

OBJECTS AND REASONS

This Bill would amend the *Exempt Insurance Act*, Cap. 308A to ensure that the income tax payable under that Act by licensees who have been in operation for more than 15 years is comparable with the increased licence fee payable by those licensees who have been in operation for 15 years or less.

Arrangements of Sections

Section

1. Short title.
2. Amendment of section 11 of Cap. 308A.
3. Amendment of section 18 of Cap. 308A.
4. Amendment of section 29 of Cap. 308A.

BARBADOS

A Bill entitled

An Act to amend the *Exempt Insurance Act*.

ENACTED by the Parliament of Barbados as follows:

1. This Act may be cited as the *Exempt Insurance (Amendment) Act, 2011*. Short title.

Amendment
of section 11
of Cap.
308A.

2. Section 11 of the *Exempt Insurance Act*, in this Act referred to as the principal Act, is amended by deleting the words "section 29(2)" and substituting the words "section 29".

Amendment
of section 18
of Cap.
308A.

3. Section 18 of the principal Act is amended in subsection (1B) by deleting the words "section 29(2)" and substituting the words "section 29".

Amendment
of section 29
of Cap.
308A.

4. Section 29 of the principal Act is amended

(a) in subsection (1), by inserting immediately after the word "(2)" the words ", (2A)"; and

(b) by deleting subsections (2), (2A), (3) and (4) and substituting the following:

Cap. 73. "(2) Notwithstanding the *Income Tax Act*, the profits and gains of a licensee derived from exempt insurance business conducted in Barbados are subject to income tax

(a) for the first 15 financial years of the licensee, including the year in which its license was issued, at the rate of zero per cent; and

(b) thereafter

(i) at the rate of 8 per cent on the first \$250 000 of taxable income; and

(ii) at the rate of zero per cent in respect of other taxable income in excess of \$250 000.

(2A) A taxable income of a licensee that is less than \$250 000 is to be treated as a taxable income of \$250 000.

(3) For the purposes of this section the annual fee referred to in section 11 shall not be payable by a licensee to whom paragraph *(b)* of subsection (2) applies.

(4) A licensee shall not be granted any credit in respect of income tax paid to a country other than Barbados."