

Tax Alert

# Barbados Budget 2025

10 March 2025



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## Caveat

Barbados Budget 2025 is based on the Budgetary Proposals and Financial Statement delivered by the Honorable Ryan Straughn, Minister in the Ministry of Finance, MP, on 10 March 2025.

This review was prepared by EY Barbados and is intended for the benefit of our clients and associates as a general guide. Readers are encouraged to consult with professional advisors for advice concerning specific legal, accounting or tax matters before making any decisions.

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This document was prepared by the Tax; Strategy and Transactions; and Brand, Market & Communications teams of EY Barbados.

# Executive summary



**Marilyn  
Husbands**

Tax Partner, Barbados



**La-Tanya  
Phillips**

Tax Partner, Barbados

## The Journey to Sustainability: Creating a Resilient Society

In his maiden presentation of Budgetary Proposals and Financial Statement before the House of Assembly on 10 March 2025, the Honorable Ryan Straughn, Minister in the Ministry of Finance, addressed how Barbados would continue to navigate the challenges of the external environment to create a sustainable, resilient and inclusive society.

On trend with the Honorable Prime Minister Mia Amor Mottley's Budgetary address last March, Minister Straughn made it an early point to address the country's debt levels by acknowledging that they continue to be the subject of public commentary. Much like Prime Minister Mottley did in 2024, Minister Straughn made reference to Barbados' debt levels when this administration initially took office in 2018 in comparison to the reduced levels to date. In 2024, the Prime Minister announced that levels had decreased to 114% of GDP. One year later, Minister Straughn highlighted that the levels were down to 101.1% at the end of February 2025. The Minister also went on to express his optimism that, barring unforeseen circumstances, the debt to GDP ratio was expected to fall to double digits in the next year.

Notably, once the context for this year's proposals was laid, this Budget continued to pay homage to the themes of previous years by maintaining focus on growth, sustainability and people. Furthermore, this year's proposals did not appear externally or economically concentrated. Rather, the measures seemed engineered to "get the house in order". In fact, measures aimed at promoting and maintaining foreign direct investment along with reactive measures such as changes to tax policy in light of international developments were noticeably absent. They were instead replaced by measures which prioritize the experience of the average Barbadian as the country journeys to a sustainable future. One might even muse that the old adage "home drums beat first" stood front and center in this Budget.



# Message from EY Barbados Tax Leaders *continued*

As the Minister steered us through the Budget, he made it clear that a Mission-Oriented approach to governance as part of the Barbados Economic Recovery and Transformation (BERT) Programme 3.0 aims to improve public service, foster innovation, and achieve lasting socioeconomic impact.

He correspondingly went on to outline 6 critical Missions as:

1. **Climate Resilience:** Addressing environmental vulnerabilities and ensuring long-term sustainability.
2. **Social Cohesion:** Strengthening community bonds and promoting national unity.
3. **Food and Water Security:** Ensuring equitable access to essential resources.
4. **Public Health and Safety:** Enhancing health outcomes and community safety.
5. **Worker Empowerment:** Equipping our workforce with the necessary tools and skills for prosperity.
6. **Digital Inclusion:** Bridging digital divides to ensure equitable access to technological advancements.

These Missions are in turn supported by five guiding principles, known as the Beacons of Barbados' Renewal, which encourage accountability, environmental stewardship, respect, solution-oriented thinking, and global citizenship.

If we envisage Barbados as a vessel to be guided by this administration over the next year, we can visualize that the Minister's 6 missions outline the intended destination; the 5 principles represent the guides to ensure that we stay focused while on the journey; and the proposed measures are the navigation system charting our path to arrive at a sustainable future.

The proposed measures focus on four main areas:

1. **Resilience Measures:** Repurposing the Catastrophe Fund into a Resilience and Regeneration Fund, increasing contributions, and expanding eligibility for claims.
2. **Growth Enhancement:** Supporting tourism and agriculture, including tax relief for businesses and investments in climate-resilient practices.
3. **Revenue Efficiency:** Abolishing visitor permits and introducing a daily car rental levy.
4. **Improving Well-Being:** Increasing support for vulnerable populations, providing a one-time Solidarity Allowance of \$300, enhancing social services, and introducing new measures for family support, including increased maternity and paternity leave.

Against a background of public commentary on the cost of living in Barbados, each of these areas also contained one or more measures aimed at providing an opportunity to "share the bounty" while remaining committed to resilient and sustainable growth.



**Tracy Marshall**

Country Managing Partner  
Barbados and the Eastern Caribbean



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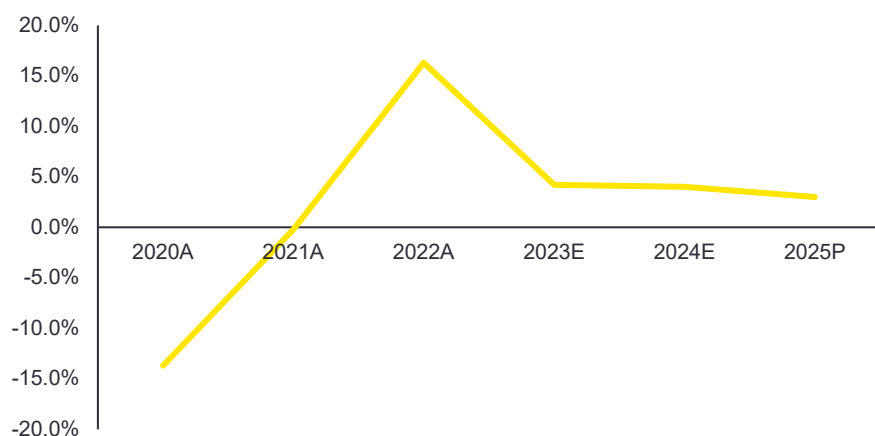
# Economic overview

## Economic Activity

The Barbados economy experienced robust growth in 2024 for its third consecutive year, with a real GDP increase of 4%, a reflection of the economy's strong performance in business services, tourism, construction and retail trade sectors.

The traded sector expanded by 5.5%, driven by strong performances in tourism and manufacturing, despite challenges in agriculture from adverse weather. At the same time, the non-traded sector grew by 3.7%, bolstered by increased domestic demand, particularly in business and other services, construction, and wholesale and retail trade. Overall, the growth indicates a positive economic trajectory supported by diverse sectoral contributions.

### Real growth (%)



Source: Barbados Parliament, EY Analysis  
(A) - actual, (E) - estimate, (P) - provisional

### Key Indicators: January to December 2024



4.0%

Real GDP Growth



1.4%

Inflation



\$224.8m

Fiscal surplus (Apr-Dec)



7.1%

Unemployment



103% of GDP

Gross Public Sector Debt



\$3.2 billion

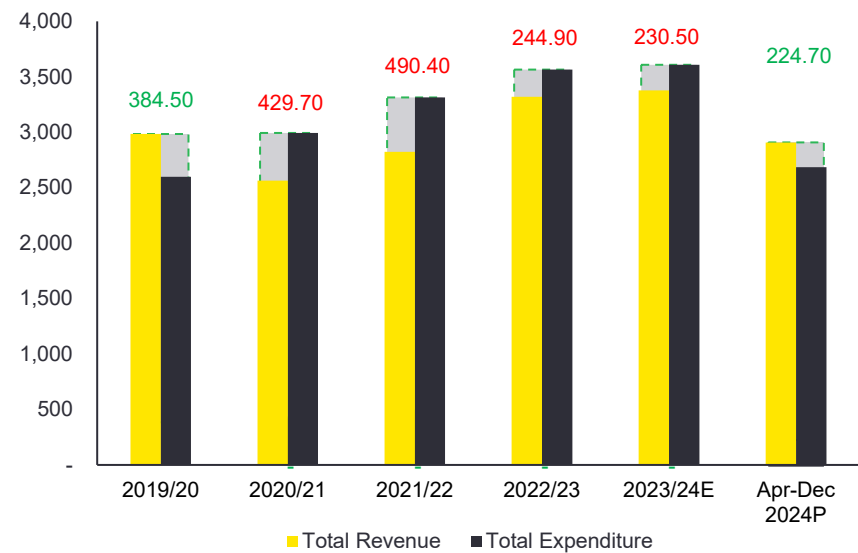
International Reserves

Source: Central Bank of Barbados, Barbados Parliament, EY Analysis

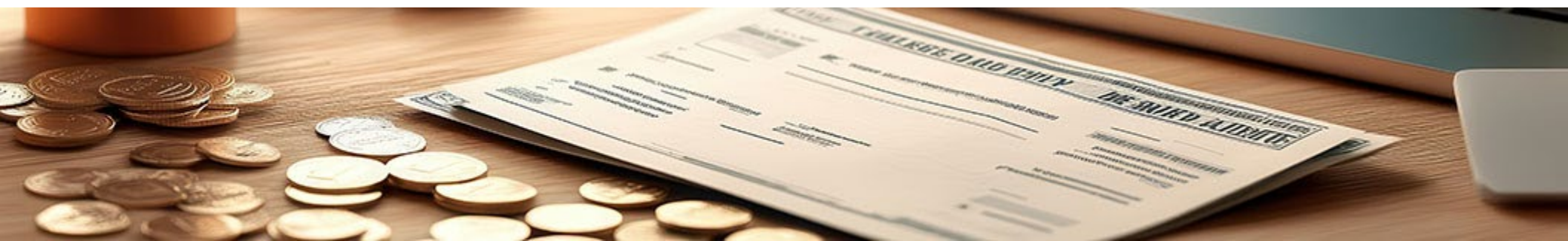
Fiscal Performance

In the first three quarters of FY2024/25, the fiscal position improved markedly, resulting in an overall surplus of \$224.8 million (1.5 percent of GDP), a significant turnaround from the previous deficit of \$7.7 million (0.1 percent of GDP) for the same period in the previous year. Total revenue increased by \$548 million, primarily due to a \$423.5 million rise in corporation taxes, which benefited from reforms in global tax structures. Total expenditure rose by \$315.4 million compared to the previous year, with nearly half of this increase coming from higher transfers to public institutions, interest expenses, and spending on goods and services. Furthermore, capital outlays grew by \$162.9 million, fueled by investments in a new geriatric hospital, digital transformation projects, and land acquisitions for schools.

Fiscal Balance



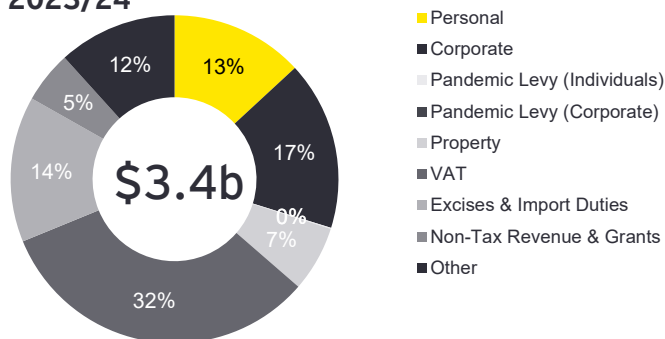
Source: Barbados Parliament, Central Bank of Barbados, EY Analysis  
(A) - actual  
(E) - estimate  
(P) - provisional



# Economic overview *continued*

## Government Revenue

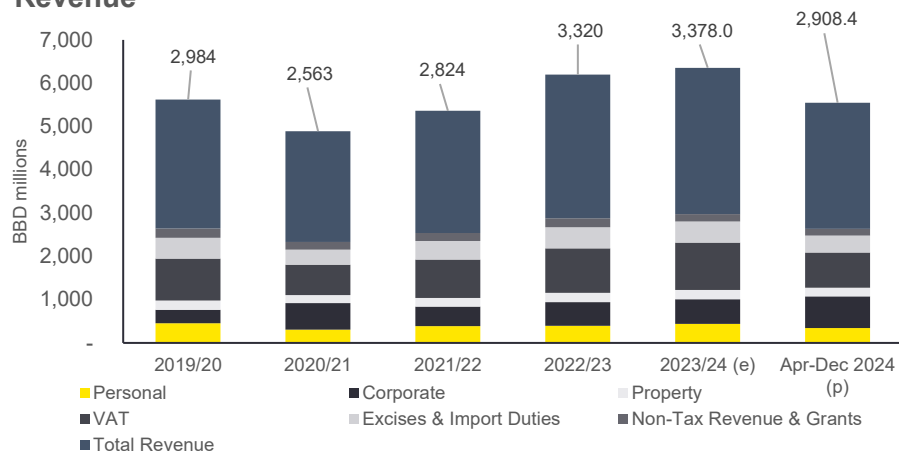
### Revenue 2023/24



Source: Central Bank of Barbados, EY Analysis

It is estimated that Government's revenue grew 2% over the prior fiscal year. The largest revenue items were VAT and corporate taxes at 32% and 17% of revenue, respectively. The largest increases in revenue in 2023/24 from 2022/23 were property taxes (\$73 million) and personal income taxes (\$50 million).

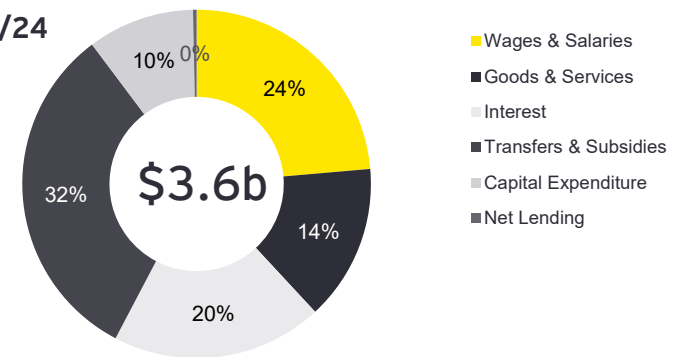
### Revenue



Source: Barbados Parliament, Central Bank of Barbados, EY Analysis  
(A) - actual, (E) - estimate, (P) - provisional

## Government Expenditures

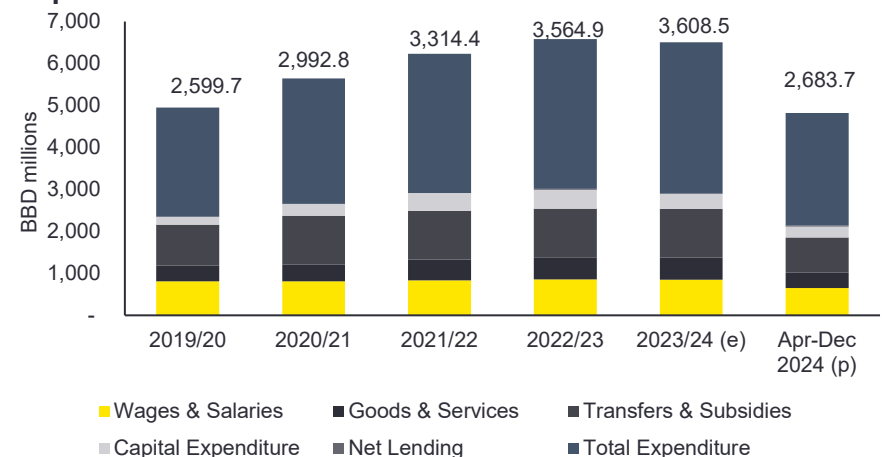
### Revenue 2023/24



Source: Central Bank of Barbados, EY Analysis

In 2023/24, it is estimated that Government's expenditure increased by 1% over the prior fiscal year. The largest expenditure items were transfers & subsidies and wages and salaries at 32% and 24% of expenditure, respectively. The largest increase in expenditure in 2023/24 from 2022/23 was interest (\$158.1 million).

### Expenditure



Source: Barbados Parliament, Central Bank of Barbados, EY Analysis  
(A) - actual, (E) - estimate, (P) - provisional

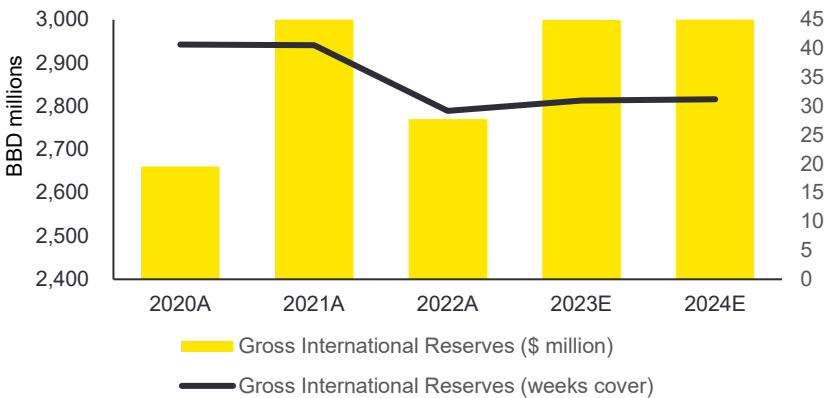


## Gross International Reserves

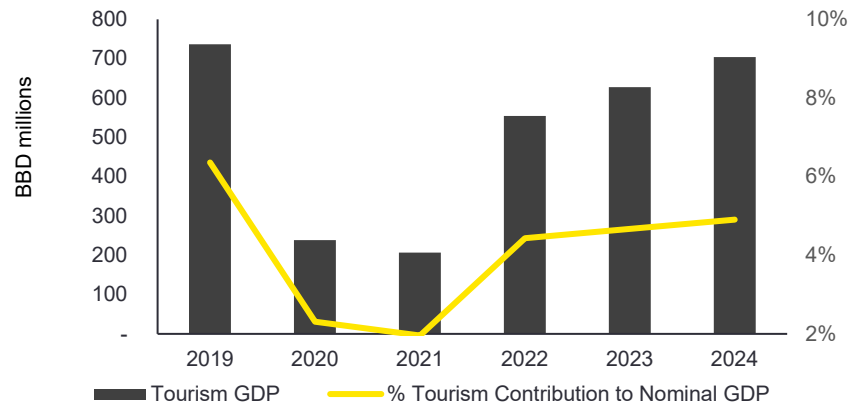
2024 was marked as a historic year to date for gross international reserves as they reached a year-end historic high of \$3.2 billion (31.2 weeks) of import cover). This represented a \$0.2 billion increase from the previous year. Although slower compared to 2023, the growth in reserves was supported by a thriving tourism environment which resulted in improved tourism receipts and tax revenue generated by the global business sector.



Gross International Reserves



Tourism



Source: Central Bank of Barbados, EY Analysis  
(A) - actual  
(E) - estimate

Source: Central Bank of Barbados, EY Analysis

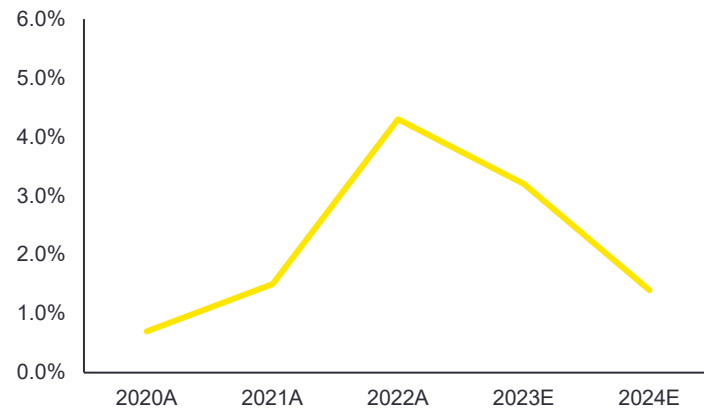


## Inflation

Domestic inflation was reduced to an estimated 1.4 % by the end of 2024, down 1.8% from the previous year, as a result of stabilizing price pressures and lower international commodity prices. While local vegetable prices increased due to unfavorable weather, declines in categories like clothing and household furnishings helped mitigate overall inflation.

Looking forward, inflation is projected to remain between 1.5% and 2.5% for 2025 and 2026, although risks from geopolitical tensions and supply chain disruptions persist.

### Inflation rate



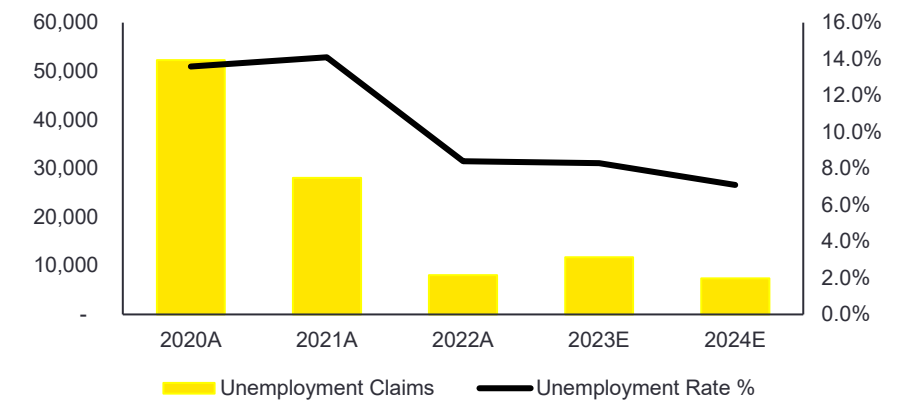
Source: Central Bank of Barbados, EY Analysis  
(A) - actual  
(P) - provisional  
(E) - estimate

## Labor Market Overview

As Barbados experienced its third consecutive year of growth and surpassing the global rate, labor market conditions also improved, evidenced by a lower unemployment rate and fewer jobless claims.

The labor market showed significant improvement, with unemployment claims decreasing by 18.8% by December 2024 and the unemployment rate falling to 7.1% by the third quarter of 2024 from 8.3% in the same period of 2023.

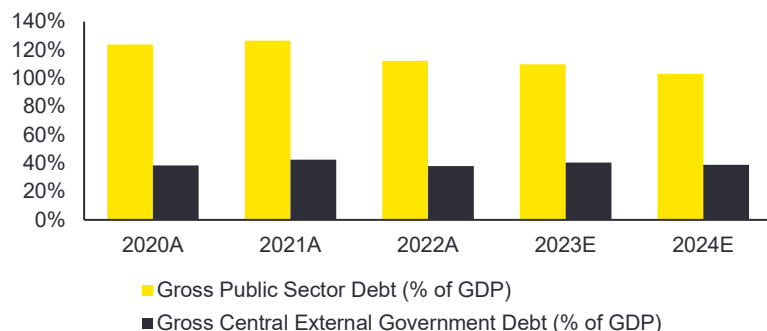
### Unemployment



Source: Central Bank of Barbados, EY Analysis  
(A) - actual  
(E) - estimate

## Public Debt

### Public Debt



Source: Central Bank of Barbados, EY Analysis

(A) - actual

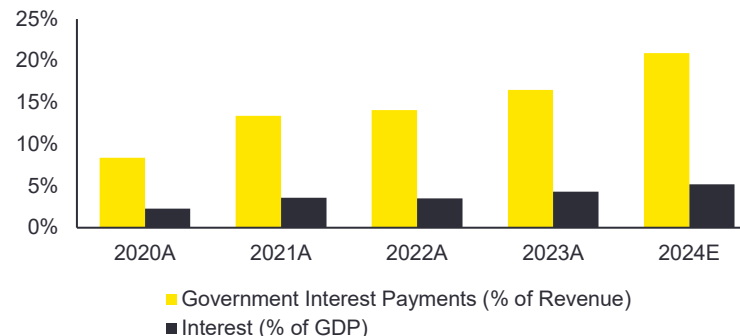
(E) - estimate

As of 31 December 2024, the gross public sector debt-to-GDP ratio continued its downward trajectory, standing at 103%, which reflected a decrease of 6.8% from 2023. This decline was supported by economic growth, a \$130.5 million reduction in domestic debt, and the retirement of \$155.3 million in Government of Barbados 2029 external bonds as part of a debt-for-nature swap executed in 2022. Furthermore, during the first nine months of FY2024/25, the gross public sector debt stock decreased by \$134.3 million, indicating reductions in both domestic and external debt.

Overall, the total gross public sector debt as of the end of 2024 amounted to \$14.8 billion, remaining relatively stable compared to the previous year with the Government's continued aim to further reduce the debt-to-GDP ratio, targeting below 100% by 2026.

## Debt Service

### Interest



Source: Central Bank of Barbados, EY Analysis

(A) - actual

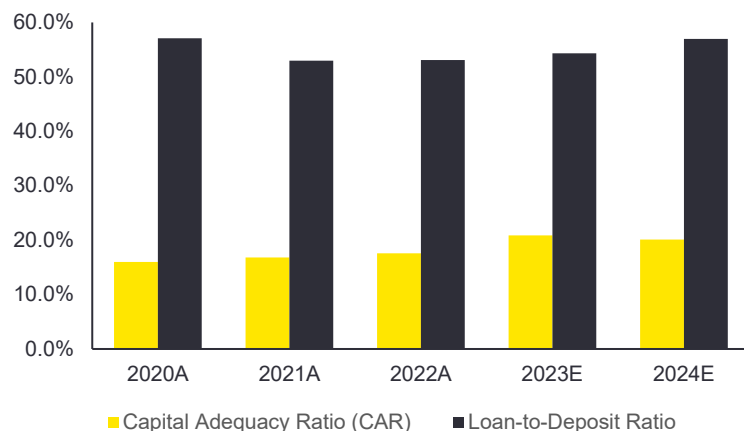
(E) - estimate

In 2024, the government agreed to a debt-for-climate swap that facilitated early repayments of higher-interest bonds totaling \$592.7 million. This swap replaced more expensive debt with lower-cost debt to generate interest savings to be used mainly to fund climate resilience projects. With this swap, in the April-December 2024 period, the interest-to-tax revenue ratio improved to 20% reflecting a 2.6% decline from the prior year period, whilst the debt service-to-tax revenue ratio increased by 15.7%, driven by higher domestic repayments. Overall, this swap is projected to save \$220 million in interest over ten years, funding the Barbados Climate Resilience South Coast Water Reclamation Project.

From April to December 2024, Barbados' net financing requirement rose by \$416.8 million mainly due to the increased amortization linked to the debt-for-climate swap, with domestic amortization reaching 55.3% of total debt service. In this period, the government also recorded its first repayment (of \$14.5 million) on its IMF borrowings.

## Financial Sector Overview

### Capital Adequacy

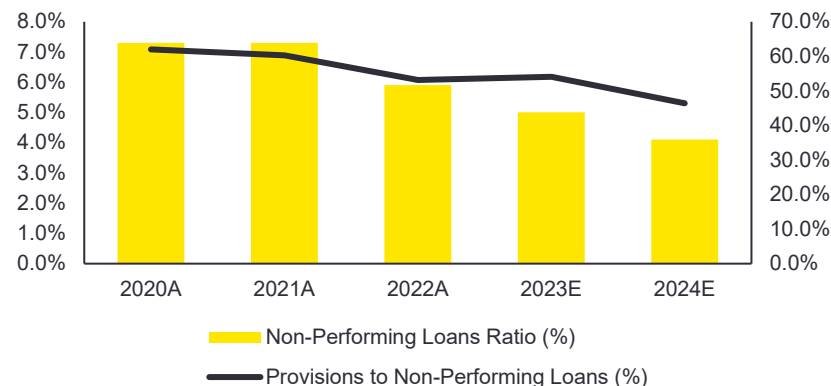


Source: Central Bank of Barbados, EY Analysis  
(A) - actual  
(E) - estimate

In 2024, the banking system maintained a robust Capital Adequacy Ratio (CAR) of 20.1%, well above the regulatory minimum. The Loan to Deposit Ratio (LDR) improved to return to 2020 levels of 57% on the strength of activity in the global business, real estate and household sectors.

The Non-Performing Loans (NPL) ratio decreased to 4.1%, reflecting significant improvements in credit quality across the banking sector. NPLs for both finance companies and commercial banks declined, reflecting enhanced credit quality, resulting from tourism-related activities and broader economic growth.

### NPLs



Source: Central Bank of Barbados, EY Analysis  
(A) - actual  
(E) - estimate

Looking ahead, financial soundness indicators are expected to remain strong, supported by credit expansion in key economic sectors. Continued growth in construction activity and strategic investments are likely to drive credit expansion, boosting overall economic activity. As economic conditions improve, a further decline in non-performing loans is anticipated, contributing to the sector's resilience.



# Budget commentary

The Government's budgetary proposals focused on four main areas: Resilience, Growth Enhancement, Revenue Efficiency, and Improving the Well-Being of Barbadians.

## Resilience

In response to the growing challenges faced by climate change and the need for enhanced community support, this budget attempts to create a more resilient and equitable future for all Barbadians.

The following measures were announced in the 2025 Budgetary Proposals and Financial Statement.

### 1. Establishment of the Resilience and Regeneration Fund (RRF):

Government, in its transition from Mission Critical to Mission Survival, seeks to provide a measure of equity and stability across the population.

Minister Straughn outlined Government's commitment to transition from a reactive stance to a more proactive strategy aimed at strengthening the Catastrophe Fund and enhancing the country's resilience for the future. Effective 1 April 2025, the fund's scope will be broadened and transformed into a Resilience and Regeneration Fund which will:

- a. Utilize up to 50% of unclaimed and undistributed assets (including dormant accounts held by financial institutions) for fund activities focused on climate resilience and regeneration.

- b. Accept grants and donations (general or project-specific) to enhance fund resources.
- c. Allow the borrowing or issuance of securities with the Finance Minister's approval to expedite resilience and regeneration efforts.
- d. Increase the contribution rate from 0.1% to 0.25% for employees and self-employed individuals.
- e. Expand the contributor pool by requiring employers to match employee contributions.
- f. Remove the maximum insurable earnings ceiling for contributions from employees, self-employed individuals, and employers.
- g. Raise the income eligibility threshold for individual claims from \$25,000 to \$40,000 and for household joint claims to \$60,000.
- h. Increase the individual and household claim grants from \$150,000 to \$175,000.
- i. Expand the eligibility for rebuilding and repair provisions to include houses constructed from various materials, not just chattel houses.
- j. Introduce a support threshold for businesses with annual income up to \$500,000, allowing up to \$50,000 in assistance during disasters, contingent on compliance with statutory obligations.



# Budget commentary *continued*

These measures are expected to impact disposable income as follows:

Employee	Current (\$)	Proposed (\$)	Current (\$)	Proposed (\$)
<b>Gross Salary</b>	5,000.00	5,000.00	10,000.00	10,000.00
NIS (Current) - 11.1% (max. monthly insurable earnings \$5,280)	555.00	-	586.08	-
NIS (Proposed) - 11% (max. monthly insurable earnings \$5,280)	-	550.00	-	581.00
RRF - 0.25% (full monthly earnings)	-	12.50	-	25.00
<b>Disposable income<sup>1</sup></b>	<b>4,445.00</b>	<b>4,437.50</b>	<b>9,413.92</b>	<b>9,394.00</b>

The RRF aims to expand the scope of the existing fund to provide comprehensive support for individuals and businesses affected by catastrophes, to provide finance resilience building activities, and regeneration initiatives.

**2. Tax free meal allowances paid to hotel and restaurant workers:** In addressing the importance of tourism workers for sustaining economic growth, the Minister emphasized the need to attract and retain skilled personnel in the sector. Recognizing the critical role of the Barbados Workers Union in advocating for this measure, the Minister proposed that, effective 1 April 2025, meal allowances for hotel and restaurant workers be exempt from income tax. This proposal includes the following conditions:

- The meal allowance is capped at a maximum of \$150 per week for regular working hours.
- The allowance must be part of the fulfilment of the employment contract and provided uniformly to all employees.
- Employees must consume the meals at the workplace.

This initiative aims to support the regeneration of the tourism industry and enhance the standard of living for workers in this vital sector.

<sup>1</sup> This is for illustrative purposes only and does not take into account other applicable deductions/adjustments.

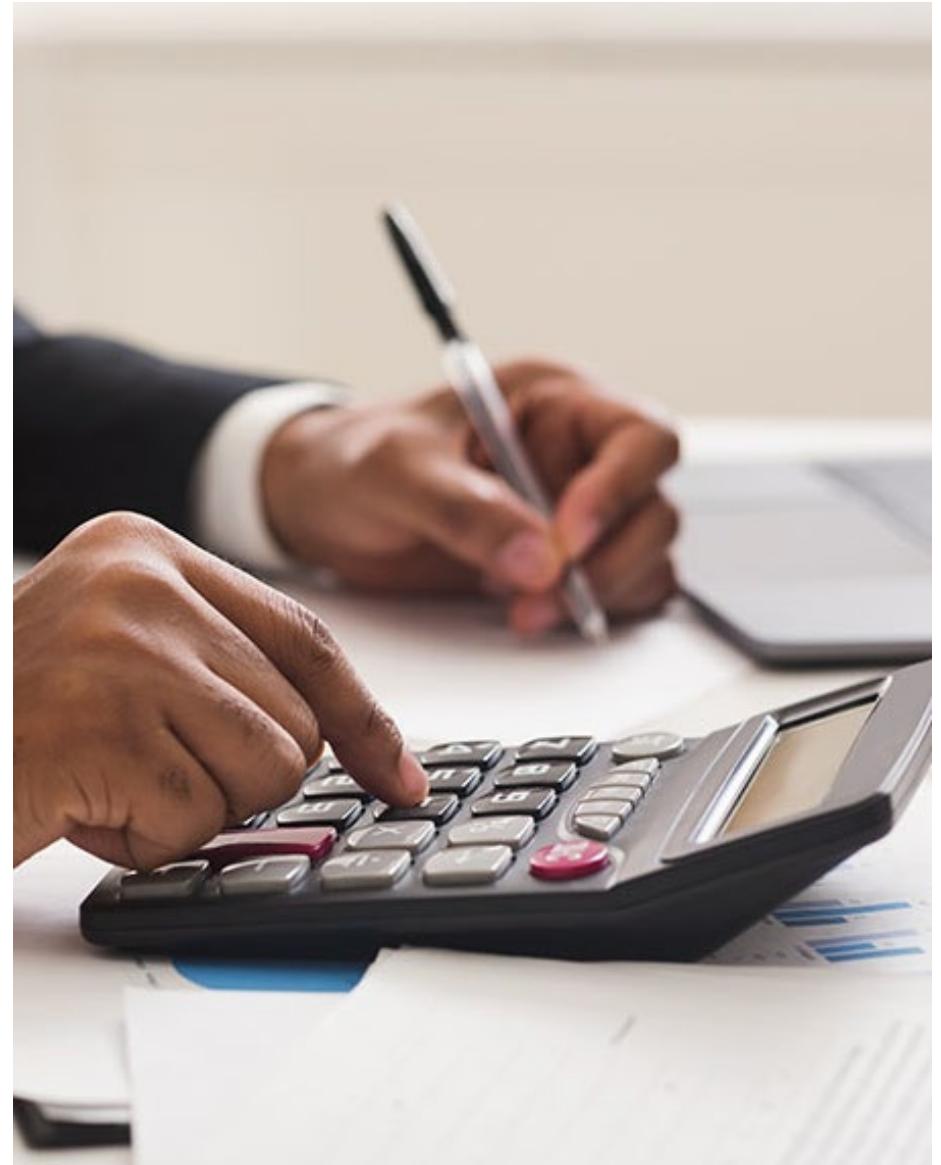


## Budget commentary *continued*

- 3. Tax allowance for union membership dues:** Effective income year 2024, the tax allowance for union membership dues will increase from \$240 to \$360.

The table below illustrates the simplified tax impact of the proposed union and meal allowances.

	Current	Proposed
Salary	50,000.00	50,000.00
<i>Personal allowance</i>	(25,000.00)	(25,000.00)
<i>Union allowance</i>	(240.00)	(360.00)
<i>Meal allowance</i>	-	(7,800.00)
<b>Taxable income</b>	<b>24,760.00</b>	<b>16,840.00</b>
Tax rate - 12.5%	(3,095.00)	(2,105.00)
Annual Net Pay	46,905.00	47,895.00
Monthly Net Pay <sup>2</sup>	3,908.75	3,991.25



<sup>2</sup> This is for illustrative purposes only and does not take into account other applicable deductions/adjustments.

## 4. Support for Vulnerable Groups:

- a. Special Needs Grant: Effective 11 March 2025, minors who are blind, deaf, or mute will qualify for a special needs grant, retroactive to 1 October 2024. The grant will also extend to cover additional disabilities as per amended regulations starting 1 June 2025.
- b. Foster Care Stipend: From 1 April 2025, the stipend for foster parents will increase to \$200 per week per child, regardless of age, up from \$100 and \$110 for younger and secondary school children, respectively.



5. **Water Resilience Programs:** With effect from 1 April 2025, initiatives to improve water resilience for households and businesses will be implemented, including mandatory potable water storage for new constructions:
  - a. The Rural and Urban Development Commission will implement the Household Water Resilience programme and any household with annual income less than \$60,000 can apply to access the Residential Water Resilience Programme;
  - b. Beneficiaries of the Residential Water Resilience Programme will have the option of repayment over a two (2) or three (3) year period at an interest rate of 1% or 2% respectively. Repayment within 12 months or less will attract zero interest.
  - c. Beneficiaries of the Residential Water Resilience Programme will repay the Fund through the utility bill issued by the Barbados Water Authority.
  - d. All planning applications approved for residential construction will be mandated to install potable water storage on the premises, for emergencies.
  - e. All new business planning applications will be required to demonstrate access to potable water storage, backup electrical generation capacity and in the case of hotels, restaurants and food establishments, a requirement for storage of propane gas will also be required where the entity is not on the Natural Gas grid.
  - f. The Ministry of Finance will make an ex-gratia payment of \$32.00 monthly to the BWA on behalf of residential consumers affected by the persistent supply of brown water in St. Lucy and St. Peter, equivalent to the minimum monthly charge, for up to 12 months. This will cost the Treasury \$2.0M.



# Budget commentary *continued*

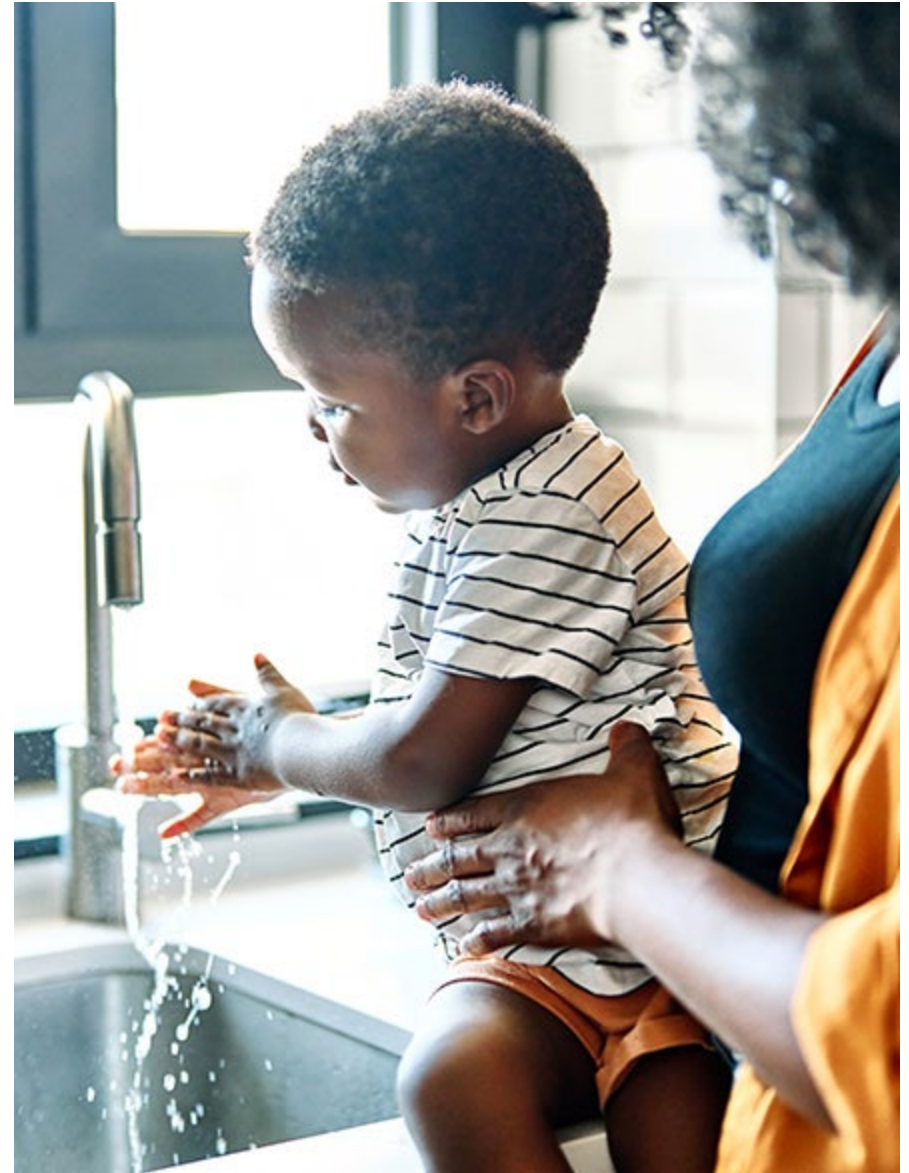
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In addition to the above:

- a. Existing businesses currently without potable water storage, backup electrical generation and gas storage, will have two (2) years to remedy this deficiency.
- b. A Special Task Force will be formed to ensure that this critical water issue is resolved within the timelines given and to monitor the works.
- c. The waiver of customs duties and VAT on the storage tanks and water pumps will be extended until 31 March 2028.

This initiative serves as a proactive response to potential disruptions in the water supply during major replacement and maintenance programs, as well as during possible climate emergencies.

6. **Infrastructure and Cybersecurity Initiatives:** Establishment of a Cyber Security Operations Center and the Barbados Ocean and Coastal Authority will enhance national security and environmental management.
7. **Public Safety Commitment:** The Government plans to recruit an additional 60 personnel for the Barbados Police Service to enhance public safety.





## Growth

To stimulate economic growth, the following measures have been proposed:

### 1. Tax Relief for Businesses

- a. Effective 1 April 2025, duties and VAT on specified commercial kitchen equipment for registered restaurants and cookshops will be removed until 31 March 2027.
- b. Effective 1 April 2025, the Food and Beverage concessions related to wines and proteins, currently granted to hotels, will be extended to restaurants not located on hotel premises that generate more than 60% of their revenue in foreign exchange, upon registration under the Tourism Development Act CAP. 341 (TDA).

The process for obtaining registration under the TDA necessitates the submission of multiple documents and an assessment to ensure compliance with all relevant procedures, requisites, and regulations of the Ministry of Tourism. For small businesses like restaurants not situated on hotel premises, it will be important to obtain guidance on methods for tracking revenue earned in foreign exchange, and to understand whether independent audit requirements will arise to ensure the accuracy of reporting. Consideration should also be given to whether the banking system in its current state would facilitate the deposit of foreign currency in cash by small business owners.

2. **Mortgage Insurance Act Revisions:** The Minister indicated Government's continued commitment to homeownership for Barbadians. The current administration has committed to a target of 2,000 new affordable homes per year for the next 5 years. However, two factors have inhibited the achievement of these goals:

- I. Supply of affordable houses
- II. Access to financing for low- and moderate-income earners

To assist with persons earning less than \$2,000 per month, and those with irregular earning patterns, the Minister proposed the following legislative changes to the Mortgage Insurance Act ("the Act") effective 1 April 2025.

- a. Amending the Act to pre-approve the existing lenders supervised by the Central Bank of Barbados and the Financial Services Commission.
- b. Reducing the tax rate from 12.5% to 9% on every dollar of income earned for loans greater than \$250,000 and 4.5% for every dollar of income earned from loans not exceeding \$250,000.
- c. Increasing the aggregate loan threshold under the Act from \$500 million to \$1.5 billion with \$1 billion reserved specifically for loans not exceeding \$250,000.
- d. Interest rates payable by a borrower for a loan up to a maximum of \$250,000 shall be 4% and for loans exceeding \$250,000 the interest rate shall not exceed the maximum rate of interest determined by market influences.

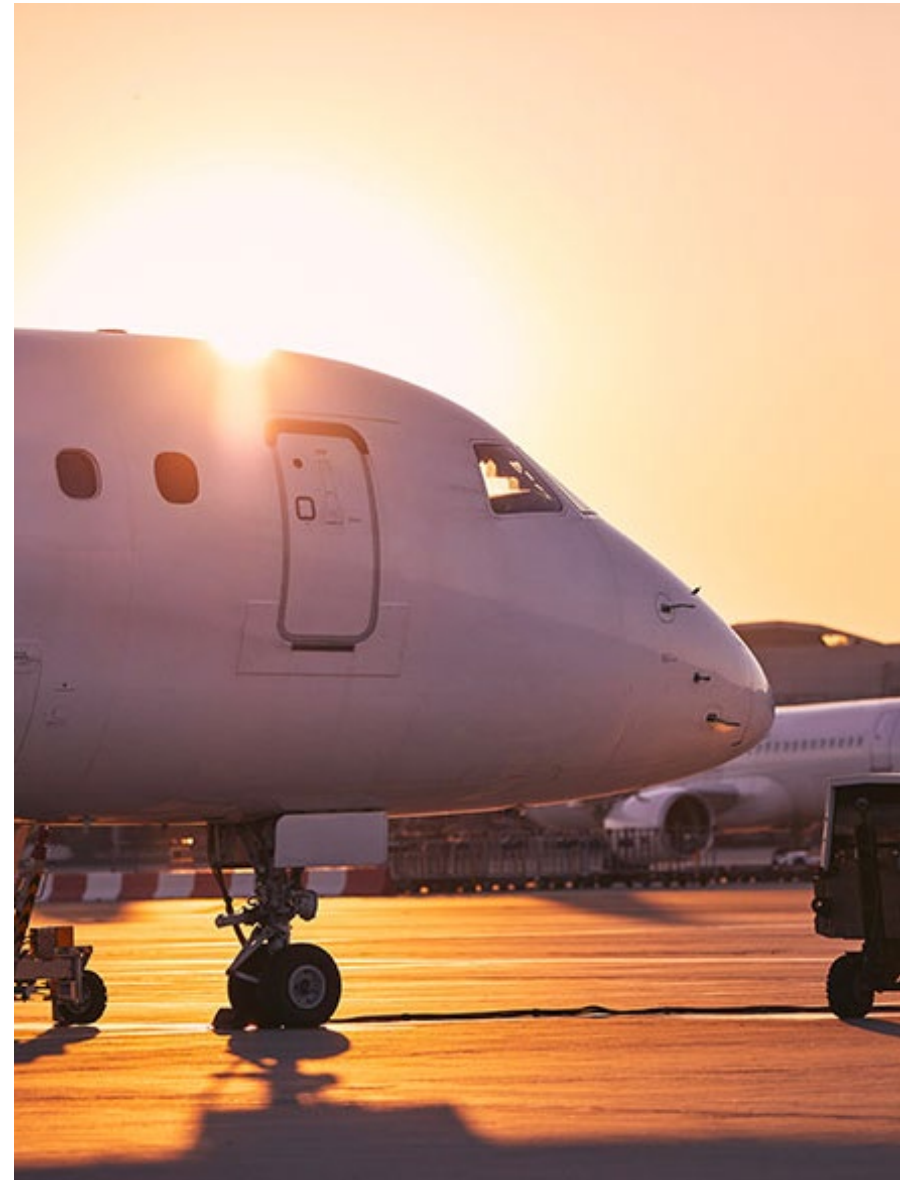
Currently, the Act provides for insurance cover up to 100% of the appraised value not exceeding \$600,000.

# Budget commentary *continued*

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The proposed changes to the Act could incentivize financial institutions to increase lending to low- and moderate-income earners through the reduction in the tax rate as outlined above. The insurance cover associated with these facilities could potentially reduce the credit risk to the financial institutions, thereby increasing lending appetite, in addition to the individuals' ability for home ownership. However, the Minister did not define the interest rate for loans exceeding \$250,000. Further clarity is required to understand what rate financial institutions can charge.

3. **Support for Agriculture:** The Minister highlighted the impact of climate conditions on the Barbadian economy and emphasized the necessity for greater integration and resilience across various economic sectors to enhance competitiveness including climate initiatives designed to incentivize small farms. These proposals include:
  - a. Twenty (20) climate smart vertical farms to be made available for lease to own over seven years by Barbados Agricultural Development and Marketing Corporation (BADMIC).
  - b. Reduction of water rates for registered, small farmers to \$1.00 per cubic meter.
  - c. Twenty (20) climate smart broiler tunnels to be made available for lease to own over seven years by BADMC.
4. **Financial Sector Enhancements:** Expansion of deposit insurance to credit unions and amendments to the Co-operative Societies Act will strengthen the financial sector.
5. **Boosting regional travel:** To enhance Barbados' appeal as a travel destination, the Air Travel and Development Fee for regional passengers will be reduced from USD \$35 to USD \$20, effective 1 July 2025, through 30 June 2026.



## Budget commentary *continued*

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6. **Real Estate Investment Trust:** In the wake of the ongoing construction boom in Barbados, the Minister announced that legislation will be enacted to create a framework for a Real Estate Investment Trust in Barbados to facilitate pooled investments. He stated that there were several Government projects that required financing and the mobilization of domestic financial resources were vital to achieving development through a series of pooled investment vehicles with returns.

This initiative was first mentioned two years ago during the 2023 Barbados Budget, where the Honourable Prime Minister spoke about the creation of a Unit Trust Corporation which would serve to mobilize domestic savings into investment. The Minister of

Finance stated that the Unit Trust legislation will be placed before the House shortly.

The main advantage of an investment fund is the ability for investors to participate in the real estate market, while enjoying the benefits of professional management and diversification thereby reducing risk associated with individual property investments. Once the legislation to create the framework for the Real Estate Investment Trust in Barbados is enacted, it would be necessary to evaluate the fine print for its impact from a regulatory and tax perspective.

7. **Public Education Initiatives:** Funding for education on non-communicable diseases will promote public health awareness.





## Revenue Efficiency Measures

### 1. Abolition of Visitor Permits

- a. As a prominent tourist destination, Barbados is reforming its visitor permit requirements to reduce administrative burdens, save time, and enhance the overall tourism experience. This initiative will involve establishing reciprocal arrangements for international driving permits and eliminating the visitor permit requirement effective 1 July 2025. However, visitors will still be required to present a valid driver's license to registered car rental companies.
- b. The Minister has announced that, in place of the visitor permit, a daily car rental levy of \$10 will be introduced on all rentals, which will be included in the daily rental fee charged by car rental companies starting 1 July 2025.

While this transition may present challenges, the Minister has also revealed plans to implement a digital system utilizing QR Code technology and advanced payment solutions to modernize this process. Car rental companies will be responsible for monitoring vehicle rental data based on the visitor's valid driver's license and must provide this information to the Barbados Revenue Authority. Further details on implementation to be provided.

- c. The revenue generated from the car rental levy is intended to be allocated to the Barbados Oceans and Coastal Authority, effective 1 July 2025. This authority will focus on shoreline stabilization and enhancement efforts at a macro level, with a dedicated section aimed at these initiatives.
- ### 2. Amnesty Scheme:
- An amnesty scheme has been proposed for individuals currently renting cars without the appropriate license plates. These persons will have until 30 June 2025, to apply for the 'H' plates and regularize their business without facing disciplinary action. However, failure to comply will result in significantly higher fines.

- ### 3. Stamp Duty:
- The Minister has announced plans to digitize the stamp duty process by 1 January 2026. After discussions with key stakeholders, there is a clear interest in moving away from physical stamps and adopting a digital system. The Ministry of Finance, through the Treasury Department, will initiate this modernization effort and collaborate with stakeholders, including the Post Office, Land Registry, Supreme Court Registry, Barbados Revenue Authority, Business Barbados, and the private sector, to implement a solution by the target date.

This initiative aligns with the government's goal of transforming the business environment in Barbados and establishing digital systems that ultimately facilitate an easier business experience.





## Cost of Living and Well-Being Measures

### 1. Increased Support for Vulnerable Population:

- a. Recognizing the importance of public health, the Government has earmarked \$5 million for a Podiatry Project aimed at improving foot care for individuals over 70 years old.
- b. In response to the increasing cost of living for low-income earners, Minister Straughn has suggested implementing an automatic annual increase of 2% to the national minimum wage, aligned with changes to the maximum insurable earning ceiling. Additionally, the Ministry of Labour and the Minimum Wage Board will conduct reviews every three years to assess the situation.

The purpose of this initiative is to alleviate the financial burden on low-income earners by ensuring that their wages keep pace with inflation. By implementing an automatic annual increase in the national minimum wage, the initiative aims to enhance the purchasing power of these individuals, thereby improving their overall economic stability. The periodic reviews by the Ministry of Labour and the Minimum Wage Board will help ensure that the wage adjustments remain relevant and effective in addressing the changing economic landscape.

- c. The Minister indicated that Government will exempt sums invested in Government securities from withholding tax.
- d. The income tax allowance was further increased for pensioners from income year 2025 from \$45,000 to \$50,000.

2. **Maternity and Paternity Leave:** Effective 1 June 2025, maternity leave will increase to 14 weeks for single births and 17 weeks for multiple births. A statutory new three-week paternity leave provision has been introduced to encourage the early support of fathers in the nurturing of their children. The Government has also committed to the removal of the condition which requires both parents to live together when the child is born to benefit from the maternity/paternity benefit.

To further bolster these measures, with effect from 1 June 2025 the stipulation for three (3) confinements with the same employer for maternity benefits and the requirement that a child should be born in Barbados will be removed.



- 3. Property Transfer Tax Exemption:** In addressing the government's continued commitment to ensure that intergenerational wealth can be passed successfully, the Minister proposed an exemption on property transfer tax on family plots. Specifically, family plots not exceeding 1 acre, transferred via a deed of gift to children and dependents over the next 3 years will be exempt from property transfer tax. The Minister further proposed that to assist with a speedier transfer, Town Planning Department facilitates the process with the minimum standard for road construction on the family land with the condition that the road be made proper within a five-year period.

Ordinarily, the transfer of land would be subject to property transfer tax at the rate of 2.5% of the value of the consideration for the sale or other disposition of the property. However, this proposal keeps with Government's commitment to provide the best possible framework to pay homage to the efforts of our forefathers.

- 4. Tax Relief on Essential Goods:** Removal of VAT on basic food items will alleviate cost-of-living pressures for residents.
- a. With a commitment to reassess high-sugar and high-salt items in two years to promote longer and healthier lives, the Minister has announced that, effective 1 April 2025, there will be modifications to the basket of goods from which VAT will be removed, as well as adjustments to items on which customs duties will be waived. Notably, some items, particularly fruits, will not be subject to either VAT or duties.
  - b. As the Government continues to promote healthier eating and overall well-being of Barbadians, this initiative reflects their commitment to making a healthier selection of goods affordable and accessible to all citizens.

Additionally, an excise tax of 20% will be imposed on specifically identified high salty snacks under designated tariff headings, effective 1 June 2025.

- 5. One-off solidarity allowance:** This allowance of \$300, which is exempt from income tax, is designed to support individuals in Barbados, with the following qualifying criteria:

- a. **Eligibility:** Every individual over 18 years old and those with legal status who have contributed to the National Insurance Scheme (NIS) in the past year will qualify.
- b. **Administering Body:** The NIS will manage the payment of these allowances.
- c. **Specific Categories:**
  - i. Individuals who made contributions to the NIS in the last 12 months.
  - ii. NIS contributory pensioners.
  - iii. Non-contributory pensioners, including those receiving the Special Needs grant.
  - iv. Individuals receiving invalidity benefits from the NIS.
  - v. Welfare clients not covered by the above categories.
- d. **Additional Provisions:** Individuals not on the welfare list or who have not worked in the last year are still eligible to apply for the allowance. They must present their National ID and proof of address at designated points across the country.
- e. **Application Process:** Applications must be submitted before 30 June 2025, and individuals must have been ordinarily resident in Barbados since 1 April 2024.

This initiative reflects the government's commitment to supporting its citizens and ensuring equitable distribution of resources.

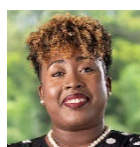


# EY Tax leaders

**Marilyn Husbands, FCCA***Partner, Tax Services*

Tel: +1 246 467 8601

Email: marilyn.husbands@bb.ey.com

**La-Tanya Phillips, LL.B., LL.M***Partner, Tax Services*

Tel: +1 246 430 3882

Email: la-tanya.phillips@bb.ey.com

**Deirdre Craigwell-Gittens, B.Sc., LL.B.***Senior Manager, Tax Services*

Tel: +1 +1246 430 3826

Email: deirdre.craigwell-gittens@bb.ey.com

**Toni Jackman, CPA***Senior Manager, Tax Services*

Tel: +1 246 430 3804

Email: toni.jackman@bb.ey.com

**Dipesh Panicker, B.Com., LL.B.***Senior Manager, Tax Services*

Tel: +1 246 467 8631

Email: dipesh.panicker@bb.ey.com

**Denise Brewster, BSc.***Senior Manager, Tax Services*

Tel: +1 246 430 3816

Email: denise.brewster@bb.ey.com

**Scott Barnett, LL.B.***Manager, Tax Services*

Tel: +1 246 430 3805

Email: scott.barnett@bb.ey.com

**Tamika Cumberbatch, CPA (US), LL.M***Manager, Tax Services*

Tel: +1 246 467-8645

Email: tamika.cumberbatch@bb.ey.com

**Lydia Farley-Brathwaite, LL.B.***Manager, Tax Services*

Tel: +1 246 430 3853

Email: lydia.farley-brathwaite@bb.ey.com

**C. Nicole Moore, BSc., LL.B.***Manager, Tax Services*

Tel: +1 246 430 3872

Email: nicole.moore@bb.ey.com

**Tameisha O. Smith, BSc.***Manager, Tax Services*

Tel: +1 246 430 3817

Email: tameisha.smith@bb.ey.com

**Chenia Sue, ACCA, CA***Manager, Tax Services*

Tel: +1 246 430 3928

Email: chenia.sue@bb.ey.com

**Gail Walters***Manager, Tax Services*

Tel: +1 246 467 8610

Email: gail.walters@bb.ey.com

**Sharla Weir, LL.B.***Manager, Tax Services*

Tel: +1 +1 246 430 3845

Email: sharla.weir@bb.ey.com



# Tax services

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- Tax accounting

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- Financial Statement Close Process support
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- Hotel accommodation tax
- Stamp duty
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- Global employment tax services
- Global business immigration services
- Work permits
- Personal tax services

## **International tax services**

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- Double tax treaty analysis
- Tax-effective supply chain management
- Withholding tax

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- International tax
- Tax structuring
- Identification of post-transactional tax reduction options



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- Sell and separate
- Reshaping results
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- International tax services
- Transaction tax services
- Accounting compliance reporting
- Corporate secretarial services

### Aruba

Ernst & Young Dutch Caribbean  
Vondellaan 4, Oranjestad  
Tel: +297 521 4400  
Fax: +297 582 6548

### Barbados

EY Management Ltd.  
One Welches, Welches, St. Thomas,  
BB22025  
Tel: +1 246 430 3900  
Fax: +1 246 426 9551

### Curaçao

Ernst & Young Dutch Caribbean  
Zeelandia Office Park  
Kaya W.F.G. (Jombi)  
Mensing 16, Willemstad  
Tel: + 599 9 430 5000  
Fax: + 599 9 461 5020 (Audit)  
+ 599 9 465 6770 (Tax)

### Guyana

Ernst & Young Services Inc.  
Suite 302  
Pegasus Suites & Corporate Centre  
Seawall Road, Kingston,  
Georgetown  
Tel: +011 592 225 2835

### Jamaica

Ernst & Young Services Limited  
8 Olivier Road, Kingston 8  
Tel: +1 876 925 2501  
Fax: +1 876 755 0413

### St. Lucia

Ernst & Young Services Ltd  
2nd Floor Mardini Building  
Rodney Bay, Gros Islet  
Tel: +1 758 458 4720/30  
Fax: +1 758 458 4710

### Suriname

Ernst & Young Services Limited  
Cornelis Jongbawstraat 17  
Paramaribo  
Tel: +599 9 430 5033

### Trinidad and Tobago

Ernst & Young Services Limited  
5/7 Sweet Briar Road, St. Clair  
Port-of-Spain  
Tel: +1 868 628 1105  
Fax: +1 868 622 0918 (Tax)  
+1 868 622 1153 (Audit)

EYC Energy Centre  
DSM Warehouse Complex  
Pacific Avenue, Pt. Lisas  
Tel: +1 868 628 1105  
Fax: +1 868 679 4972

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