periodic audits of different areas of the Authority's operations and by the Board of Directors which is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control and exercises this responsibility through the Audit Committee of the Board of Directors. To assure objectivity and freedom from bias, these financial statements have been reviewed by the Audit Committee and approved by the Board of Directors. The Audit Committee is independent of management and meets with management, the internal auditors, and the Auditor General of Barbados on a regular basis. The auditors have full and free access to the Audit Committee.

The Auditor General of Barbados conducts independent audits and expresses separate opinions on the accompanying financial statements.



# FINANCIAL STATEMENTS AGENCY ACTIVITIES



## AUDITOR GENERAL'S OFFICE BARBADOS



### INDEPENDENT AUDITOR'S REPORT To the Board of Directors of the Barbados Revenue Authority For the year ended March 31, 2018

#### Qualified Opinion

I have audited the financial statements (Agency) of the Barbados Revenue Authority (the Authority), which comprise the Statement of Financial Position as at March 31, 2018, Statement of Change in General Fund, Statement of Financial Performance, Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of my report, the accompanying financial statements give a true and fair view of the financial position of the Authority as at March 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS).

#### Basis for Qualified Opinion

Amounts totaling \$2.029 million which was paid by a third party to purchase capital equipment for another state agency was reported as Operating Income and also under Fixed Assets of the Authority. I was also unable to verify the balance of \$13.664 million reported as Subvention Receivable.


I conducted my audit in accordance with International Standards on Supreme Audit Institutions. My responsibilities under those standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of my report. I am independent of the Authority in accordance with the ethical requirements that are relevant to my audit of the financial statements in Barbados, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Responsibility of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the International Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with IPSAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

  
L. E. TROTMAN  
Auditor General

2013-03-01



**Barbados Revenue Authority**  
**Statement of Financial Position**  
**as at March 31, 2018**  
**BDS\$000's**

	Notes	Actual Mar 2018 \$	Actual Mar 2017 \$
<b>TOTAL ASSETS</b>			
<b>Current Assets</b>			
Cash and Bank	4	1,976	2,583
Subvention Receivable	5	9,269	5,435
Subvention Receivable _TAIRP	5	4,395	
Staff Loans/ Advance		523	432
Prepayments		527	445
Prepayments – TAIRP		32	
Other Receivables		39	36
<b>Total Current Assets</b>		<b>16,761</b>	<b>8,931</b>
<b>Fixed Assets</b>			
Fixed Assets- TAIRP	6	1,633	1,469
		2,652	
<b>Total Fixed Assets</b>		<b>4,285</b>	<b>1,469</b>
<b>Total Assets</b>		<b>21,046</b>	<b>10,400</b>
<b>Liabilities</b>			
Accounts Payable & Accrued Liabilities	7	3,436	394
Accounts Payable & Accrued Liabilities - TAIRP	7	458	
Unearned Revenue -TAIRP	8	3,252	
<b>Total Liabilities</b>		<b>7,146</b>	<b>394</b>
<b>GENERAL FUND</b>			
<b>Total General Fund</b>	10	<b>13,900</b>	<b>10,006</b>
<b>TOTAL LIABILITIES AND GENERAL FUND</b>		<b>21,046</b>	<b>10,400</b>

TAIRP – Tax Administration Infrastructure Reform Project

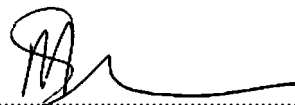
The accompanying notes form an integral part of these financial statements



Chairman

31/07/2018

Date



Revenue Commissioner

31/07/2018

Date

**Barbados Revenue Authority**  
**Statement of Change in General Fund**  
**For the Year Ending March 31, 2018**  
**BDS\$000's**

	<b>Opening Capital</b>	<b>Surplus (Deficit)</b>	<b>Total</b>
	\$	\$	\$
<b>Balance as at March 31, 2016</b>	<b>3,651</b>	<b>5,117</b>	<b>8,768</b>
Adjustment to Prior Period	7		7
Net Surplus		1,231	<b>1,231</b>
<b>Balance as at March 31, 2017</b>	<b>3,658</b>	<b>6,348</b>	<b>10,006</b>
Net Surplus		<b>3,894</b>	<b>3,894</b>
<b>Balance as at March 31, 2018</b>	<b>3,658</b>	<b>10,242</b>	<b>13,900</b>

*The accompanying notes form an integral part of these financial statements*

**Barbados Revenue Authority**  
**Statement of Financial Performance**  
**For the Year Ending March 31, 2018**  
**BDS\$000's**

	Notes	Actual Mar 2018 \$	Restated Actual Mar 2016 \$
Operating Income	15	27,659	24,593
Operating Income – TAIRP	15	7,888	
<b>Total Operating Income</b>		<b>35,547</b>	<b>24,593</b>
<b>EXPENDITURE</b>			
Personnel Expenses	16	22,073	18,427
Other Expenses	17	4,049	4,732
Other Expenses-TAIRP	17	5,133	
Depreciation		398	203
<b>Total Operating Expenditure</b>		<b>31,653</b>	<b>23,362</b>
<b>Net Surplus (Deficit)</b>		<b>3,894</b>	<b>1,231</b>

*TAIRP – Tax Administration Infrastructure Reform Project*

*The accompanying notes form an integral part of these financial statements*

**Barbados Revenue Authority  
Statement of Cash Flows  
For the Year Ending March 31, 2018  
BDS\$000's**

	<b>Actual</b>	<b>Restated</b>
	<b>Mar 2018</b>	<b>Mar 2017</b>
	<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Net Surplus/(Deficit)</b>	<b>3,894</b>	<b>1,231</b>
Add: Depreciation	398	203
Operating Income before working capital changes		<b>1,435</b>
Net Changes in assets and liabilities	(1,686)	(1,548)
<b>Net cash flows from operating activities</b>	<b>2,606</b>	<b>(113)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of Assets	(3,215)	(1,129)
<b>Net cash flows from investing activities</b>	<b>(3,215)</b>	<b>(1,129)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Change in Administered Agency Fund	3	6
<b>Net cash flows from financing activities</b>	<b>3</b>	<b>6</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(606)</b>	<b>(1,236)</b>
<b>Cash at beginning of Year</b>	<b>2,583</b>	<b>3,819</b>
<b>Cash at end of the Year</b>	<b>1,976</b>	<b>2,583</b>

*Financial Statements of the Barbados Revenue Authority*

## Significant Accounting Policies

### 1. Reporting Entity

The Barbados Revenue Authority (the Authority) is a body corporate owned and established by the Government of Barbados under Section 3 (1) of the Barbados Revenue Authority Act 2014-1. The Authority operates solely in Barbados.

The main activities of the Authority relate to the administration of the specified legislation set out in Schedule 1 of the Act. In addition, the Authority has responsibilities for the enforcement and collection of all forms of duties, taxes, interest, penalty, fees and any amounts payable under the specified enactments; advise the Minister on all matters relating to the Act and the specified enactments and to represent Barbados on other matters relating to taxes.

The Financial Statements of the Barbados Revenue Authority are prepared in accordance with the requirements of the Financial Management and Audit Act 2007. This is in accordance with Section 22 of the Barbados Revenue Authority Act which requires that the Financial Management and Audit Act may be applied with such adaptations and modifications that may be required.

These Financial Statements contain transaction details for the Tax Administration Infrastructure Reform Project (TAIRP). The Barbados Revenue Authority was assigned the responsibility for managing this Project which includes the implementation of the new Tax Administration Management Information System (TAMIS) and the Revenue Enhancement Programme (REP)

### 2. Accounting Policies

These financial statements comply with International Public Sector Accounting Standards (IPSAS). The measurement base is historical cost. The accrual basis of accounting has been used unless otherwise stated.

#### 2.1 Reporting and forecast period

The reporting period for these financial statements is the year April 1, 2017 to March 31, 2018.

#### 2.2 Exchange revenue (Revenue Earned through operations)

If revenue has been earned by the Barbados Revenue Authority in exchange for the provision of Goods and Services to third parties, the Authority records its revenue through operations. Such revenue is recognized when it is earned.

##### 2.2.1 Revenue for Operations

The Authority's main source of revenue to fund its operations is by way of a subvention from Government. Prior to the beginning of the financial year, the Authority is required to submit its Estimates of Expenditure for the financial year to be considered for the subvention.

#### 2.3 Expenses

Expenses are recognized in the period to which they relate.

### 2.3.1 Foreign currency transactions

Transactions in foreign currency are translated into Barbados dollars using the exchange rate on the dates of the transactions. Exchange rate differences arising on settlement of these transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the Statement of Financial Performance.

Currency exchange rates are determined by reference to the Central Bank of Barbados.

### 2.3.2 Depreciation

Depreciation is charged on a straight line basis calculated to allocate the cost or valuation of an item of property, plant and equipment over the estimated useful life. Typically the estimated useful lives of different classes of property plant and equipment are as follows:

<b>Assets</b>	<b>Life</b>	<b>Rates Used</b>
Leasehold improvements	15 years	6.67%
Machinery and Equipment Office	3 to 10 years	10% to 33%
Computer Hardware	5 years	20%
Computer Software	5 years	20%
Furniture and Fittings	10 years	10%
Motor Vehicles	7 years	14%

## 2.4 Assets

### 2.4.1 Receivables and Advances

Receivables and advances are recorded at the amounts expected to be ultimately collected in cash.

### 2.4.2 Inventories

Inventories are recorded at the lower of cost and net realizable value. Where inventories acquired are recorded at cost, the weighted average cost method is used.

### 2.4.3 Plant and Leasehold Improvements

Items of property, plant and equipment which include buildings, motor vehicles and office equipment, are recorded at cost less accumulated depreciation. Assets costing under \$3,000 individually are expensed at acquisition but if purchased as part of a group and the cost is \$3,000 or over, they are capitalised.

Revaluations are carried out for the classes of property, plant and equipment noted below to reflect the service potential or economic benefit obtained through control of the asset. Revaluation is based on the fair value of the asset.

Classes of property, plant and equipment assets that are revalued, are revalued at least every three years.

## 2.5 Liabilities

All liabilities are recorded at the estimated obligation to pay.

## 3. Comparatives

These statements are presented with comparative figures for the year April 1 2017 – March 31, 2018.

<b>4. Cash</b>	<b>2018</b>	<b>2017</b>
	\$000's	\$000's
Cash in Bank	1,969	2,577
Change on Hand	<u>7</u>	<u>6</u>
Cash at end of the year March 31	<b>1,976</b>	<b>2,583</b>

#### **5. Subvention Receivable**

Subvention Receivable represents the outstanding subvention due from Government of Barbados.

	<b>2018</b>	<b>2017</b>
	\$000's	\$000's
BRA Operations 2015-2016	-	3,185
BRA Operations 2016-2017	1,062	2,250
BRA Operations 2017-2018	8,207	-
TAIRP	4,395	
<b>Subvention Receivable March 31</b>	<b>13,664</b>	<b>5,435</b>

6.

**Barbados Revenue Authority  
Fixed Assets  
As at March 31, 2018**

	Plant and Leasehold Improvements 000's	Computers 000's	Office Equipment 000's	Furniture and Fixtures 000's	Vehicles 000's	Assets Under Construction	Total 000's
<b>COST</b>							
<b>a) Cost @April 1, 2017</b>	361	833	208	95	336		1,833
<b>Additions</b>	130	724	266	71	0	2,029	3,220
Disposals							
<b>Cost @ March 31, 2018</b>	491	1,557	474	166	336	2,029	5,053
<b>b) Accumulated Depreciation</b>							
<b>Balance at April 1, 2017</b>	14	138	48	5	159		364
Prior Period Adjustment		6					6
<b>Depreciation for Year</b>	33	251	58	13	48		404
<b>Disposal (Depreciation)</b>							
<b>Accum. Depreciation March 2018</b>	47	106	106	18	207		768
<b>Net Book Value 2018</b>	<b>443</b>	<b>1,168</b>	<b>368</b>	<b>148</b>	<b>129</b>	<b>2,029</b>	<b>4,285</b>
<b>Year 2016 -2017</b>							
<b>Cost @April 1, 2016</b>	<b>29</b>	<b>173</b>	<b>160</b>	<b>7</b>	<b>336</b>		<b>705</b>
Additions	332	660	48	88			1,128
<b>Disposals Cost @ March 31, 2017</b>	<b>361</b>	<b>833</b>	<b>208</b>	<b>95</b>	<b>336</b>		<b>1,833</b>
<b>Accumulated Depreciation</b>							
<b>Balance at April 1, 2016</b>		<b>37</b>	<b>13</b>	-	<b>111</b>		<b>161</b>
Depreciation for Year	14	138	48	5	48		203
Disposals (Depreciation)							
<b>Depreciation @ March 31, 2017</b>	14	138	48	5	159		364
<b>Net Book Value at March 31, 2017</b>	<b>347</b>	<b>695</b>	<b>160</b>	<b>90</b>	<b>177</b>		<b>1,469</b>



## 7. Accounts Payable

	2018 \$000's	2017 \$000's
Accounts Payable and Accrued Liabilities	3,436	394
Accounts Payable and Accrued Liabilities-TAIRP	458	
	<b>3,894</b>	<b>394</b>

Account Payable and Accrued Liabilities include \$2.8M which relate to expenditure accrued for the Authority's pension obligations for its staff for the financial year.

## 8. Unearned Revenue

Unearned revenue represents funds released by the Ministry of Finance for the acquisition of goods and services for the Tax Administration Infrastructure Reform Project for which expenditure has not been incurred.

## 9. Contingent liabilities

Contingent liabilities are estimated at \$9M representing unpaid portions of negotiated contracts relative to the Tax Administration Infrastructure Reform Project (TAIRP).

## 10. General Fund

General Fund represents the equity components i.e. the residual of assets less liabilities. The separation of the Agency activities from the Administered activities resulted in an adjustment of \$217K at March 31, 2018 (2017: \$217K) between the two agencies which has been netted in General Fund for the relevant year. An amount of \$5K was included in overdrawn salaries which related to prior year expenditure. Retained earnings was therefore affected by this inclusion.

	2018 \$000's	2017 \$000's
<b>GENERAL FUND</b>		
Donated Capital	3,658	3,658
Net Surplus (Deficit)	10,242	6,348
<b>Total General Fund</b>	<b>13,900</b>	<b>10,006</b>

## 11. Retiring Benefits

The Authority is implementing its pension plan and the retiring benefits represent the recording of the projected expenditure. The plan is a hybrid plan where employees who transitioned to the Authority from one of the legacy agencies are entitled to receive benefit, computed using the same method as under Cap 25. while staff members recruited by the BRA are required to make contributions. These contributions will be matched by the Authority.

## 12. Related Party Transaction

The Authority considers related parties' transactions to be those with Government owned entities. The Authority engages in related party transactions with the Treasury Department and the Ministry of Housing and Lands as stated below:-

Treasury Department	The Treasury Department manages and remits salary related expenditure on behalf of the Barbados Revenue Authority from the subvention due.
Ministry of Housing & Lands	The Ministry of Housing & Lands negotiates and manages rental space on behalf of the Barbados Revenue Authority free of charge to the Authority.

## 13. Key Management Personnel Compensation

	2018 \$000's	2017 \$000's
Board of Directors	88	96
Senior Management	1,404	1,345
	<b>1,492</b>	<b>1,441</b>

## 14 Financial Risk Management

The Corporation has exposure to the following risk from its use of financial instruments:

- Credit risk
- Liquidity Risk
- Operational Risk

### 14.1 Risk Management Framework

The Senior Management team has overall responsibility for the establishment and oversight of the Authority's risk management framework, for monitoring the Authority's risk management policies. The management team periodically reports to the Board of Directors on its activities.

### 14.2 Credit Risk

Credit risk is the risk of financial loss to the Authority if a customer or counterparty to financial instruments fails to meet its contractual obligations, and arises primarily from the Authority's cash and cash equivalents, other receivables and loans receivable.

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Authority has no significant concentration of credit risk attached to accounts receivables which comprise mainly loans to staff members.

Cash and cash equivalents are held with reputable financial institutions, which present minimal risk of default.

## 14.2 Credit Risk (continued)

### Exposure to credit risk

The carrying amount of the financial assets represents the maximum credit exposure. The maximum credit exposure at the reporting date was:-

	<b>2018</b> <b>\$000's</b>	<b>2017</b> <b>\$000's</b>
Cash and cash equivalents	1,976	2,583
Staff receivables	532	432
Other Receivables	39	36
	<b>2,538</b>	<b>3,051</b>

## 14.3 Liquidity Risk

Liquidity risk is the risk that the Authority will not be able to meet its financial obligations as they fall due. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities.

The management of the Authority aims at maintaining flexibility in funding by monitoring and budgeting commitments and by monitoring the timing of its cash flows.

The Authority's liquidity risk is minimal since as discussed in note 2.2.1, the Authority is economically dependent on the Government for its financing.

## 14.4 Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Authority's processes, personnel, technology and infrastructure, and from external factors other than credit, market or liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Authority's operations.

The Authority's objective is to manage operational risk by developing and implementing controls within the operation that would mitigate this risk. Compliance with the Authority's policies is supported by a programme of periodic reviews undertaken by the Internal Audit Department and the Risk Management Unit. The results of these reviews are discussed with Management and the Board.

## 15. Income

	<b>2018</b> <b>\$000's</b>	<b>2017</b> <b>\$000's</b>
<b>INCOME</b>		
Subvention from Government	27,654	24,591
Subvention from Government – TAIRP	7,889	
Other	4	2
	<b>35,547</b>	<b>24,593</b>

## 16. Expenditure

<b>Personnel Expenses</b>	<b>Restated</b>	
	<b>2018</b>	<b>2017</b>
	\$000's	\$000's
Personal Emoluments	17,876	17,126
Employers Contributions	1,350	1,266
Contract Gratuity	2,846	35
<b>Total</b>	<b>22,072</b>	<b>18,427</b>
<b>Other Expenses</b>	<b>2018</b>	<b>2017</b>
Travel	83	151
Utilities	765	702
Rental of Property	13	26
Library Books & Publications	30	12
Supplies & Materials	546	531
Maintenance of Property	1,436	1,291
Operating Expenses	895	1,608
Structures	5	4
Structures – TAIRP	53	
Professional Services	246	356
Professional Services-TAIRP	5,045	
Subscriptions to Int'l Organisations	65	51
<b>Total Operating Expenditure</b>	<b>9,182</b>	<b>4,732</b>

## 17. Operating Expenses

	<b>2018</b>	<b>2017</b>
	<b>\$000's</b>	<b>\$000's</b>
Hospitality	56	82
Conferences	272	726
Board & Tribunal Expenses	146	162
Postage	155	189
Special Payments	104	161
Information services	34	68
Information services - TAIRP	34	-
Uniforms	22	115
Other Operating Expenses	65	98
Bank Charges	7	7
	<b>895</b>	<b>1,608</b>

## 18. CASH FLOW

	<b>March</b>	<b>March</b>
	<b>2018</b>	<b>2017</b>
	<b>\$000's</b>	<b>\$000's</b>
<b>Change in assets and liabilities</b>		
Increase in Subvention Receivables	(8,230)	(1,108)
Increase in Staff Loans/Advances	(91)	(257)
Increase in Prepayments	(113)	(344)
Decrease in Other Receivables	(3)	(34)
Increase in Administered Agency Receivable		(2)
Increase in Accounts Payable & Accrued Liabilities	3,499	197
Increase in Deferred Revenue	3,252	
<b>Net Change in assets and liabilities</b>	<b>(1,686)</b>	<b>(1,548)</b>

# FINANCIAL ANALYSIS AND DISCUSSION

## AGENCY ACTIVITIES

This section of the Annual Report provides a discussion and analysis of the financial position and performance of the Barbados Revenue Authority's Agency Activities for the financial year ended March 31, 2017 as compared to the prior year ended March 31, 2016.

### Overview

The Authority has completed its third year of operations. During this period, there was further improvement to its financial position evidenced by continuous review, acquisition and reallocation of resources to create greater efficiencies and assist in achieving its mandate of collecting revenue on behalf of the Government.

### General Fund

At March 31, 2017, General Fund stood at \$10m, an increase of \$1.2m resulting from the net surplus recorded for the year.

### Asset/Liability Management

Fixed Assets increased by 170% as the Authority continued to upgrade its plant to ensure that staff are provided with equipment that meets ergonomically accepted standards. The Authority also acquired necessary software to facilitate compliance with the requirements of the Foreign Account Tax Compliance Act. The cost of this software represents 32% of fixed assets. Leasehold Improvement costs representing 17% of fixed assets was one of the main contributors to the increase in fixed assets.

Prepayments relating to annual maintenance contracts increased by \$0.34m or 342% over last financial year. Liabilities increased by \$0.2m or 100% due mainly to accruals for Utilities, Training and Uniforms Costs.

### Subvention Income

The Authority receives its operational funds via subventions from Government. During the financial year, the Authority received subvention of \$24.6m, a decrease of 14% from the prior financial year. These funds assisted the Authority in its efforts to continue streamlining its programmes to fulfil its mandate.

### Expenditure

Major changes in expenditure were seen in Personal Emoluments, Supplies and Materials, Operating Expenses and Professional Services.

During the financial year, Personal Emoluments decreased by \$0.7m or 4% as a result of some seconded employees opting to return to the Public Service at the end of their secondment period.

Supplies and Materials decreased by 0.2m or 27% due mainly to increased efficiency in the use of printing supplies and stationery and less office furniture being acquired in the previous financial year compared to 2016-2017.

Operating Expenses increased by 0.56m or 54% due mainly to expenditure relating to uniforms for the Authority's staff and the hosting of the Commonwealth Association of Tax Administrators (CATA) Conference. Costs associated with hosting the CATA conference which was held in Barbados for the first time represented 22% of Operating Expenses.

### Professional Services

Professional services increased by 0.14m or 62% due mainly to consultancies for the implementation of the Asset Management Module of the Smartstream system and coaching services for Senior Managers to assist in the development and enhancement of their leadership skills.



***FINANCIAL  
STATEMENTS  
ADMINISTERED  
ACTIVITIES***



## **AUDITOR GENERAL'S OFFICE BARBADOS**

### **INDEPENDENT AUDITOR'S REPORT To the Board of Directors of the Barbados Revenue Authority For the year ended March 31, 2018**

#### **Disclaimer of Opinion**

I was mandated to audit the financial statements (Revenue Collection) of the Barbados Revenue Authority (the Authority), which comprise the Statement of Financial Position as at March 31, 2018, Statement of Change in General Fund, Statement of Administered Revenue, Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

I do not express an opinion on the accompanying financial statements of the Authority. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

#### **Basis for Disclaimer of Opinion**

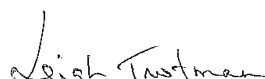
I was unable to confirm a number of balances on the Statement of Financial Position as at March 31, 2018, because of the lack of supporting schedules. These balances include Tax Receivables (net) \$1,337,884,000 and Other Receivables totaling \$458,338,000. I was also unable to confirm the following liabilities: Due to Treasury of \$1,364,866,000 and Tax Refunds Payable of \$425,200,000. In addition, I was unable to confirm reported revenue of \$2,567,344,000 on the Statement of Revenue, as sufficient supporting documentation was not provided. As a result of these matters, I could not determine whether any adjustments were required to the financial position of the Authority's Administered Activities as at March 31, 2018 or on its Statement of Administered Revenue and Cash Flow Statement for the year then ended.

#### **Responsibility of Management and the Board of Directors for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the International Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with IPSAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

  
L. E. TROTMAN  
Auditor General

2013-03-01



**Statement of Financial Position  
Administered Agency – Treasury  
For the Year Ending March 31, 2018  
BDS\$000's**

	Notes	Actual Mar 2018 \$	Actual Mar 2017 \$
<b>TOTAL ASSETS</b>			
<b>Current Assets</b>			
Cash and Bank	6	20,255	27,128
Tax Receivables (Net)	7	1,337,884	1,145,709
Other Receivables	8	458,338	267,844
<b>Total Current Assets</b>		<b>1,816,476</b>	<b>1,440,681</b>
<b>Total Assets</b>		<b>1,816,476</b>	<b>1,440,681</b>
<b>Liabilities</b>			
Due To Treasury	9	1,364,866	1,173,936
Tax Refunds Payable	10	425,200	240,266
Deferred Revenue	11	227	296
<b>Total Liabilities</b>		<b>1,790,293</b>	<b>1,414,498</b>
<b>GENERAL FUND</b>			
Prior Year Bank Clearing Account		26,183	26,183
<b>Net Surplus (Deficit)</b>		-	-
<b>Total General Fund</b>		<b>26,183</b>	<b>26,183</b>
<b>TOTAL LIABILITIES AND GENERAL FUND</b>		<b>1,816,476</b>	<b>1,440,681</b>

*The accompanying notes form an integral part of these financial statements*



.....  
Chairman

31/07/2018

.....  
Date



.....  
Revenue Commissioner

31/07/2018

.....  
Date

**Statement of Change in General Fund  
Administered Agency – Treasury  
For the Year Ending March 31, 2018  
BDS\$000's**

	<b>Prior Year Activities</b>	<b>Total</b>
<b>Balance as at March 31, 2016</b>		<b>19,419</b>
Increase/(Decrease) in Fund	6,764	6,764
<b>Balance as at March 31, 2017</b>		<b>26,183</b>
<b>Increase/(Decrease) in Fund</b>		<b>-</b>
<b>Balance as at March 31, 2018</b>		<b>26,183</b>

**Barbados Revenue Authority**  
**Statement of Administered Revenue**  
**For the Year Ended March 31, 2018**  
**BDS\$000's**

	<b>Actual 2018 \$</b>	<b>Actual 2017 \$</b>
<b>Goods &amp; Service</b>	<b>1,390,603</b>	<b>1,299,234</b>
Taxes on Insurance Premiums	27,630	24,442
Taxes on Bank Asset	35,411	24,065
Tax on Asset	11,301	14,554
Motor Vehicles	55,608	49,773
Public service vehicles	9,625	6,551
Taxes on Remittances	278	502
Excise Duties	280,366	223,069
Value Added Tax	970,384	956,279
<b>Taxes on Income and Profits</b>	<b>840,120</b>	<b>813,303</b>
Corporation Taxes	306,238	259,477
Income Taxes	478,937	495,811
Withholding Taxes	54,945	55,317
Consolidation Tax	-	2,699
<b>Taxes on Property</b>	<b>173,252</b>	<b>172,243</b>
<b>Land Tax</b>	<b>173,250</b>	<b>172,243</b>
<b>Rent Registration</b>	<b>2</b>	
<b>Municipal Solid Waste Tax</b>		
<b>Special Receipts - National Social Responsibility Levy</b>	<b>151,363</b>	<b>29,243</b>
<b>Total Tax Revenue</b>	<b><u>2,555,338</u></b>	<b><u>2,314,023</u></b>
<b>Non-Tax Revenue - Highway Revenue</b>	<b>12,006</b>	<b>11,374</b>
<b>TOTAL REVENUE</b>	<b><u>2,567,344</u></b>	<b><u>2,325,397</u></b>

*The accompanying notes form an integral part of these financial statements*

**Barbados Revenue Authority – Administered Activities**  
**Statement of Cash Flows**  
**For the Year Ending March 31, 2018**  
**BDS\$000's**

	<b>Actual</b>	<b>Actual</b>
	<b>Mar 2018</b>	<b>Mar 2017</b>
	<b>\$</b>	<b>\$</b>
<b>Net Surplus (Deficit)</b>		
 <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
 <b>Change in Working Capital items</b>		
Increase in Tax Receivables (Net)	(192,175)	(150,602)
Increase in Other Receivables	(190,493)	(33,230)
Increase in Deferred Revenue	(70)	289
Increase in Due To Treasury	190,931	156,185
Increase in Tax Refunds Payable	184,934	17,838
 Net Change in operating activities	 <b>(6,873)</b>	 <b>(9,520)</b>
 <b>Financing Activities</b>		
Change in General Fund	-	6,764
 Change in cash	 <b>(6,873)</b>	 <b>(2,756)</b>
Beginning Cash	<b>27,128</b>	<b>29,884</b>
Ending Cash	<b>20,255</b>	<b>27,128</b>

*The accompanying notes form an integral part of these financial statements*

# NOTES TO THE FINANCIAL STATEMENTS

## Significant Accounting Policies

### 1. Administered Entity

The Treasury is the department in the public service with responsibility for ensuring that systems are in place to ensure the efficient monitoring and reporting of all Government's transactions. This includes the supervision of the collection and disbursement of all funds on behalf of the Crown to ensure that timely, up-to-date information is available for use by its stakeholders.

The Barbados Revenue Authority administers and collects taxes on behalf of the Treasury. Gross collections are paid over to the Treasury via deposits directly to accounts held at the Central Bank of Barbados and Republic Bank Barbados Ltd.

The Financial Statements of the Administered Agency are prepared in accordance with the requirements of the International Public Sector Accounting Standards (IPSAS).

For financial reporting purposes, the Barbados Revenue Authority's activities have been divided into two sets of financial statements: agency activities and administered activities. The purpose of the Financial Statements – Administered Activities is to give information about the tax-related revenues, expenses, assets, and liabilities that the Authority administers on behalf of the government. The Authority administers and collects revenue relating to the specified enactments outlined in Schedule 1 of the Barbados Revenue Authority Act (BRAA), these include; individual income tax, corporation income tax, property tax and vehicle licensing.

### 2. Accounting Policies

These financial statements comply with generally accepted accounting principles. The measurement base is historical cost. The accrual basis of accounting has been used unless otherwise stated.

### 3. Reporting and Forecast Period

The reporting period for these financial statements is the year April 1, 2017 to March 31, 2018

### 4. Measurement Uncertainty

Uncertainty in the determination of the amount at which an item is recognized in the financial statements is known as measurement uncertainty. Such uncertainty exists when it is reasonably possible that there could be a material variance between the recognized amount and another reasonably possible amount.

Measurement uncertainty in these financial statements and notes exists in the valuation of the accruals for personal income tax, corporation tax and value added tax revenues.

### 5. Revenue

#### 5.1 Non-exchange Revenue

Payment of tax does not, of itself, entitle the tax payer to an equivalent value of services or benefits as there is no direct relationship between paying tax and receiving services and transfers. Such revenue is received through the exercise of the Crown's sovereign power. Where possible, such revenue is recognized when the debt to the Crown arises. Revenue is recorded net of refunds.

<b>Revenue Type</b>	<b>Revenue Recognition Point</b>	<b>Basis of Accounting</b>
<b>Income and Profits:</b>		
Income Tax (source deductions)	When an individual earns income that is subject to PAYE and the necessary payment and schedule are submitted to the Authority	Accrual basis
Consolidation Tax	When an individual earns income that is subject to Consolidation Tax and the necessary payment and/or schedule is/are submitted to the Authority	Accrual basis
Corporation Tax	When payment is made with accrual of taxes due for the year at end of year	Accrual basis
Withholding Tax	When an individual is paid interest or dividends subject to the deduction at source	Cash basis
<b>Goods and Services:</b>		
Value Added Tax	When the taxpayer files and an assessment is raised	Accrual basis
Highway Revenue	When payment of the fee or charge is made	Cash basis with accrual at year-end
Excise Duties	When Goods are subject to duty on assessment; on filing by taxpayer when payment of the levy is made	Accrual basis
Bank Asset Tax	Based on information submitted by Central Bank and Financial Services Commission.	Accrual basis
<b>Property Tax:</b>		
Land Tax	When the tax invoices are issued to the taxpayers	Cash basis
Rent Registration	When tax is paid	
<b>Special Receipts:</b>		
Municipal Solid Waste Tax	When invoices are issued to the taxpayer	Accrual basis
National Social Responsibility Levy (NSRL)	When the taxpayer files and an assessment is raised	Accrual basis

## 6. Cash and Bank

Cash and Bank refers to amounts received in the Authority's offices or by its agents up to March 31, 2018 but not yet deposited to the Treasury Department's bank accounts. The Authority deposits funds to the Treasury's accounts on a daily basis. Two bank accounts are held by the Authority with respect to administered activities; the Refunds account from which refunds to taxpayers are honoured and the revenue account into which revenue collected is deposited and transferred to the Treasury daily.

Cash and Bank consists of \$27M as reflected below:-

		<b>2018</b>	<b>2017</b>
		<b>\$000's</b>	<b>\$000's</b>
Refunds Account	Balance at bank	3,068	6,907
Deposit Account	Balance at Bank	17,187	20,221
		<u>20,255</u>	<u>27,128</u>

## 7. Receivables

### 7.1 Tax Receivables

Tax receivables represent all amounts due and payable for a tax year at the end of the fiscal year and include taxes, interest, penalties, and other amounts assessed or estimated by the Authority but not yet collected.

These financial statements do not reflect tax receivables prior to tax year 2013, for Individual Income tax (\$314M) and Corporation tax (\$414M). These receivables dated back as far as calendar year 1968 for which some of these amounts cannot be verified.

	<b>Net Receivables</b>	<b>2018</b>	<b>2017</b>
		<b>\$000's</b>	<b>\$000's</b>
<b>7.1.1 Value Added Tax</b>			
	<b>Opening balance</b>	<b>763,344</b>	<b>670,134</b>
	Prior Years changes	37,298	2,313
	Principal	67,440	102,916
	Penalty	7,093	9,997
	Interest	4,671	3,447
	Payments		(44,018)
		<b>879,846</b>	<b>763,344</b>
	Provision for Bad Debt	(17,560)	(15,266)
	<b>Balance 31-Mar-18</b>	<b>862,286</b>	<b>748,078</b>

		<b>2018</b>	<b>2017</b>
		<b>\$000's</b>	<b>\$000's</b>
<b>7.1.2</b>	<b>Excise Tax</b>		
	<b>Opening Balance</b>	<b>1,807</b>	
	<b>Prior Years change</b>	<b>1,895</b>	
	Principal	29	1,541
	Penalty	14	151
	Interest	1	115
	<b>Balance 31-Mar-18</b>	<b>3,746</b>	<b>1,807</b>
	<b>Corporation Tax</b>		
		<b>2018</b>	<b>2017</b>
		<b>\$000's</b>	<b>\$000's</b>
<b>7.1.4</b>	<b>Opening balance</b>	<b>31,350</b>	<b>15,727</b>
	Prior year changes	4,638	5,801
	Principal	17,264	8,846
	Penalty	1,162	418
	Interest	331	558
			<b>31,350</b>
	Provision for Bad Debt	(1,095)	(679)
	<b>Balance 31-Mar-18</b>	<b>53,651</b>	<b>30,671</b>
<b>7.1.5</b>	<b>Income Tax</b>		
		<b>2018</b>	<b>2017</b>
		<b>\$000's</b>	<b>\$000's</b>
	<b>Opening balance</b>	<b>12,564</b>	<b>13,765</b>
	Prior period adjustment	2,826	(3047)
	Principal	4,082	3,071
	Penalty	644	567
	Interest	87	346
	Payments	20,203	(2,137)
			<b>12,564</b>
	Provision for Bad Debt	(389)	(250)
	<b>Balance 31-Mar-18</b>	<b>19,814</b>	<b>12,314</b>
<b>7.1.6</b>	<b>Consolidation Tax</b>		
		<b>2018</b>	<b>2017</b>
		<b>\$000's</b>	<b>\$000's</b>
	<b>Opening balance</b>	6,254	3,556
	Prior Years adjustments	198	602
	Principal	<u>495</u>	<u>1,494</u>
	Payments	6,947	
			<b>5,652</b>
	<b>31-Mar-18</b>		
	Provision for bad debt	(139)	(113)
	<b>Balance 31-Mar-18</b>	<b>6,808</b>	<b>5,539</b>



### 7.1.7 National Social Responsibility

	2018 \$000's	2017 \$000's
<b>Bal b/forward</b>	953	
	70	
Principal	2,034	844
Penalty	196	80
Interest	144	29
<b>Balance 31-Mar-18</b>	<b>3,397</b>	<b>953</b>
Less Prov B/D 2%	(68)	
	<u><b>3,329</b></u>	

### 7.1.8 Land Tax

	2018 \$000's	2017 \$000's
<b>Opening balance</b>	<b>321,288</b>	<b>238,848</b>
Prior Years adjustments	<b>585</b>	
Principal	22,167	49,765
Penalty	1,078	2,483
Interest	15,928	6,574
<b>Payments</b>		<b>26,379</b>
	<b>31-Mar-18</b>	<b>321,288</b>
Provision for Bad Debt	<b>361,046</b>	
<b>Balance 31-Mar-18</b>		<b>321,288</b>
	<b>\$000's</b>	<b>\$000's</b>

### 7.1.9 Municipal Solid Waste Tax

<b>Opening balance</b>	<b>25,613</b>	<b>23,386</b>
Prior Years adjustments		
Principal	(396)	85
Penalty	(21)	4
Interest	2,252	2,449
<b>Payments</b>	<b>27,448</b>	<b>(311)</b>
	<b>31-Mar-18</b>	<b>25,613</b>
Provision for Bad Debt	(549)	(512)
<b>31-Mar-18</b>	<b>26,899</b>	<b>25,101</b>

### 7.1.10 Highway Revenue

	\$000's	\$000's
	300	1
<b>Total Receivable (Net) @ March 31, 2018</b>	<u><b>1,337,884</b></u>	<u><b>1,145,708</b></u>

## 7.2 Provision for Doubtful Debts

The Authority utilizes a rate of 2% to provide for doubtful receivables. Allowance for doubtful accounts on total receivables is calculated at \$16.8M, (2016: \$20.3M)

<b>Provision for Doubtful Accounts</b>	<b>2018 \$000's</b>	<b>2017 \$000's</b>
Value Added Tax	17,560	15,266
Corporation tax	1,095	679
Income Tax	389	250
Consolidation Tax	139	113
MSWT	549	512
NSRL Excise	68	
<b>Balance 31-Mar-18</b>	<b>19,799</b>	<b>16,821</b>

## 8. Other Receivables

This represents amounts due from the Treasury to honour outstanding tax refunds and to cover the financial charge associated with the electronic banking transactions. No provision is reflected for Other Receivables since these funds are not deemed to be doubtful.

## 9. Due To Treasury

This represents taxes assessed or billed but not yet received to be paid over to the Treasury.

	<b>2017 \$000's</b>	<b>2016 \$000's</b>
Opening Balance	1,173,931	1,017,698
Accts Receivables	261,530	42,639
Collections	1,430,384	1,558,012
Deposits	(1,500,979)	(1,444,418)
<b>31-Mar-18</b>	<b>1,364,866</b>	<b>1,173,931</b>

## 10. Taxes Refunds Payable

Amounts payable to taxpayers include refunds and related interest estimated by the Authority that were not paid up to March 31, 2018.

	<b>2018 \$000's</b>	<b>2017 \$000's</b>
Opening Balance	240,266	222,481
Assessments	212,348	74,661
Refunds Paid	(27,414)	(56,876)
<b>31-Mar-18</b>	<b>425,200</b>	<b>240,266</b>

## 10.2 Refunds Payable by Tax Type

	2018 \$000's	2017 \$000's
Consolidation Tax	3,501	3,048
Corporation Tax	156,420	121,600
Interest re: Corporation Tax	46,134	27,510
Interest re: Tax Certificates	170	-
Income Tax	67,526	60,804
Interest re Income Tax	31,054	22,949
Reverse Tax Credits	10,283	6,847
VAT	109,988	(2,257)
Land Tax	124	124
	<b>425,200</b>	<b>240,266</b>

## 11. Deferred Revenue

Deferred Revenue represents overpayments of taxes in the current year that relate to a future accounting period. At March 2018 Deferred Revenue for prepaid land tax activities stood at \$226K (2017: \$296K).

## 12. Land Tax- Rebates, Waivers & Discounts

The taxable event is the issuance of the Land Tax invoice for the taxable period, which is the fiscal year (April to March). Discounts are given based on the Land Tax Act Cap \_78\_. Rebates and waivers are also given based on Ministerial Policy to certain sections of the economy. Rebates, Waivers & Discounts 2018: \$63M (2017: \$63.6M)

### Rebates, Waivers & Discounts on Land Tax

	2018 \$000's	2017 \$000's
Rebates	43,177,407	44,254,204
Waivers	8,426,634	8,023,213
Discounts	11,423,149	11,323,255
	<u>63,027,190</u>	<u>63,600,672</u>

## 13. Penalties and Interest waived relative to Amnesty

	2018 \$000's	2017 \$000's
Corporation Tax - Interest	1,113,211	2,185,450
Corporation Tax - Penalties	287,849	395,537
Income Tax - Interest	324,410	482,429
VAT – Interest	686,887	1,084,918
VAT – Penalties	167,079	355,803
Land Tax – Interest	4,097,739	6,128,544
Land Tax – Penalties	483,151	551,234
Municipal Solid Waste-Interest		4,011
Municipal Solid Waste-Penalty		563
	<u>7,992,533</u>	<u>12,843,398</u>

## 14. Subsequent Events

The Government of Barbados has granted approval to write off tax receivables prior to tax year 2000.

# FINANCIAL ANALYSIS AND DISCUSSION ADMINISTERED ACTIVITIES

This section of the Annual Report provides a discussion and analysis of the financial condition and performance of the Barbados Revenue Authority-Administered Activities for the financial year ended March 31, 2018 as compared to the prior financial year ended March 31, 2017.

The Administered Agency Statement reports the revenues, expenditures, assets and liabilities related to the funds collected and earned for the financial year 2017-2018.

## **Basis for preparation of the Administered Agency's Statements**

The Authority's accounts are prepared in accordance with the requirements of the Financial Management and Audit Act 2007-11 and Financial Regulations 2011 which require the use of International Public Sector Accounting Standards (IPSAS).

The Authority has worked closely with the Accountant General's office to ensure that the accounting policies that underpin these accounts are comprehensive and appropriate.

## **Accounting policies for the Administered Agency Statement**

**Estimation of Accrued Revenue** – The Authority took responsibility for the reporting of the revenues of four legacy agencies on April 1, 2014. The information at that time, was uncertain and difficult to verify due mainly to the associated systems. As a result of the uncertainty involved, it was determined that the Receivable figures reported by the Accountant General's office at March 31, 2014 would become the opening balance for those accounts until the balances could be reviewed and verified.

**Provision for Liability** – The Authority pays all cash collected for revenue directly to the Treasury gross and no deductions are made for the payment of refunds due to taxpayers. The Authority therefore, on behalf of the Administered Agency, makes provision for the liability relating to the payment of refunds as assessed. This amount is - shown as "Due from the Treasury" in the Statement. With respect to matters of litigation, the Authority makes provision for proceedings which occur in the normal course of business, as "Provision for liabilities or contingent liabilities". Provision is made after litigation is completed and a reasonable estimate can be made. In other cases where it is probable that

the Authority will be required to settle and it is not possible to make a reliable estimate, or where it is possible that the Administered Agency will incur a liability, those are shown as contingent liabilities.

There were no contingent liabilities made during 2017-2018.

## **Auditors**

The Auditor General is the external auditor of the Barbados Revenue Authority, in accordance with the Barbados Revenue Authority Act 2014-1.

## **Financial Review**

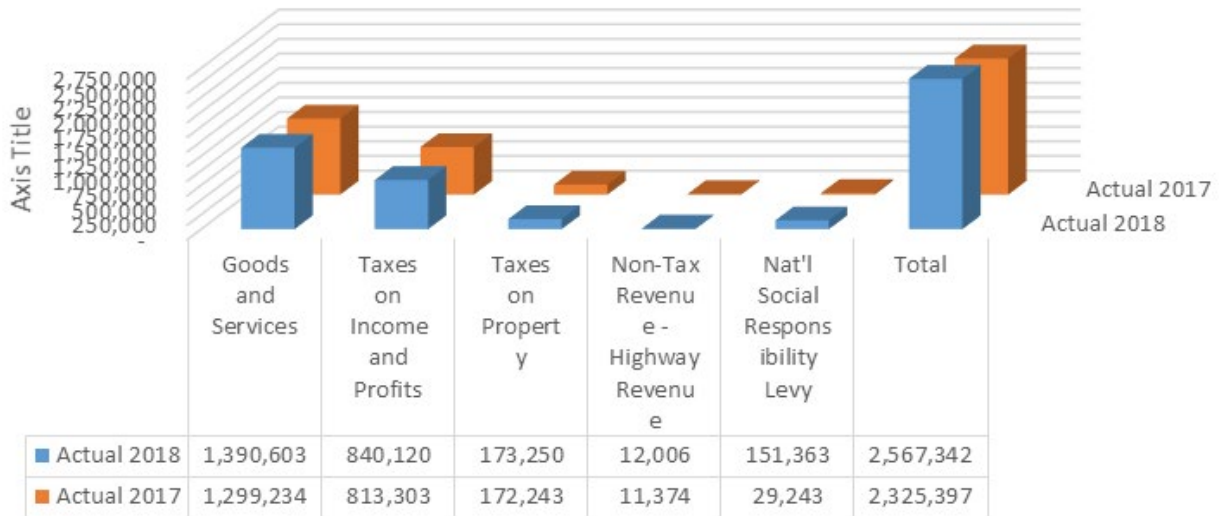
### **Statement of Revenue**

In the financial year ended March 2018, the Authority recorded \$2.6 billion in revenue on behalf of the Crown, surpassing the \$2.3 billion recorded in the year ending March 2017. This represents an increase of over \$241m or 10.4% over the previous year.

The major increase was recorded under the National Social Responsibility levy (\$122M) introduced at the end of the previous financial year. The National Social Responsibility Levy (NSRL) was introduced during September 2016 and generated \$29M in revenue at March 2017. From July 1, 2017 the rate was increased from 2% to 10% and for the entire year 2017 – 2018 an amount of \$151M was recorded when compared to the previous year.

Increases were also recorded in the area of Goods and Services (\$91M); comprising mainly increases in Excise Tax (\$57M), Value Added Tax (\$14M) and Tax on Bank Assets (\$11M).

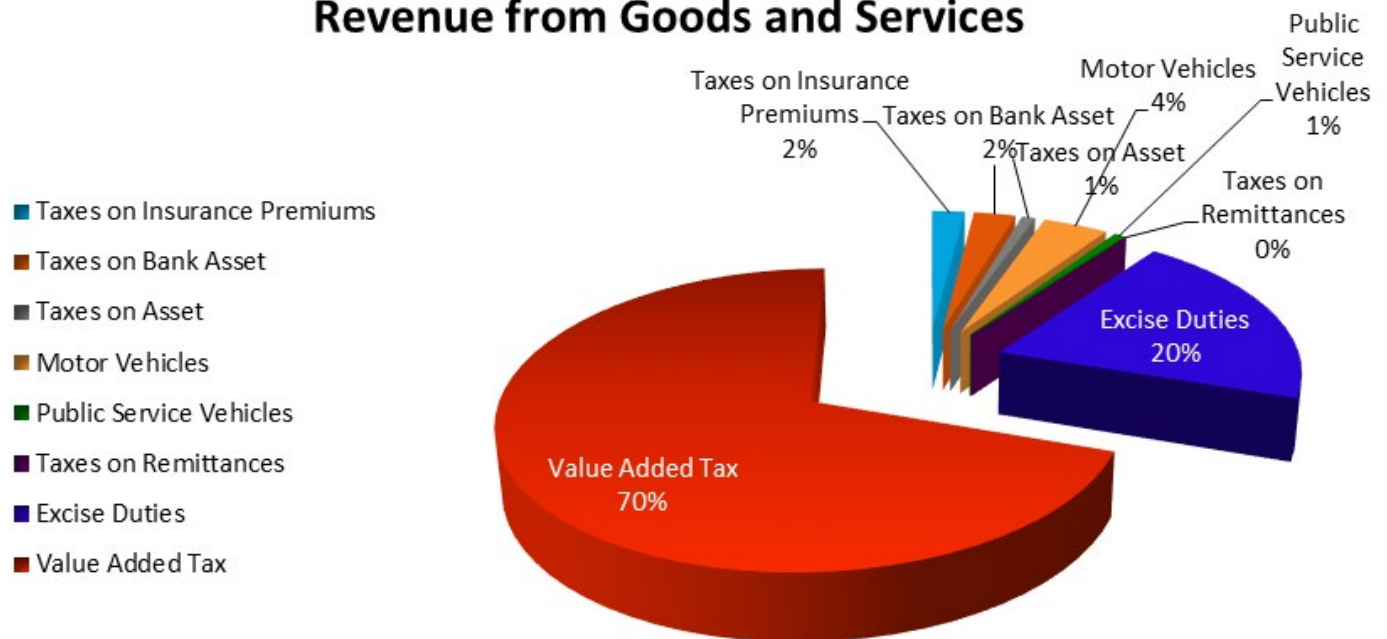
## Major Revenue Earners Actual 2018 vs Actual 2017



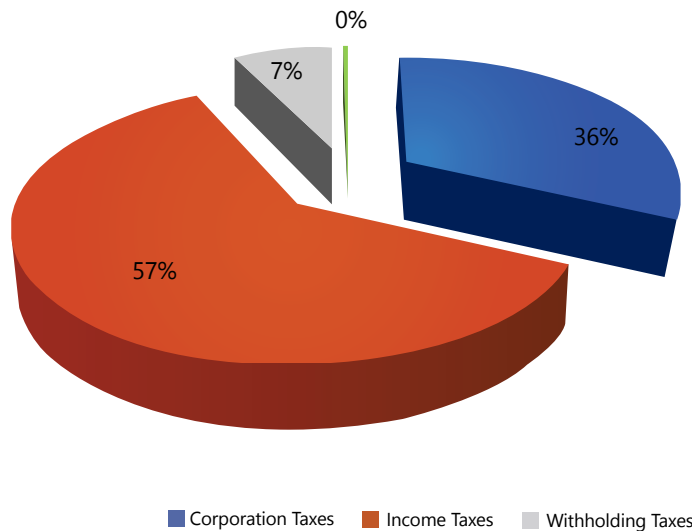
### Taxes on Goods & Services

Goods & Services revenue for financial year 2018 exceeded the actual amount for financial year 2017 by \$91m. Goods & Services which performed favourably were Excise Duties which showed a \$57m increase and Value Added Tax \$14m. Tax on Bank Assets also recorded a favourable variance of \$11m increasing by approximately 56% over the previous year.

## Revenue from Goods and Services



## Revenue Generated from Incomes and Profits Sector



### Property Taxes

Land Tax performed close to expectations recording a slight 5% increase from prior year.

### Statement of Financial Position

#### 1.1. Tax Receivables

At March 31, 2018, tax receivables net stood at \$1.33b—an increase of \$192m. Including interest and penalties, these increases were mainly due to Value Added Tax receivables at \$114m, Corporation tax receivables of \$23m and Land Tax receivables at \$40m.

#### 1.2. Other Receivables

There was an increase of \$190m in Other Receivables which represents mainly funds due from the Treasury to honour tax refunds. In financial year ending March 31, 2018 refunds paid totalled \$27m. Refunds paid for VAT, Consolidation Tax Corporation Tax and individual Income Tax, inclusive of Reverse Tax Credit, were \$14m, \$.06m, \$1.2m and \$15.m respectively.

#### 1.3. Due To Treasury

Due to Treasury represents assessments on Incomes & Profits, Land Tax billings and filing of VAT returns net of collections paid over to the Treasury.

At March 31, 2018, Due to Treasury stood at \$1,364, an increase of \$191m. This growth reflects the increases in the various areas of Tax Receivables.

#### 1.4. Tax Refunds Payable

Tax Refunds Payable represents amounts due to taxpayers based on assessments on Incomes & Profits, and filing of VAT returns. There was an increase of \$185m in Refunds Payable at March 31, 2018.

# 2018 | ANNUAL REPORT



**BARBADOS  
REVENUE AUTHORITY**