

KEY FACTS

Since 1965, when it first enacted legislation for international business companies, Barbados has permitted companies that do not trade locally to establish a presence on the island. The original legislation has undergone periodic amendment and the current statute is the International Business Companies Act (IBC Act) which was enacted in 1991.

KEY FEATURES OF THE IBC ACT

- International Business Companies (IBCs) benefit from significantly reduced tax rates which can be as low as one percent on profits in excess of US\$15 million. (IBCs can negotiate for higher tax rates, with the Ministry of Finance, in circumstances where that would be advantageous for the company).
- IBCs may also take credit for foreign taxes paid, provided the credit does not reduce the Barbados tax rate to less than one percent.
- Dividends paid by an IBC are exempt from tax if paid to another IBC or to a person not resident in Barbados.
- Interest, rent, management fees or royalties paid by an IBC to another IBC, or person not resident in Barbados are also exempt from withholding tax.
- No tax or duty is levied upon the transfer of shares of an IBC by a non-resident person or other IBC, to another non-resident person or IBC.
- Duty free importation of plant and equipment for business purposes is also allowed for IBCs.
- IBCs are exempt from exchange control regulations and books and records can be maintained in any currency.
- IBCs can also provide services to other IBCs or companies operating under similar “incentive” legislation.
- The exemption of withholding tax for dividends makes Barbados IBCs particularly attractive to Canadians as the dividends an “active” IBC pays its Canadian parent company are also not taxed in Canada as they form part of the parent’s exempt surplus. Under Canadian law, the exempt surplus is the active business income of a foreign affiliate carried on in a listed country such as Barbados.
- US citizens and others can also benefit from the tax treaties that Barbados has with many countries including the United States.

KEY FACTS
ESTABLISHING AN IBC

To operate as an IBC, application must be made for a licence to the Barbados Ministry of Finance. This application should be made as soon as possible after the incorporation of a company.

To apply for an IBC licence the following information must be provided:

- Company name
- Date of incorporation
- Copy of Articles of Incorporation
- Address of Registered Office
- Name and address of Shareholder(s)
- Profile/resume and passport copy of each Director and the Shareholder in English (Please note, this information is treated as confidential by the authorities and is not for public inspection)
- Description of business to be carried on
- Declaration to the Minister of Finance that the company qualifies to be recognised as an IBC
- Application for an IBC licence must be accompanied by the licence fee of US\$425

RESTRICTIONS

An IBC must satisfy the following restrictions:

- Local or Caricom resident shareholding must be restricted to 10% or less.
- It must not carry on a trade in buying or selling goods and services in or originating in Barbados.
- The selling of services, that originate in Barbados, by the IBC, must be for non-Caricom residents.
- Manufactured products must be exclusively for export outside of the Caricom region.

OUR SERVICES

- Supervising the incorporation of the IBC
- Arranging for the services of a Barbados Resident Director (if required)
- Application for and renewal of the IBC licence
- Arranging for the appointment of a Barbados auditor
- Serving as the Registered Agent in Barbados
- Holding of Shareholder and Directors meetings
- Maintaining the stock register
- Preparing annual minutes of Shareholder and Director meetings
- Maintenance of the company records
- Filing all required Barbados elections, reports and returns
- Additional services, which go beyond the normal administration and maintenance of an IBC, can be provided on request. Such services can be provided on a continuing or ad-hoc basis.
- Under the Barbados Companies Act only a Secretary or Assistant Secretary need be appointed. Appointment of other Officers (President, Treasurer) is optional. To ensure compliance with local law we recommend the appointment of Trident Corporate Services (Barbados) Limited as Assistant Secretary.

Please contact any Trident Trust office worldwide for further information about our services and fees. Office contact details are included on the following page.

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