

# 2017

# ANNUAL REPORT





**BARBADOS REVENUE AUTHORITY  
ANNUAL REPORT AND ACCOUNTS  
For the Year ended March 31, 2017**

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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## What we do

The governance structure of the Barbados Revenue Authority is set out in the Barbados Revenue Authority Act, 2014-1. The Board of Directors of the Authority is responsible for the overall management of the Authority and the Revenue Commissioner is the Chief Executive Officer of the Authority reporting to the Board. Overall responsibility for the operations of the Authority is vested in the Minister of Finance and Economic Affairs.

The Authority has a staff complement of just over 330 and collects revenue in the region of BDS\$2.3 billion per annum on behalf of the Crown, from approximately 6,350 businesses and 103,000 individuals.

## Our role

The Barbados Revenue Authority ("the Authority") was established on April 1, 2014 as a statutory corporation. The Authority has responsibility for ensuring the effective and efficient tax administration in a fair open and transparent manner thus 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 on time 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

## Our key goals and objectives are to:

- Improve our service delivery through a more customer-centric approach to tax administration
- Improve compliance and enforcement through the use of risk management techniques.

In pursuit of these objectives we are committed to investing in the development of our human capital and will be guided by our core values of: integrity, fairness, professionalism and responsiveness supported by characteristics of courtesy, consistency and cooperation.

# Message from the Chair



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

It is my honour, on behalf of the Board of Directors, to submit this Annual Report on the operations of the Barbados Revenue Authority to the Honourable Minister of Finance and Economic Affairs.

The financial year ended March 31, 2017 marked the third year since the establishment of the Authority, which plays a critical role as a central revenue authority responsible for the administration of the majority of the domestic taxes in Barbados. The Board has always been fully aware that there are significant challenges inherent in the transition from stand-alone legacy tax administrations to an integrated tax administration. It was, therefore, timely for the Authority to undergo an independent assessment during the year of the Authority's performance measured against international benchmarks to determine the extent to which best practices have been adopted and to identify areas of weakness where process improvements must be made.

While many strengths have been identified, the many areas of weakness reveal the need to speed up the rate at which we build, document and maintain robust operational procedures and create a culture of accountability throughout the organization. Management has committed to addressing these operational weaknesses and so too has the Board committed to overseeing this critical change management process. It is the Board's expectation that rapid progress will be made over the next 2 years.

Last year we identified a number of areas on which the Board was focused as part of its supervision and oversight responsibilities. These relate to:

- (a) An integrated management information system which will be implemented in two phases with full implementation by February 2019.
- (b) The establishment of a single domain to provide reliable and secure access to both staff and the public to the new tax system.

We have strengthened the Board's access to critical expertise by the creation of a Technology Committee, the mandate of which is to provide appropriate advice and recommendations to the Board and to provide oversight of the Authority's Information Technology ("IT") function, including IT strategy, the alignment of the IT function with the Authority's business, systems stability; and information security. The Committee achieves its objective by monitoring, advising on investment

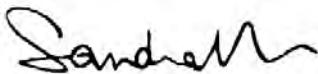
*"While many strengths have been identified, the many areas of weakness reveal the need to speed up the rate at which we build, document and maintain robust operational procedures and create a culture of accountability throughout the organization."*

decisions, reviewing risk, and making recommendations to the Board regarding the Authority's IT strategy and operations. Among the members of the Committee is an Information Technology Adviser to the Board, who has been appointed pursuant to powers conferred under section 11 of the Second Schedule of the Barbados Revenue Act, 2014-1.

The Auditor General's continuing inability to express an opinion on the financial position of the Authority's activities administered on behalf of the Crown for the year ended March 31, 2017 falls within the direct remit of the Audit Committee. This Committee has been charged with overseeing the resolution of these issues, many of which are inherited from legacy agencies and systems and will take time to work through. It is acknowledged that the new management information and tax administration systems referred to above will assist in no small measure in the Authority's ability to bring this important issue to a satisfactory resolution.

During the year, a number of staff members retired. My fellow Directors and I wish them a long, healthy and active retirement and thank them for their dedicated service to the Authority. We also saw the retirement of three Board Members - Mr. Martin Cox, Director of Finance and Economic Affairs, and Mr. Frank Thornhill, Chief Technical Officer, both ex-officio Board Members, and both of whom retired from the Public Service. The third Director who retired at the end of the financial year was Mr. Cecil Drakes, who was appointed by the Minister on the nomination of the most representative trade union. On behalf of the Board, Management and Staff, I wish to place on record, the Authority's sincere appreciation for their sound advice and guidance, not only to the Board but also to the Board Committees of Audit, Tenders and Human Resources, on which they served. We wish them a similarly long, healthy and active retirement. We were pleased to welcome Mr Cox's successor, Dr Louis Woodroffe, and Mr Thornhill's successor, Mr N.A.S.H. Lovell, who immediately made a positive impact on Board deliberations.

I record my profound thanks to the Revenue Commissioner, Management, Staff and my colleagues on the Board for your ongoing dedication and commitment.



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

**A**s the Commissioner of the Barbados Revenue Authority (BRA), I take pride in being a part of such an outstanding public service organization as we complete our third year of operation. In 2014 we embarked on a programme of change to inject fresh ideas into the way we operate and provide service to our taxpaying public and stakeholders. Even though we have made some progress in implementing this reform agenda, we have not reached where we want and plan to be; we know that we must and can always do better.

## **ACHIEVING OUR MISSION**

In pursuit of our mission we have, in the past year, embarked on achieving two overarching objectives – improved service delivery and excellence in the workplace through staff empowerment.

### **Our 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.**

In terms of the second overarching objective—excellence in the workplace — we have developed and acted upon the first iteration of our Employee Performance and Development System (EPaDS), which fully integrates human resources and business planning. A number of challenges were however identified during the year and initiatives to address these were developed to be acted upon during the new financial year 2017 – 2018.

During the year we also commenced a programme of professional development for our senior management and supervisory staff through the implementation of executive coaching and supervisory management programmes in conjunction with the Cave Hill School of Business. Additionally we implemented an in-house training course geared to the audit function to develop and enhance the understanding and practical application of tax legislation to auditing. As a model employer, we will continue to focus on creating opportunities for professional development and self actualization of all employees of the Authority, both current and future.

Overall, our 2016-2017, results relating to the collection and recording of tax programmes remain strong. While some taxpayers met the deadline for filing their returns and for paying amounts owing, and most corporations paid amounts due on time, we still need to ensure, that all eligible taxpayers file and pay on time.

Taking all these results into consideration, I remain confident that we can overcome the challenges in key high-risk areas over the long term with a view to achieving our vision.

## Our Vision

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

### **ACHIEVING OUR MANDATE**

The overall goal of the BRA is to administer tax and related programmes and to ensure compliance on behalf of the Government of Barbados thereby contributing to the ongoing economic and social well-being of Barbadians.

Our employees are known for carrying out their duties with integrity and professionalism. We are an organization that is highly visible—one that touches the lives of all Barbadians—and we are very proud of the excellent reputation we've earned. The fact that we have once again quickly and accurately delivered on government priorities speaks to the professionalism and dedication of our workforce.

Going forward, we will strive to further our working relationships with government departments and other agencies to forge links between the social responsibility inherent in paying taxes and the civic rights and benefits enjoyed in Barbados. We will sustain our international presence in organizations such as the Organisation for Economic Co-operation and Development (OECD) and the Inter-American Centre of Tax Administration (CIAT) to advance protocols and practices to guide the work of tax administrations around the world. We will seek opportunities to reduce the administrative burden and to build on our position as an innovative service leader and separately as an employer, to create a workplace culture of intelligent risk management.



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

# OVERVIEW





The Barbados Revenue Authority administers the enactments outlined in Schedule 1 of the Barbados Revenue Authority Act 2014-1 and ensures compliance on behalf of the Government of Barbados.

## **Responsibilities**

The Authority has responsibility for providing taxpayers with the timely and accurate information to comply with Barbados' tax laws through various media, publications, technical interpretations and rulings. It assesses and processes tax returns and payments for individuals and businesses as quickly and accurately as possible. The Authority identifies and addresses non-compliance through promotion and enforcement activities. The Authority promotes compliance through outreach activities and by educating taxpayers about their obligations. It also undertakes audits, and examinations and seeks to ensure tax debt is resolved.

## **Staffing**

The Authority has a staff complement of just over 330 employees with six locations across Barbados from the north to the south of the island. Although our employees operate from different locations we function as "one team, many places" sharing the same goal: delivery of a customer-centric service in a secure and flexible environment based on transparency, cooperation and trust between taxpayer and administration.

## **Operating Environment**

### *Economic environment*

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 business. 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 BRA as a tax administration.

Barbados' economy is diverse – tourism, agriculture, light manufacturing and international business are its main pillars. According to the Barbados Economic Review January to June 2016, growth for the year 2016 was projected at 1.6%, following a growth performance propelled by positive developments in the tourism sector at the end of 2015. However, it was noted that Brexit, de-risking and weak trading markets in the United Kingdom and Canada could dampen this growth.

The Barbados economy continued to face challenges though some positive signs were emerging. During 2016–2017, three rating agencies; Moody's, the Caribbean Information and Credit Rating Services Limited (CariCRIS) and Standards and Poors downgraded the island's credit rating attributing that to the country's high level of indebtedness and precarious fiscal deficit. A negative outlook was also given for the island by the agencies.

### *International Treaties and Agreements*

Barbados has thirty-six (36) double taxation agreements and bilateral investment agreements, which along with the island's infrastructure and strong regulatory environment, drive the international financial sector. The country has completed a reciprocal agreement with the United States Inland 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 communications 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. Tax payers have responded favourably to this use of technology, a trend that is expected to continue.

## **Our activities**

The Barbados Revenue Authority administers seven (7) 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. Our 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.

Our activities form the basis for the collection of in excess of eighty-five percent (85%) of Government's revenue which is used to provide services and infrastructure for use by the people of Barbados.

During the period under review the Authority reported just over BDS \$2.329 billion in revenue and paid out approximately BDS \$56,876,033 million in refunds and credits to taxpayers.



## Improving our service delivery through a more **customer-centric** approach to **tax administration**

# ACHIEVING OUR STRATEGIC GOALS AND OBJECTIVES

In 2015, the Barbados Revenue Authority developed and implemented its first Strategic Plan in which it enunciated its strategic goals for the next four years. At the end of 2015 – 2016, we reviewed our performance and it was clearly identified that there were a number of areas which needed urgent attention if the Authority was to achieve the expected results and level of efficiency envisioned by the consolidation of the various tax legacy agencies.

The Authority therefore reviewed its strategic focus for the period 2016 – 2020 outlining the following strategic goals and end states for the upcoming four year period;

- Improve organisation structure and governance
- Improve service delivery through a customer-centric organization
- Improve program delivery through the use of risk management principles
- Develop and implement a performance management framework
- Implement an integrated management information system in support of the Authority's Strategy

In pursuit of these goals, the Corporate Business Plan for the year 2016 – 2017 was developed focusing on four of the tenets of the Authority as outlined in its Vision Statement and its organization goals. These are:

- Enhancement of our people, processes and technology
- Strengthening our governance function and improving our corporate image
- Promotion of voluntary compliance and
- Improved tax payer services

## Enhancing our people, processes and technology

### 1. Our people

The success of the BRA 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.

During 2016 – 2017 we implemented a number of initiatives to provide and sustain a healthy and productive work environment for our staff and offered opportunities for professional and personal development. We focused on initiatives related to leadership development, ensuring a healthy and comfortable work environment and promoting learning opportunities for our employees. In response to the Health and Wellness Initiative by the Government, we continued our Wellness Programme dividing the organisation into teams. This served not only to improve the physical wellness but also the social wellness of the workforce by building team spirit across the organization.

In 2016 – 2017, we supported our people by the following activities:

- Implementation of our Health and Wellness Programme including health management as well as physical exercise activities



*September 2016 Luchtime Lecture on Cardiovascular Disease in Barbados*



*Barbados Revenue Authority Staff participating in the Barbados Cancer Society 5K Walk*

- Professional development activities included;
  - A Financial Intelligence Training workshop in conjunction with the United States Internal Revenue Service, Intelligence Branch



*The Internal Revenue Service (IRS) facilitated a Financial Intelligence Training (FIT) Workshop.*

- Two 10-week internal training courses on the interpretation and application of tax legislation from the auditors perspective
- The first Cohort of a Leadership Development Programme at the Cave Hill School of Business for 25 members of our supervisory level staff
- Executive coaching as part of our Employee Performance Management Programme for senior management
- Attendance at the Annual Conference of the Barbados Association of Office Professionals by our Secretaries
- A one-week workshop on the Feasibility of Establishing a Regional Audit Team in the Caribbean hosted by the Caribbean Technical Assistance Center (CARTAC)
- CISCO-CCNA Security Boot Training Camp held in the USA
- A joint workshop hosted by CARTAC on the Customs Harmonised System 2012



*Participants at the CARTAC Regional Workshop 2016 on the HS2012*

- The OECD Financial Investigations Programme held in Ostia, Rome, Italy
- Attendance at the CIAT 50th General Assembly and Technical Conference held in Mexico City;
- Hosting of the 37th Annual General Conference of the Commonwealth Association of Tax Administrators in Barbados;



*Participants at the 37th Annual General Assembly of CATA*

- Attendance at the Institute of Chartered Accountants of Trinidad and Tobago (ICATT) Conference held in the Bahamas and
- The Commonwealth Heads of Valuation Agencies (CHOVA) Conference held in Scotland.

## 2. Our processes

At the end of 2016 – 2017, the Authority 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 using their Tax Administration Diagnostic and Assessment Tool (TADAT). It was intended that this assessment would enable a clearer view of the Authority's performance and development of baselines with respect to key performance indicators used in determining good practice in the international tax arena. These baselines would then be used in guiding our reform agenda and developing our strategic goals and objectives for the next four-year planning period.

The assessment, which was conducted over a two week period, reviewed and assessed the performance of the Authority, based on documentary evidence, in nine performance outcome areas:

- integrity of the taxpayer database
- effective risk management

- support given to taxpayers to help them to comply
- on-time filing of declarations
- on-time payment of taxes
- accuracy of information reported in tax declarations
- adequacy of dispute resolutions
- effective revenue management
- accountability and transparency

As expected, at the end of the assessment, the Authority did not receive a high score in respect to international best practice. We however recognise that such would have been the case after merging a number of different legacy agencies each having its own practices and moray. We have determined that if we are to improve on this performance a more focused approach has to be taken to our administrative practices. Management must drive the organization through the change process with energy and commitment as we set our new strategic path for the next four-year period armed with the knowledge of where we are and where we need to be.

With this assessment in hand, we developed our Business Plan for 2017 – 2018, in which we sought to address some of the issues raised by the assessment, accepting that all deficiencies will not be fixed in one year but must be addressed as a process going forward.

### 3. Technology

The Barbados Revenue 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.

In our Corporate Business Plan 2016 – 2017, we established the following priorities for our information technology:

- Upgrade BRA portal
- Promote and enhance e-registration, e-filing and e-payment across all core taxes
- Acquire new application solutions to integrate the core taxes of the BRA and to manage the exchange of information in accordance with the Foreign Account Tax Compliance Act (FATCA) of the USA and the Common Reporting Standards (CRS) of the OECD
- The development of a Disaster Recovery Plan for the Authority



In 2016 - 2017, we:

- Launched our new BRA web page providing 24-hour access to our tax payers
- Submitted information to the US-IRS in accordance with our FATCA requirements using the new exchange of information software solution acquired and implemented
- Completed the first draft of our Disaster Recovery Strategy and Plan for approval by the Board
- Completed the solution for the expansion of electronic payments for VAT. This will be implemented in 2017 – 2018
- Completed the procurement process for the acquisition of an integrated tax administration solution. The new application is expected to consolidate the activities of taxpayers into a single taxpayer view as we seek to improve our interaction with our customers and make taxes easier.

This project is however not only to be seen as the implementation of a new system for tax administration but will be addressed from the perspective of reforming our processes and procedures in-line with international best practice. It is projected that the new system will be implemented in 2018 to facilitate filing of all their taxes by corporate and other business entities.



## Promoting voluntary compliance

Voluntary self-assessment is considered the most cost-effective way to administer taxes. Higher levels of voluntary compliance allow us to direct our resources to higher-risk areas, such as the underground economy, aggressive tax planning, and willful non-compliance.

Under Barbados' self-assessment tax system, taxpayers are expected to determine their own liability under the law and pay the correct amount of tax. Our primary goal is compliance without our intervention—in other words, to ensure that taxpayers meet their obligations voluntarily - and so protect Barbados' revenue base. We believe that the majority of taxpayers will voluntarily comply with the law if they have confidence in the integrity of the tax administration system and have the information and services they need to meet their obligations in a cost effective way.

Voluntary Compliance means that taxpayers are required to:

- Register as required under the Law
- File returns on time
- Provide accurate information about their activities in the determination of their tax liability and
- Pay all amounts due on time

Non-compliance is the failure to meet any of these

requirements, for whatever reason.

We however, recognise that there are many factors that can impact on a taxpayer's willingness to meet these obligations e.g: ease of access to information, support of a comprehensive but understandable legislative framework, and sanctions and penalties to deter non-compliance. During the year under review the BRA therefore developed a number of initiatives to assist taxpayers in being compliant.

### 1. External cooperation

The Authority implemented a programme of stakeholder meetings where business associations and other taxpayer representatives met with the Revenue Commissioner and management on a quarterly basis to discuss matters affecting the various sectors, groupings and taxpayers. The aim of these meetings is to identify and implement solutions to issues raised in a timely matter and to clarify any areas of misunderstanding or mis-application of legislation by taxpayers.

The Authority also hosted or participated in a number of tax clinics to share and discuss views on current and emerging tax issues. As the annual tax filing period approached teams from the Authority went into communities to assist taxpayers in preparing for their annual filing in an effort to reduce the long lines usually seen at the various locations of the Authority at this time. This initiative was highly successful with the customer service units at various locations experiencing shorter lines than in previous years.

Additionally, the Authority attended a number of workshops and seminars hosted by regional and



*Tax Clinics form part of our compliance strategy.*

extra-regional organisations such as the OECD; the Inter-American Center for Tax Administration (CIAT) and the Caribbean Technical Assistance Center (CARTAC) as we sought to improve our knowledge and develop capacity in tax matters.



*The 2016 CATA Conference in Barbados from Nov 7th - 11th*

The Authority also hosted the 37th Annual Conference of the Commonwealth Association of Tax Administrators (CATA) under the theme "Enhancing Tax Compliance through Strategic Alliances". Approximately 140 participants met in Barbados from November 7-11, 2016 to discuss topics surrounding tax compliance, enforcement and exchange of information (EOI). Also discussed was the importance of building strategic alliances domestically and internationally, between tax administrators and their stakeholders, to address the emerging challenges associated with tax administration and policy development and implementation. This marked the first time the Conference was held in the CARICOM region in seventeen years. Congratulations to the organizing committee for a job well done.

During the 2016/2017 Financial Year, the Authority also accepted its first invitation from the Office of the Attorney-General to participate in the Legal Trainee Programme which saw the organisation hosting in its Legal Department a total of nine (9) students in their First Year of studies at the Hugh Wooding Law School.

.It is expected that this initiative will continue in the next financial year as we work to build capacity and expose a wider grouping of soon to be professionals to the wider areas of taxation.

## 2. Minimising the cost of compliance

Foremost in our minds as we embark on our strategic objectives is to minimize the compliance burden for our customers by streamlining administrative procedures where possible and providing quality service. We recognize that taxpayer behaviours will be influenced by how they perceive the fairness of the tax regime, the economy, and their ability to pay. The Authority therefore stays abreast of changes in the economic climate, public expectations, technological trends and the resultant changes in attitudes and behaviours with respect to tax compliance.

Improved access to information, enhanced understanding of the legislation, including changes made during the year, therefore became the focus of our activities throughout the year.

New target groups were identified as we sought to implement our mantra "Taxes made Easy". Communication and outreach activities were carried out during the year to inform and assist individuals, businesses and government agencies. Major focus of our outreach activities was on individual taxpayers, youth and entrepreneurs. Special outreach was made to the new and prospective taxpayers especially the small and micro enterprises sector, and school leavers. Students were provided with opportunities to learn about the Authority, careers in taxation and their role as good citizens through the launch of a tax education initiative in secondary schools and the Authority's participation in multiple career showcases including two at the University of the West Indies.

## Voluntary Compliance

Taxpayers meet all requirements set out by the tax administration.

## Non-compliance

The failure to meet any of these requirements, for whatever reason.



### 3. Communication

We believe that effective communication can be used to change perceptions and views of our tax administration, its fairness, and its effectiveness. With a strengthened and integrated compliance communications strategy, we aim to influence both compliance perception and behaviour. Effective messaging contributes to an open and transparent tax administration by helping taxpayers understand what we do about non-compliance, where we see the risks to the tax system and what we are doing to address those risks and protect Barbados' revenue base.

The Authority therefore continued to deliver timely, accurate and relevant information via media releases and tax notices, for print and broadcast media to help taxpayers comply with the national tax laws. The public was kept informed on various tax matters, from tax reminders to new tax initiatives.

The Authority also updated its website in 2016 to make information more accessible and to help taxpayers meet their tax obligations. Through the website, the Authority maintains and provides information, forms and publications for download and continues to ensure that taxpayers have 24 hour access to information which creates a measure of convenience for taxpayers.

#### Strengthening our governance function and improving our corporate image

We continue, as a tax administration, to apply the highest level of integrity to carrying out our functions. Public trust influences voluntary compliance and we must therefore conduct ourselves ethically, with honesty and transparency, recognizing that we are accountable to the public we serve and must maintain their trust.

In an effort to meet this strategic objective a number of initiatives were implemented during the period under review:

- The Policy and Planning Unit, the Legal Department, the Risk Management Department and the Internal Audit Department were consolidated to form one division - the Policy Planning and Governance Division - reporting directly to the Revenue Commissioner. This Division encompasses the headquarters functions of the Authority, has responsibility for managing enterprise risk, ensuring an organization structure is in place that reflects good governance and managing the international tax matters

- The first phase of development of a Business Continuity Plan for the organization. While this has not been fully completed it is now at an advanced stage and is expected to be completed for implementation by the beginning of the second quarter of financial year 2017 – 2018.
- A results oriented approach was emphasized throughout the year. The main focus was the achievement of our KPIs as we sought to improve efficiency, performance and accountability for our objectives while maintaining an eye on the future. We achieved 60% of our KPIs. This result will be reviewed during 2017-2018 in an effort to improve this performance (Refer Table 1 of the Report page 43)
- An improved approach to stakeholder consultations was established with regular stakeholder meetings being held with interest groups and taxpayer representatives as we sought to improve taxpayer compliance. Quarterly meetings were held with the Barbados Hotel and Tourism Association, the Barbados Chamber of Commerce and Industry, and the Barbados Private Sector Association.
- Procedural manuals were completed for all major areas of tax administration and these will be incorporated into our training plans beginning 2017 – 2018.

#### Improved customer service

Our organization recognizes the value of service in fostering compliance within a tax system that is based on self-assessment. In the financial year 2014-2015, we launched our first Strategic Plan which had as one of its core goals - improved service delivery, the objective of which



is to provide a positive customer experience that is accessible by all taxpayers, based on established service standards, while promoting the use of our on-line services. As part of our commitment to improve service, support was offered through tax clinics to those persons who needed assistance in completing their tax filing obligations. The free clinics were hosted leading up to the income tax filing deadline.

The Authority has commenced activities to identify specific taxpayer groups so that more targeted information, according to their specific segment and obligations, can be readily available. Information gathered will be used for developing content to be

disseminated across multiple channels, inclusive of thematic brochures and digital media. One such group identified was taxpayers applying for Tax Residency Certification. In order to process these applications and issue responses in a timely manner, the Legal Department developed a set of guidelines advising the public on how their applications should be submitted, outlining the relevant requirements.

As we approached the latter part of the year, the Authority expanded its use of digital channels by including a social media presence on Facebook and Instagram. These offered additional channels through which information, tax tips, notices and services were shared with taxpayers.

### Barbados Revenue Authority Facebook page



# OUR PROGRAMME ACTIVITIES

## Ease of paying taxes

The Authority in its 2016 – 2017 Business Plan introduced as its motto “Taxes made easy”. This would form the basis of our focus and the development of activities for the year. In pursuit of this motto, the following initiatives were identified as key, if the Authority is to achieve this objective:

- a shift to online services,
- improved interaction with our customers,

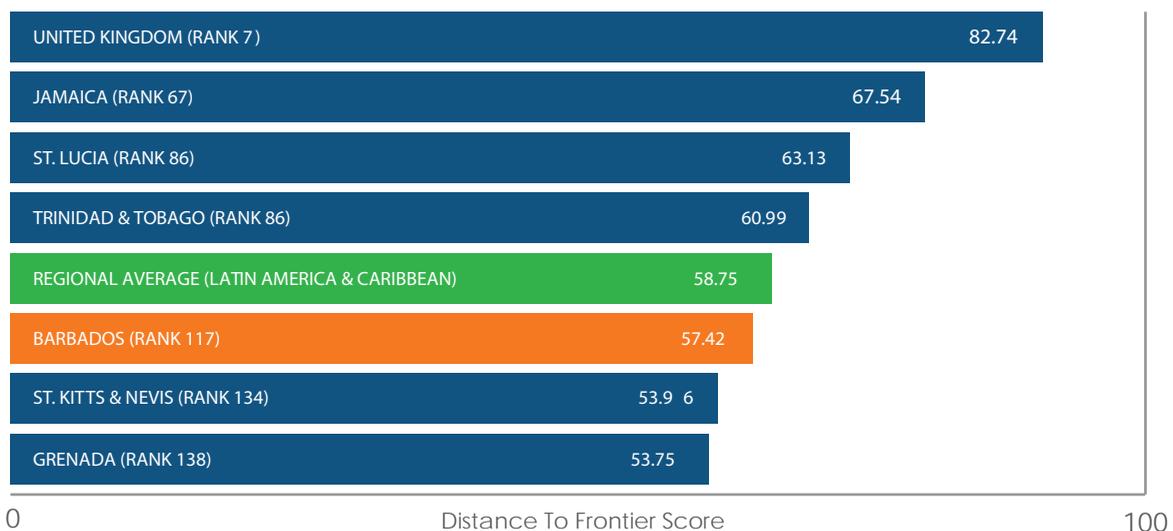
- greater and easier access to information,
- a trained workforce in adequate numbers and
- standardization of taxpayer services across all locations,

Based on our performance assessment at the end of 2016, we still have a long way to go. However, the small strides we made were not without some success. The World Bank in its Report “Doing Business” indicated that, while Barbados’ overall ranking for 2017 declined from 115 to 117, (Figure 1.2 below.), the ease of paying taxes in Barbados improved by 1 rating point when compared to 2016, increasing from 86 to 85.

Excerpt from Doing Business Report for Barbados

Area of ranking	DB 2017 Rank	DB 2016 Rank	Change in Rank
Starting a Business	101	101	-
Registering Property	130	131	1 ↑
Paying Taxes	85	86	1 ↑
Trading across Borders	125	122	3 ↓
Enforcing Contracts	167	166	1 ↓

Figure 1.2 How Barbados comparator economies rank on the ease of doing business



Note: These rankings are benchmarked to June 2016 and based on the average of each economy’s distance to frontier (DTF) scores for the 10 topics included in this year’s aggregate ranking. An economy’s distance to frontier score is indicated on a scale from 0 to 100, where 0 represents the worst performance and 100 the frontier.

During tax year 2015 – 2016 we received a number of complaints from taxpayers about the long lines and the hot and uncomfortable conditions in which they had to wait to pay their taxes. These complaints were heard by the Authority and in July 2016 we embarked on a project to improve the customer experience by upgrading the physical conditions and enhance the overall aesthetics of our Pine office. The branch was reopened in November 2016 and has resulted in improved service flow with a significant decrease in complaints from the public. Positive responses continue to be received from those utilising services at this location.



*Welcoming our first customer at the Pine re-opening with a gift bag*

## Enterprise risk management

### Internal Audit

#### *Improving our internal controls*

The role of the Internal Audit Department (IAD) is “to provide independent assurance that the organisation’s risk management, governance and internal control processes are operating effectively”. Consequently, the internal auditor looks beyond financial risks, to consider wider issues such as the organisation’s reputation, cyber security, its impact on the environment, its business continuity plan in the event of a disaster and its human resources.

The mandate of the IAD is to determine whether the Authority is operating in accordance with the Financial Management and Audit Act (FMAA), and the Barbados Revenue Authority’s (BRA) Operations Manual.

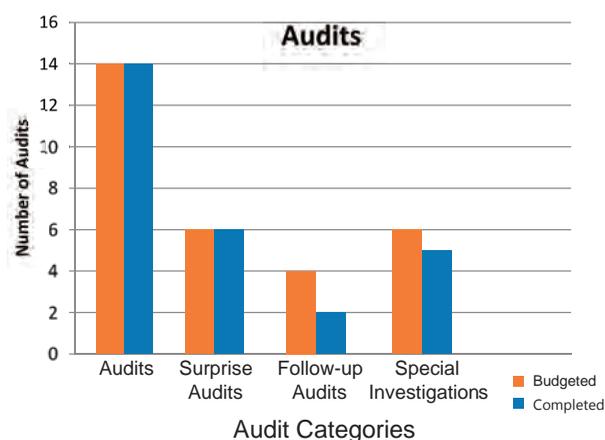
The department also seeks to ensure that the organisation’s operating processes enhance the achievement of its strategic goals and objectives.

### Programme results and analysis

For the period under review the main focus of the IAD’s audits was stability and security of the information technology infrastructure including adherence to the guidelines established in the organisation’s Information Security Policy Manual. Also reviewed, were the refunds payment process for Income and Profits Taxes and the processes relating to human resources management, land valuation and project management. The department also conducted and reported on a number of special investigations.

The Department completed and issued reports on 27 of its planned audits falling short of its plan by 10%. The incomplete audits were in the areas relating to follow-up audits and special investigations. (refer to chart below)

#### Comparison of Budgeted to Completed



The following areas were identified as the most significant and recurrent control issues.

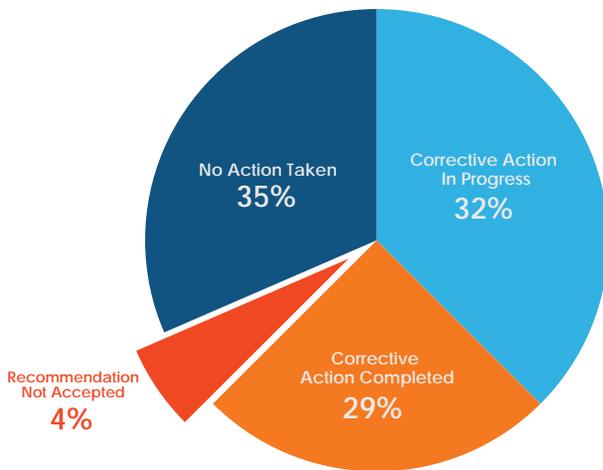
- Security from third party intrusion should at all times be at its optimum. Although a substantial amount of curative efforts have been made in response to the issues identified, the risk associated with our IT security remains significant.
- There is still a high level of risk attached to the cheque printing process due to the number of cheques which are being printed annually. It is hoped that with increased use of the direct debit option to financial and non-financial institutions such as credit unions, the risk exposure with respect to the payment of refunds can be contained to acceptable levels.
- A number of internal control issues have been noted in the area of cash collection, deposit and reconciliation. We are of the view that these issues can be resolved with the issuance of documented procedures and greater supervisory review.

- The absence of documented policies and procedures within the BRA, continues to be of concern to the IAD. Valiant efforts have been made to train officers, however due to the lack of these documented policies and procedures several inefficiencies in key processes continue to surface. These deficiencies can present challenges to the achievement of the organisation’s strategic goals and its corporate image.

- A lack of effective communication in relation to direction of staff
- The need to establish the BRA culture.

Additional risks that continue to impact on the organisation are:

- The need to complete the upgrades and improvements to the current information technology infrastructure
- Data Integrity, and its impact on our ability to identify all our taxpayers and to provide an efficient and effective service to them
- Taxpayer compliance and the need to improve voluntary compliance by all taxpayers.



*Status of recommendations made at year end.*

Quarterly reports were prepared on the risk identified in various areas of the organization and meetings were held with the managers of the affected areas to develop risk treatment plans. Despite the challenges being experienced, we continue to see improvement through the incorporation of aspects of these treatments into our operational work plans. We will continue to educate staff on risk management principles as we seek to reach a state where risk management principles are embedded into the strategic planning and business unit planning cycles, enabling the organisation to manage its risk proactively.

## Risk management

The BRA commenced the implementation of a risk based approach to tax administration in 2015 – 2016. This process is still in its infancy stages and a number of challenges have been experienced in operationalizing this approach. The Authority however remains risk adverse, therefore the use of the Risk Management approach is one of the tools the Authority will continue to use as we strive to make better and more informed decisions and mitigate risks to the organisation.

During the year in review, the Authority continued the implementation of its risk framework including the use of a risk register. Major enterprise risks were identified and assessed with priority being placed on designing treatments to mitigate the highest scored risks. Our risk register continues to reflect that it is a multi-stage process to integrate three entities and cultures into one and much of the risks are as a result of the incorporation process. Our highest risks continue to stem from the need for the completion of the business reorganization process to align with the organization’s goals. The completion of the process would assist in the reduction of the risk due to:

- A need for consistency in processes and procedures
- A need for full acceptance and drive of the change process

## Business continuity plan

The Risk Management Unit commenced work on the Business Continuity Plan (BCP) during the second half of the year. Technical assistance was received in this regard from the OECD. The BCP was 40% completed at the end of the year and completion of this plan will be the focus of the department during the new financial year.

## Taxpayer outreach

The Customer Service Unit focused on the following activities as part of its mandate to foster a customer-centric approach while ensuring a high degree of registration and filing compliance. Activities included:

- Registration of new taxpayers and the cancellation or de-registration of others
- Preparation and issuance of tax clearance certificates across all platforms
- Updating taxpayer information in the various tax systems
- income tax returns. The radio and television

- Facilitating pensioner & agricultural rebate applications and
- Servicing calls customer inquiries from walk-ins, telephone and emails.

Adhering to our strategic goal of being a customer centric organization, the Customer Service Unit also embarked on a series of outreach programmes. During the year under review, the Authority worked with the Fund Access Agency to enhance the knowledge of its clients as to their rights and obligations under the various tax laws. A number of presentations were made on the subject of VAT with a specific focus on Small and Micro Enterprises.



*Barbados Revenue Authority Tax Fair in Bridgetown*

Recognizing that the students of today are the workers of tomorrow our School Outreach Programme was introduced. This programme focuses on our secondary schools and tertiary institutions - those who are soon to enter the world of work or



*Officers engaging future taxpayers as part of the schools' Outreach Programme*

entrepreneurship. The objective behind this programme is "getting it right the first time" and building a positive culture towards taxation. Eight schools participated in the programme during the year under review.

The Authority also utilised the electronic media to sensitize its public in a number of areas of tax administration, especially those relating to filing

income tax returns. The radio and television talk shows were a heavily utilized medium in reaching out to the general populace.

## Collections Compliance

Collections and filing compliance is administered by the Revenue Management and the Tax Arrears Management Units of the Shared Services Division. These two units identify, address and prevent non-compliance to help ensure that the rate of growth and the level of debt is kept at a minimum.

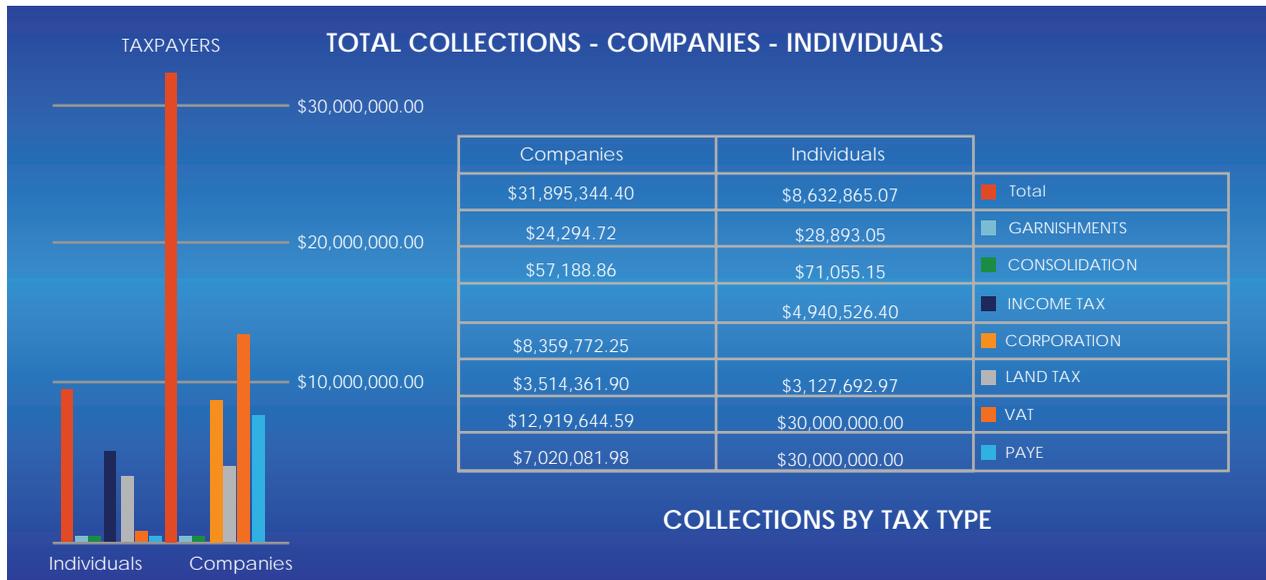
### Tax Arrears Management

In 2015-2016, a separate unit, the Tax Arrears Management Unit (TAMU), was established with the core responsibility to collect, manage and report on all arrears of taxes due to the Barbados Revenue Authority on a timely basis. We work together with our taxpayers, both businesses and individuals, who have outstanding returns and/or remittances, or who owe taxes to assist them in meeting their tax obligations and paying their outstanding taxes. When required we will however take the necessary action to address non-compliance by using a range of enforcement measures as established under the tax laws.

Other activities undertaken during the year by the Unit include: the development of draft policies and procedures to improve debt recovery and to ensure that enforcement and/or legal action is applied in an accurate and consistent manner.



**Tax Arrears Management Unit**  
 garnered **BDS \$40.53M**  
 in collections for the  
**Income Year 2016/2017**



An exercise to identify all debt to establish the stock of arrears inventory also was commenced. This process which includes the segmenting of the arrears by age, size and collection status is expected to continue in the new year to facilitate the establishment of an accurate and up to date Register of Tax Receivables.

Regarding the collection of arrears, the TAMU garnered BDS \$40.53M in collections for the Income Year 2016/2017, of which companies accounted for 78.7% of total collections. The three largest tax collections for companies were Value Added Tax (VAT), Corporation Tax and Land Tax. Likewise, the three top collections for individuals were Income Tax, Land Tax and VAT.

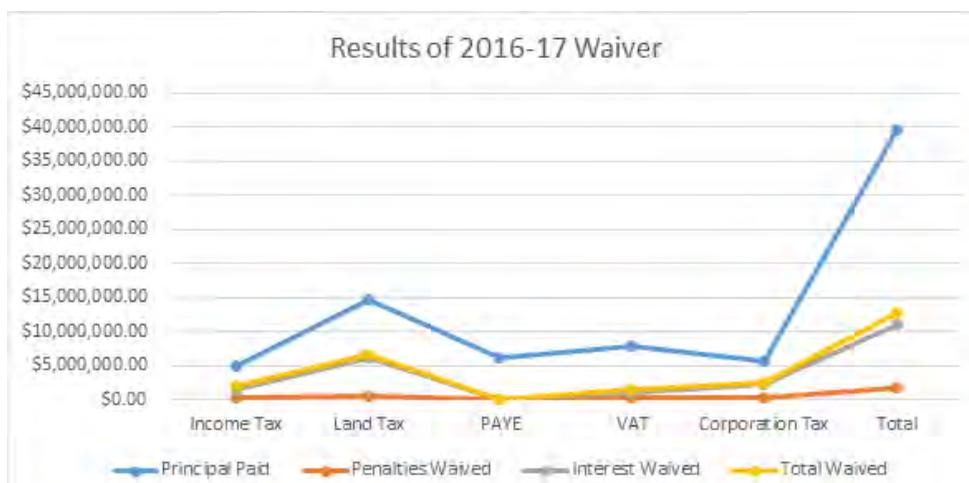
**2016/2017 Tax Amnesty Program**

In the Annual Budget Presentation of August 2016, the Minister of Finance and Economic Affairs granted taxpayers amnesty of 100% of their interest and

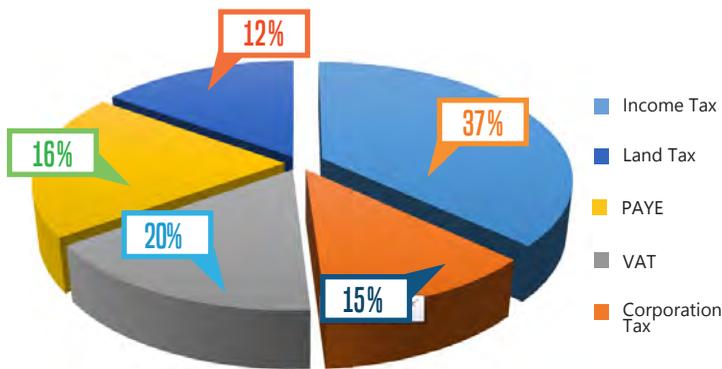
penalties accrued prior to September 14, 2016 as long as they paid the principal tax owed. The TAMU had responsibility for the administration of the programme which was estimated to net an amount of approximately BDS\$15M during the period. Taxes eligible for the Amnesty Programme included:

- Corporation Tax
- Individual Income Tax
- PAYE
- Value Added Tax
- Land Tax

At the end of the programme collections totaling BDS\$39.6M were recorded from 5,381 applications. Penalties and interests to be waived from the Amnesty Programme totalled BDS\$12.8M. Land Tax recorded the highest number of applications submitted, 3975, as well as accounted for the largest dollar value collected per tax type. This represented 74% of the applications and \$14.68M of the dollar value collected. The following diagrams depict the overall results of the waiver programme.



## Percentage of Amnesty Collections by Tax Type September 2016 to March 2017



## Returns filing compliance

Voluntary Tax compliance is the most desired state of any tax administration. The Government of Barbados therefore has implemented self assessment systems for its major taxes.

Source deductions are the largest contributor to Barbados' income tax revenue each year. The BRA is responsible for ensuring the integrity of the PAYE system used to report on tax deducted from employees' earnings. To support and sustain this source deduction system the BRA must ensure the highest level of compliance is attained in the areas of registration, withholding, remitting, reporting and filing obligations related to payroll.

In the previous financial year, 2015 – 2016, a number of amendments to the income tax rates and the allowances granted to taxpayers were made by the Minister of Finance and Economic Affairs in his Budgetary Statement 2015. These adjustments included a reduction of individual and corporate income tax rates to 16% and 33.5% from 17.5% and 35% respectively. In addition to the reduction in tax rates, there was also the removal of a number of personal allowances which translated in a larger portion of revenues earned being retained by the Government as a result of lower refunds being payable to taxpayers.

During 2016–2017, the Authority sought to strengthen its effectiveness in its core areas of tax administration through its taxpayer outreach programme which included: increased media activities, education and sensitization programmes targeting new taxpayers and small businesses, public information messaging to taxpayers regarding their filing obligations and

restructuring of the Revenue Management Unit to allow for increased taxpayer interactions. As a result of these initiatives the following were achieved during the year:

1. In the area of Incomes and Profits Tax
  - a. 89,216 individuals filed personal income tax for the year under review. Of this number 74,713 filed on time, a compliance rate of 84%. This is on par with the on time filing record of the previous year though there was a reduction in the overall number of taxpayers filing, down from 95,533 of the previous year. This reduction in on-line filing could however in some part, be attributed to the level of downtime of the system during the year, making the system inaccessible for on-line filing on occasions.
  - b. Corporation tax filings showed an increase of 9% over the previous year's filing. For the period under review 7,203 registrants had filed, up from 6,608 of the previous year. This increase could be attributed to the resoluteness of the Authority that corporations file their returns electronically.
  - c. Our third party submissions rose by approximately 9% to 29,025 respondents from the 26,799 reported in 2015 – 2016. Our emphasis on education outreach during the year, geared to sensitizing the general public on their obligation, was the main contributor to this performance.
  - d. Objections to income tax assessments fell dramatically during the year under review. There were 427 objections during the 2016 – 2017 year when compared to 1,266 recorded in the previous year.
2. On-line VAT filings reflected steady increases during the year. Notwithstanding the challenges that are intermittently encountered with system outages, online filings rose from 14,525 to 15,417 and accompanying reduction in manual filing from 14,426 to 11,330. Filings by the diplomatic community also showed changes in behavior with respect to the online approach with manual filings decreasing by approximately 30% to 562.

In continuation of the risk treatments introduced in the previous year to mitigate the risk of revenue not being collected due to VAT refund claims not being processed, the project team established to address prior year unprocessed claims focused on Value Added Tax during the period under review. The periods addressed were from January 1997 to March 2014 for VAT, Excise Tax registrants and the diplomatic community.

There were 28,333 unresolved cases under review with a total refunds claim of \$238.3M. Of these cases, 4,453 cases were for the period Jan 1997 to December 2007. These claims posed some challenges to process due to the number of years that the refunds have been outstanding and the lack of documentation to support

the input tax claimed and the output tax reported. The remaining 23,880 cases were for claims made for the period from Jan 1, 2008 to March 31, 2014. During the period under review 931 cases were processed with 81 cases being rejected and net tax to the Authority of \$5.9M.

Total Unprocessed Cases As at April 01, 2016			Total Processed Refund Cases for the Period August 15, 2016 to March 31, 2017			Total Unprocessed Cases As at March 31, 2017	
Refund Type	No Cases	Total Refunds Claimed	No. Cases	Total Refunds Claimed	Total Refund Approved	No. Cases	Total Refunds Claimed
Excise	15	2,110,958	0	0	0	15	2,110,958
Tax Paid In Error	3	5,378	0	0	0	3	5,378
Special Claims	1394	13,365,399	149	1,959,375	1,957,922	1245	11,406,024
Vat Claims 101	26921	222,811,855	782	25,036,1074	19,103,949	26139	197,775,748
<b>Total</b>	<b>28333</b>	<b>238,293,590</b>	<b>931</b>	<b>26,995,482</b>	<b>21,061,941</b>	<b>27402</b>	<b>211,298,108</b>

## Betting and Gaming

Administration of the Betting and Gaming Act was handed over to the Barbados Revenue Authority from the Customs and Excise Department during the latter part of the year under review. A complete inventory of all existing betting and gaming equipment, as well as an audit of all registrants and operations will be undertaken during the coming year to ensure that an appropriate structure is put in place to assist taxpayers in this industry to become fully tax compliant.

## The Excise Industry

This year was the first year the BRA would have operated fully under the new Excise Tax Act 2015. This new legislation was designed for the filing of excise tax returns to be on the basis of a self-assessed system whereby administration of the operations of the licensees would be managed electronically without the need of officers being stationed on the premises of the distillers. Distillers and licensees are now able to manage their reporting by way of the VAT and Excise Tax Administration System (VETAS).

As is expected with new operations, there have been some teething problems as the operators and the Authority sought to transition from the old system to

the new operational mode.

The Authority has engaged the distillers by organizing a series of training sessions in order to have a full embrace of the new system by the registrants. It is envisaged that the new system will be working seamlessly and all parties will be in conformity by the end of the first quarter of 2017 – 2018

## Land valuation and assessment

Returned mail continues to plague the Authority with over 100,000 pieces of mail issued annually. While this affects all sections of the organisation, it is most pronounced in the area of Valuations and Assessments. This year there was however a marginal reduction in the number of bills returned with 2,903 bills being recorded as returned. This represents a reduction from 3,351 bills in the previous year. The Authority will be addressing this issue in its targeted outreach programme to be implemented during the 2017-2018 year to ensure that this is further reduced to an acceptable level.

Objections to valuations are statutorily made within thirty days of the issue of the valuation notices or where there is an amendment to the details listed on the Valuation Roll within the three-year cycle.

During the period under review 130 objections were submitted representing a reduction from the previous year's total of 165. All of these had been processed by the end of the year.

### Revaluations Program

Property revaluations for the three-year cycle, 2017 – 2020, were completed during the year under review. These new assessments take effect from April 1, 2017. During the financial year, there was an increase of 1884 parcels on the Land Tax Roll. This increase can be attributed to new residential and commercial subdivisions occurring subsequent to the last issue of tax demand notices. The transfer of title to tenants under the Tenancies Freehold Purchase Act Cap 239B also contributed to this growth.

## Reporting Compliance

In order to create an environment, which would ensure a high level of tax compliance, focus must be concentrated on three main issues:

- Facilitating voluntary compliance by making it easy to comply;
- Positive and negative incentives including visible enforcement;
- Influencing the norms of the taxpayers to enhance the will to comply.

### Third Party information

During the year, the focus was on having all third parties submit their statements on a monthly basis to facilitate up to date reconciliations being carried out. Contact was made by letter and telephone, encouraging support of this initiative. The response has been positive with general adherence to the requests by employers and other third part agencies. During the new financial year, we will however be striving for a compliance rate in this area of over 90% by employers and other agencies as well as individuals. Information being requested from third parties include, but is not limited to; PAYE slips, TINs, change of addresses and submissions relating to Goods and Services for contractors and sub-contractors.

### Audit and enforcement

Although quality service helps to promote compliance it is recognized that there will always be some instances where taxpayers either intentionally or un-intentionally fail to fully comply with the tax legislation. We therefore employ a mixture of compliance tools – outreach, audits, enforcement and

legal measures to protect our revenue base from non-compliance.

The Division of Audit Services within the BRA has responsibility for conducting audits and assisting with enforcing the compliance of taxpayers in accordance with the tax legislation. One of the fundamental principles of our tax system is that returns filed by taxpayers are accepted as the basis for computing their tax liabilities. The Division also assists in promoting compliance by auditing taxpayers to ensure that the information submitted is accurate and complete and that the correct tax is paid at the correct time by the correct person.

### Audit Selection and Review Committee (ASRC)

The ASRC is a sub-committee of the Senior Management Committee of the BRA. This Committee has been given the mandate to provide a confidential forum for senior management to determine the annual selection of taxpayer cases for audit and the periodic review of the status and outcomes of such audits. New and emerging risks that can impact on the Annual Audit Plan are also discussed by the Committee with recommendations made to the full Senior Management Committee with respect to adjustments which may be necessary to address identified risks.

During the year under review, the ASRC held six meetings to provide direction to the Division with respect to its focus and accountability based on cases assigned. The Committee approved one hundred and twenty taxpayers for audit for the year 2016\2017 eighty of which were uncompleted audits brought forward from 2015-2016 financial year. Review of the cases has shown that there is the need for education of taxpayers in sectors such as those offering mixed supplies. It was also noted that some taxpayers were filing claims for refund of supplies for companies where the taxable activities were exempt. This resulted in the reassessment of taxes payable for VAT in excess of BDS\$19.0M for one taxpayer.



Visit [www.bra.gov.bb](http://www.bra.gov.bb)  
for all tax information

### Audit Plan

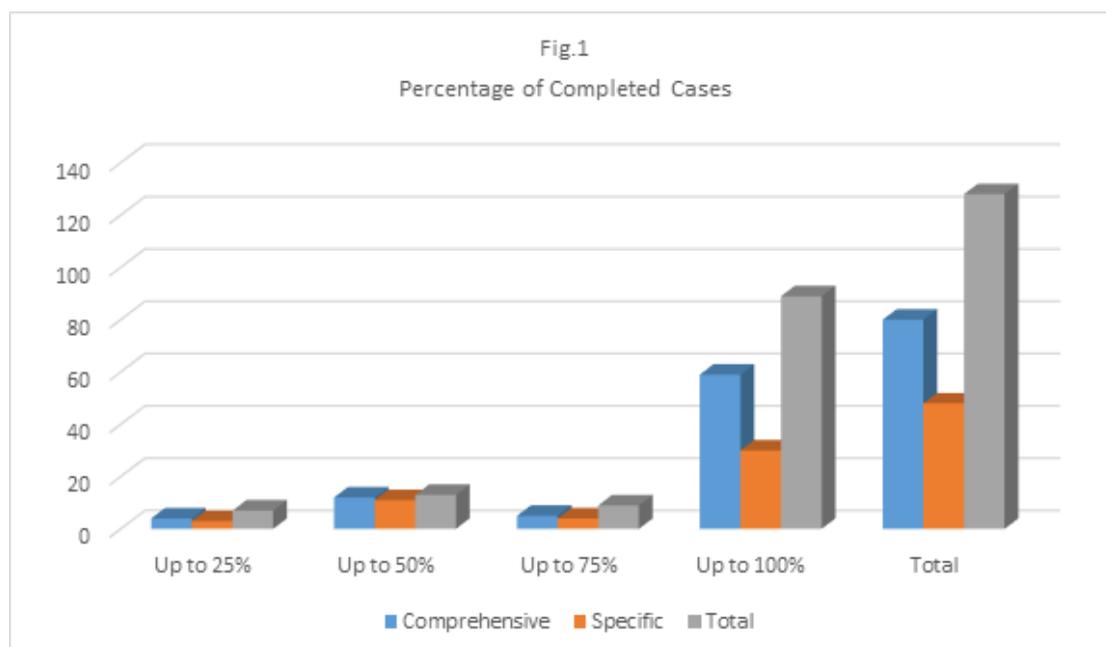
The audit plan for the year 2016-2017 was based on the calculation of productivity levels relating to available days and days required to complete a designated type of audit. Two types of audits were conducted during this period; comprehensive and specific audits. The target set for comprehensive and specific audits to be completed were eighty and forty taxpayers respectively with an allocated completion time of ninety days for comprehensive, forty-five days for specific and fifteen days for specific issue audits. This represented a change in accounting for the cases from the previous year where each tax period represented a case. This new approach also was in keeping with the performance measurement system implemented in the department at the end of the previous financial year.

### Key results

The Division commenced the review of one hundred and twenty (120) taxpayers during the year. These comprised eighty comprehensive and forty-one specific audits respectively. At the end of the year fifty-eight (58) cases had been completed and sixty-two (62) were still outstanding at various levels of completion. The number of completed cases represented an increase of sixteen completed cases when compared to the previous year. Audit activities identified \$31.59M in fiscal impact (tax recoveries) for the year under review representing an increase of \$19,88M over the previous year as detailed below:

### COMPARATIVE ANALYSIS OF TAX RECOVERIES 2016 - 2017

Type of Tax	Amount	
	FY2016	FY2017
	\$	\$
Income & Profits:		
Corporation Tax	4,048,539.89	5,754,462.54
PAYE	3,990,327.34	1,927,419.76
Consolidation Tax	-	38,001.57
<b>Total Income &amp; Profits Tax</b>	<b>8,038,867.23</b>	<b>7,719,883.87</b>
Value Added Tax	3,670,663.05	23,873,737.11
<b>TOTAL</b>	<b>11,709,550.28</b>	<b>31,593,620.98</b>



Barbados enhanced its relationship with its international partners in 2016/17, as the BRA improved its response time when sharing information with other jurisdictions within the confines of our network of treaties and tax information exchange agreements. Information was exchanged on a bilateral basis, utilizing the articles on the exchange of information on request (EOIR) within our tax treaties. During the year the BRA received 20 EOIR and responded to 100% of them.

In accordance with our treaty obligations under the Inter-Governmental Agreement between Barbados and the United States of America (USA), Barbados transmitted data to the US IRS in November 2016. This data was transmitted using the newly installed portal. International Financial institutions (IFIs) were trained in the use of the portal during a half day seminar held by the Authority and received technical support to facilitate the filing from officers of the BRA. The system presented some initial problems and this, along with adverse weather due to the passing of Hurricane Matthew, necessitated the BRA requesting

an extension of the filing date from the US IRS. This was requested and met with a positive response and the BRA filed within the extended deadline of November 11, 2016.

In October 2016 Barbados signed on to the Convention on Mutual Administrative Assistance in Tax Matters (MAC) and the Multilateral Competent Authority Agreement (MCAA) and actively engaged in the drafting of regulations to give effect to the CRS during the year. Some challenges were encountered in this regard, and Barbados requested a change of its status of being an early adopter. We will now make our first transmission under the CRS in 2018 rather than as an early adopter in September 2017.

The year was a busy one for international taxation, as Barbados also underwent a Peer Review by the OECD. This review was requested by Barbados in an effort to improve its rating from Partially Compliant. The Assessors visited the island and met with officers of the Authority, the International Business Unit, the Central Bank of Barbados and other stakeholders. At the end of the process, Barbados was given an overall rating of Largely Compliant. Below is a synopsis of the individual ratings of Barbados.

### Rating Scores

Element	Compliant	Largely Compliant	Partially Compliant	Non - Compliant
Availability of Ownership and Identity Information	*			
Availability of Accounting Information			*	
Availability of Banking Information	*			
Access to Information	*			
Notification Requirements and Rights and Safeguards)	*			
C.1 (EOI Mechanisms)	*			
C.2 (Network of EOI Mechanisms)	*			
C.3 (Confidentiality)	*			
C.4 (Rights and Safeguards	*			
C.5 (Exchanging Information)			*	

*Individual Ratings of Barbados*

## Appeals to the Barbados Revenue Authority Tribunal

The Barbados Revenue Authority Appeals Tribunal, being a creature of statute, was established under the provisions of Section 24 (1) of the Barbados Revenue Authority Act 2014-1 of the Laws of Barbados. The mandate of the Tribunal is to hear and determine appeals which lie against decisions of the Authority made under the specified enactments. The Tribunal is allowed to be divided into such number of divisions as may be required for the efficient hearing of the various appeals and such appeals shall be heard and determined by the division to which it is assigned by the direction of the Chairman of the Tribunal.

The Tribunal currently consists of nine (9) members who possess qualifications in Law, Taxation, Accounts and/or Public Administration. At the time of hearing an appeal, at least three (3) members, including the Chairman, are required.

During the year under review, amendments and changes were made to several pieces of the enabling legislation which would have impacted the work of the Tribunal. One such amendment was made to Section 60 of the Value Added Tax Act, Cap. 87 removing the jurisdiction of the Appeals Tribunal to hear and determine applications for the remission or refund of Value Added Tax. These applications are now made directly to the Minister of Finance and Economic Affairs. One application in this area was filed after the amendment.

Prior to the amendment of Section 60 of Cap. 87, approximately twenty-two (22) applications were filed with the Tribunal. Of the twenty-two applications which were filed, four were withdrawn by the applicants while the remaining eighteen matters were heard and determined by the Tribunal.

Alternatively, under Section 87 where a person has filed a Notice of Objection and the Revenue Commissioner has not, within six (6) months thereafter, delivered to the person a Notice of Confirmation, Reassessment or Re-determination, the person may appeal to the Tribunal against the assessment or determination to which the Notice of Objection relates, or where, notwithstanding the expiration of the six (6) month period the Revenue Commissioner delivers to the person a Notice of Confirmation, Reassessment or Re-determination, the person may appeal to the Tribunal within thirty (30) days after the delivery of the Notice.

In determining an appeal under Section 87, the Tribunal may review any findings of fact made, any discretion exercised or any opinion formed by the Revenue Commissioner. Under this Section, sixteen

applications were brought to the attention of the Tribunal. Of that number, fifteen were matters which had been filed with the former VAT Appeals Tribunal but not heard. In accordance with Section 36(1)(b) of the Barbados Revenue Authority Act, 2014-1 these matters now fell under the jurisdiction of the BRA. Appellants were advised accordingly and confirmation requested as to whether they wished to proceed with the Appeal. The Tribunal received responses from two of the Appellants. Of these; one matter was adjourned to facilitate a further internal review by the BRA and the other case is on-going. One matter was filed after the establishment of the Barbados Revenue Authority Appeals Tribunal. This is on-going.

Finally, there are also two (2) applications currently before the Tribunal which were filed under Section 20 of the Land Valuation Act Cap. 229A, which empowers a person who is dissatisfied with the decision of the Revenue Commissioner upon an objection to a valuation of land, to have the matter referred to the Tribunal for adjudication.

However, during the latter part of the year the BRA lost the services of its senior legal team, which caused an abatement in the cases under review by the Tribunal.

# CORPORATE GOVERNANCE REPORT



BARBADOS  
REVENUE AUTHORITY

BAR  
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BARBADOS  
REVENUE AUTHORITY

BAR  
REV

"...easy"  
TAX CLEARANCE  
REGISTRATIONS

# GOVERNANCE STRUCTURE



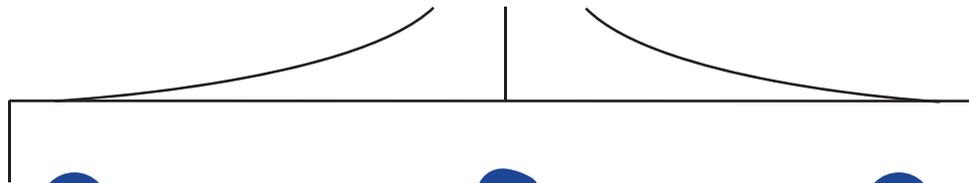
**Minister of Finance and Economic Affairs**



**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**

# OUR SENIOR MANAGEMENT TEAM



**Anthony Gittens**  
Senior Management Policy  
Planning & Governance



**Roger Blackman**  
Senior Manager  
Information Technology



**Dava Leslie-Ward**  
General Counsel  
& Board Secretary



**Anderson Padmore**  
Senior Manager  
Audit Services



**Trevor Forde**  
Chief Internal Control  
and Systems Officer



**Sonia Jones**  
Senior Manager  
Shared Services



**Margaret Sivers**  
Revenue Commissioner



**Carolyn Barton**  
Director Corporate Services



**Wayne Forde**  
Director Corporate Services



**Hazel Gittens**  
Director Audit Services

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



## 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 Burrowes 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.



**Frank Thornhill, BSc. MSc.**, is an ex-officio Member of the Board by virtue of his office as the Chief Technical Officer, Ministry of Transport and Works. He was appointed as an Engineer to work in the Ministry of Communication and Works in 1975 and has worked

on a number of infrastructural projects throughout the island notably the construction of the Spring Garden Highway, the ABC Highway, the Lower Greens and Cheapside Bus Terminals and the throughout the island notably the construction of the Spring Garden Highway, the ABC Highway, the Lower Greens and Cheapside Bus Terminals and the District 'A' complex. He has also worked as the Project Director of the Sewerage and Solid Waste Project Unit which was responsible for the Construction of the South Coast Sewerage Project and the SolidWaste Project. Mr. Thornhill holds a BSc. in Civil Engineering from the University of Coventry, England, an MSc. in Highway and Traffic Engineering from the University of Strathclyde in Scotland, a Diploma in Management Studies from UWI Cave Hill Campus and a Certificate in IT from the Barbados Community College. He has served on the following Boards: Rural Development Commission; Engineer's Registration; Architect's Registration; Scotland District; Barbados Water Authority; and Licensing Authority. He is also a member of the Chartered Institution of Highways and Transportation of the United Kingdom.

## 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 Sivvers	Frank Thornhill
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.

## Board Operations

During the year, the Board held its regular monthly meetings and one other meeting. Business outside of these regular meetings was also attended to expeditiously by round robin decisions when required.



The table below shows the number and percentage of meetings attended by Directors during the year 2015-2016.

Directors	Board Meetings Attended	%
Sandra Osborne	13 of 13	100
Lawson Yearwood	11 of 13	85
Karol Ashby	13 of 13	100
Louis Woodroffe		
Annice Dalrymple	7 of 13	54
Cecil Drakes	13 of 13	100
John Pilgrim	12 of 13	92
Margaret Sivers	13 of 13	100
Frank Thornhill	13 of 13	100

### Board Committees

The Board has established three Board Committees - the Audit Committee, the Human Resources Committee, and the Tenders Committee. It has been agreed that the Board will directly oversee all Corporate Governance matters. The purpose of these committees is to undertake detailed reviews and to provide in-depth supervision in key areas of Board responsibility. The use of committees helps the Board gain a more comprehensive understanding on matters requiring specialised attention. Each Committee operates within the framework of a written Board-approved charter, which defines its purpose, objectives, authority, roles and responsibilities.

#### Audit Committee:

**Members: Annice Dalrymple (Chair), Karol Ashby and Louis Woodroffe.**

The function of the Audit Committee is to assist the Board in fulfilling its financial accountability, risk management, and oversight responsibilities. The Committee does this by reviewing the adequacy and effectiveness of the integrity of the Authority's financial statements and the financial reporting process, the system of internal controls, the internal audit function, the external audit process, the management of financial risks, and compliance with applicable legal and regulatory requirements. All Audit Committee members are required to be financially literate and at least one must have accounting or related financial management expertise. During the 2016-2017 period, the Committee's work included:

- Reviewing and recommending for Board approval the Internal Audit Plan for the year 2016-2017.

- Overseeing the work of the Internal Audit department led by Chief Internal Controls & Systems Auditor in respect of 27 internal audits and investigations, including follow up audits.
- Overseeing the 2015-2016 external audit by the Auditor General.

#### Human Resources Committee:

**Members: Lawson Yearwood, Cecil Drakes (Chair) and John Pilgrim.**

The function of the Human Resources Committee is to assist the Board in ensuring that adequate policies and procedures are in place for the effective management of the Authority's human resources. The Committee does this by formulating Human Resource policies, procedures and practices and ensuring their implementation. At least one member is required to have expertise in Human Resources. During the year the Committee reviewed and made recommendations to the Board on the following matters:

- Employee Handbook containing the terms and conditions of employment
- Employee appraisal system
- Appointment of senior staff after the conduct of interviews, where required
- Establishment of a Pension Plan
- Matters relating to the integration of the Staff of Customs Department into the Authority
- Establishment of a Wellness Program.

#### Tenders Committee:

**Members: Frank Thornhill (Chair), Lawson Yearwood and Cecil Drakes.**

The function of the Tenders Committee is to oversee the procurement of goods and services by the Authority. The Committee does this by ensuring that a process is in place for the procurement of goods and services and monitoring, approving, and or recommending procurement as required. During the year, the Committee met to review and recommend to the Board the approval of a tender which was over Management's limit and therefore within the remit of the Committee.



# 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 exempt 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	
<b>2. Non-Residential</b>	
On the improved value of every parcel of land on which there is a building other than a residence	0.70%
<b>3. Un-Improved Land*</b>	
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>	

## Municipal Solid Waste Tax

Municipal Solid Waste Tax (MSWT) was implemented for a 12 month period and was repealed in March 2016. The MSWT was imposed on properties with an improved value and was calculated at the rate of 0.3% of the site values. The tax was intended to assist with raising revenue to finance the treatment of solid waste in Barbados. Similar allowances to those for land tax were given for MSWT. Arrears at March 2016 are still to be collected despite the repealing of the Act.



The **Municipal Solid Waste Tax outstanding balances** are still **payable** to the **Authority**

# KEY PERFORMANCE INDICATORS

**MISSION**  
To deliver tax and other compliance by providing excellent, professional and quality services to ensure timely processing for the revenue and living of Barbados.

**VISION**  
To be a model for optimal tax administration and responsible revenue services offering outstanding career opportunities for its employees.

**VALUES**  
The Barbados Revenue Authority will be guided by the core values of:

- INTEGRITY
- EFFICIENCY
- TRANSPARENCY
- RESPONSIVENESS

supported by the principles of Customer Centricity and Collaboration.

TABLE 1		PERFORMANCE MEASURES	TARGET	2015 2016	2016 2017
<b>I Improve Organisation Structure and Governance</b>					
1	<b>Establish a framework for monitoring the organisation's achievement of its Strategic Goals and objectives</b>	Complete Annual Business Plans for all Divisions/Depts for financial year by end QIII of current year	100%	100%	100%
2		Prepare guidelines on Annual Budget Statement within 30 days of Budget delivery	90%	100%	75%
3		Monthly management reporting completed within the established deadline.	95%	90%	90%
4		AEOI requirements are met within the stipulated deadlines and standards	95%	100%	100%
5		Approved Annual Training Plan implemented by end FY2017	100%	100%	100%
6		All procedural manuals completed by end QII of FY 2017	95%	50%	100%
7		Training programme developed and implemented in at least two new areas identified in Training Plan	100%	75%	75%
8		Create an institutionalized and structured management/employee dialogue	100%	n/a	100%
9	<b>Adapt the legal frame work to support the opertaions ofthe organisation</b>	Update legislation (all taxes) for all amendments passed and gazetted by end QII FY2016	100%	50%	75%
10		Develop AEOI Regulations	100%	n/a	100%
11		Conduct comprehensive review of the specified enactments to identify areas for harmonisation of administration procedures	100%	50%	75%
12	<b>Improve accountability and transparency</b>	Recommendations from IA Reports implemented in a timely manner	90%	45%	53%
13		Establishment of an Internal Affairs and taxpayer Advocacy Unit that assesses and monitors the ethics and anti-corruption policies of the Authority	75%	n/a	50%
<b>II Improve Service Delivery through a customer- centric organisation</b>					
1	<b>Taxpayers have access to the services and information to voluntarily comply with tax laws</b>	Website completed and in use by end of QII	100%	75%	100%
2		No. of messages/notices to internal and external stakeholders to provide updates on the organisation's operations and legislative changes	12	12	18

		PERFORMANCE MEASURES	TARGET	2015 2016	2016 2017
3		Customer Satisfaction and Perception Surveys completed during the year (2 internal and 2 external)	4	1	1
4		Implement electronic Customer Service Helpdesk system to improve the monitoring and response to customer queries	100%	Deferred until 2017 - 2018 due to renovations and cabling	
5		No. of meetings held with business community (associations and practitioners.... one each per quarter)	20	16	20
6		Implementation of the BRA Service Standards and Charter	90%	90%	90%
7		Respond to customer queries (email, post) within 15 working days of receipt	90%	90%	90%
8		Tax clearances issued within 5 working days of request for FTCC and 2 days for all others	90%	90%	90%
9	<b>Reduce compliance costs and administrative burden of taxpayers</b>	Develop a system to measure compliance costs and to monitor the performance of BRA in relation to collection of taxes - by end of Q3	100%	Deferred until 2017 - 2018	
10		to ensure information on the main areas of taxpayer obligations (and rights) is readily available and tailored to their needs by end QII FY 2017	100%	Deferred until 2017 - 2018	
11		Standard procedure document relating to Customer Service matters operationalised by end QII FY2017	100%	50%	100%
12		Solution for the transmission of Information under EOI developed and implemented by end QII FY2017	100%	20%	100%
13		Reduce customer complaints through enhance customer facilities and operations at the Pine location	90%	n/a	100%
14		Reduce staff complaints through enhance facilities and operations at the Treasury location	100%	n/a	100%
15		75% Paper based maps are converted to digital by end FY2017	100%	50%	80%
16		<b>Develop Service standards and charter</b>	Requests for valuation services provided within two months of receipt of request	95%	100%
17		Process Tax Residency applications within 30 days	90%	90%	90%
18		Objections to valuations acknowledged within 10 working days of receipt	95%	100%	100%
19		Reassessment of valuations completed within 30 working days of receipt	100%	100%	75%

		PERFORMANCE MEASURES	TARGET	2015 2016	2016 2017
20		Number of returns received manually reduced by 10% until rate of e-filing increases to above 95%	95%	90%	87%
21		100% of ICT returns filed on time are assessed within 90 working days of filing	90%	80%	80%
22		100% of VAT returns filed on time that are due are fundare processed within 30 working days of filing	90%	80%	80%
23	<b>Timely and effective responses to taxpayers queries and requests</b>	Revaluation of properties for 2017/18 cycle completed by March 2017	100%	n/a	100%
24		Process Tax Residency applications within 30 days	90%	100%	100%
25		Prepare and finalise legal opinions within 30 working days	90%	90%	75%
26		Interpretations related to objections....90% completed within 60 days; initial response within 10 days	90%	60%	75%
27		Rulings processed within established standard (Simple 15 wd; Technical 45 wd; Precedent 60 wd) "wd" (working days)	90%	50%	75%

### III Improve programme delivery through the use of risk management principles

1	<b>Enterprise Risk Management Unit established and operationalised</b>	Officers trained in data mining and Advanced Excel to be completed by end FY2017	40 persons	25	40
2		Enterprise risks defined and ranked by end December 2016 and priorities established for the new financial year	100%	85%	85%
3		Report on results of SRTs should be submitted to RC 10 days after the end of the quarter reviewed.	90%	75%	75%
4		Detailed Annual Report on outcomes of SRTs submitted 10 days after end of financial year	mid-Apr	May	June
5		Conduct at least one meeting per quarter of the Audit Selection and Review Committee	100%	100%	75%
6		Conduct at least one meeting per quarter of the Audit Selection and Review Committee	100%	100%	75%
7		Establishment of Risk Review Committee by end Q1 2017	100%	n/a	50%
8	<b>Mitigation of risks through the development and implementation of a Compliance Improvement Plan</b>	Compliance Strategy completed and approved for implementation beginning 2017 - 2018	100%	n/a	100%
9		100% of returns filed on time that are to be manually assessed are completed within 90 working days of filing	90%	85%	90%

		PERFORMANCE MEASURES	TARGET	2015 2016	2016 2017
10		%of non filers assessed during the year		n/a	n/a
11		# of third parties submitting information to the BRA increased by 10% per year	10%	n	8%
12		# of first-time tax filers increase		1126	427
13		# of objections to completed audits reduced by 10% annually			
14		Complete audit cases assigned for the year	90%	46%	59%
15		Minimal results audits be less than 5% of aud its selected and completed	<5%		12%
16		Tax Advisory Committee meets at least 4 times per year	4 meetings	n/a	2
17		Develop and implement arrears management strategy and business plan	100%	60%	75%
18		Ratio of outstanding debt to revenue reduced by .05% by end FY2017 (standard 1.75; base year 2.74)	3%	2.74	3.9%
19		Reduce # of returned mail (receipts, cheques and bills) by 10% per year of baseline (3315 2014/2015)	10%	13%	27%
20		Development of a Disaster recovery and Business Continuity Plan for the organisation by end QIII	100%	X	50%

#### IV Develop and implement an employee performance and development system

1	<b>The Authority is assessed as a tax administration periodically (every 2/3years)</b>	Independent assessment of the Authority's performance as a tax administration completed by end of FY	100%	n/a	100%
2		# of areas of deficiency identified in assessment addressed by end of FY	10%	n/a	7%
3	<b>Training needs are targetted to improve professionalism of staff in carrying out their duties</b>	Training Plan for FY completed	95%	100%	95%
4		Conduct executive coaching and leadership development program for senior and middle managent staff	100%	n/a	100%
5	<b>Performance appraisal system integrated into the operations of the organisation</b>	All staff trained in the use of the Barbados Revenue Authority Employee Performance Appraisal and Development System (EPADS) by end QI	100%	100%	100%
6		Workplans completed and presented to staff by end QI	100%	70%	85%

		PERFORMANCE MEASURES	TARGET	2015 2016	2016 2017
7		Development and implementation of a rewards, incentives and recognition system by end QIII FY	50%	n/a	50%
<b>V Development of the Management Information System to meet the reporting and business intelligence requirements of the Authority</b>					
1	<b>Accountability and Transparency</b>	Respond to all audit queries of the Auditor General within 14 days of receipt of Management Letter	100%	85%	90%
2		Revenue statistics and analysis completed by end of first week of each month for previous month	90%	n/a	60%
3		Completion of monthly financial statements and report within 7 working days after the month of reporting	95%	90%	50%
4		Reconciliation of ledger accounts (BRA) to sub- ledgers by the end of the month after the quarter of reporting	95%	50%	50%
5		Annual Schedules(BRA) prepared and reconciled for submission to the Auditor General by end May of each year	31-May	31-Jul	30-Jun
6		Reconciliation of ledger accounts (Administered Activities) to sub-ledgers three months after end of financial year	31-May	31-Jul	30-Jun
7		Annual Schedules (Administered Activitiues) prepared and reconciled for submission to the Auditor General by end June of each year	31-May	31-Jul	30-Jun
8		Revenue forecasts and targets prepared by Sept. 30 of each year for the following year	30-Sep	31-Oct	31-Oct
9		Draft Annual Report prepared and submitted to the Board for approval by June 30 of each year	30-Jun	31-Jul	31-Jul
10		Annual Report approved by BRA Board and submitted to Minister of Finance by September 2016		X	Jan-17
11		E-payments system is fully implemented for all types of taxes administered by the BRA by end QIII	100%	0%	50%
12		Network infrastructure upgraded and integrated to facilitate seamless communication across the BRA in an efficient manner by end QIV FY	100%	50%	75%

X = Not measured during the review period

## 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 generally accepted accounting principles. 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.

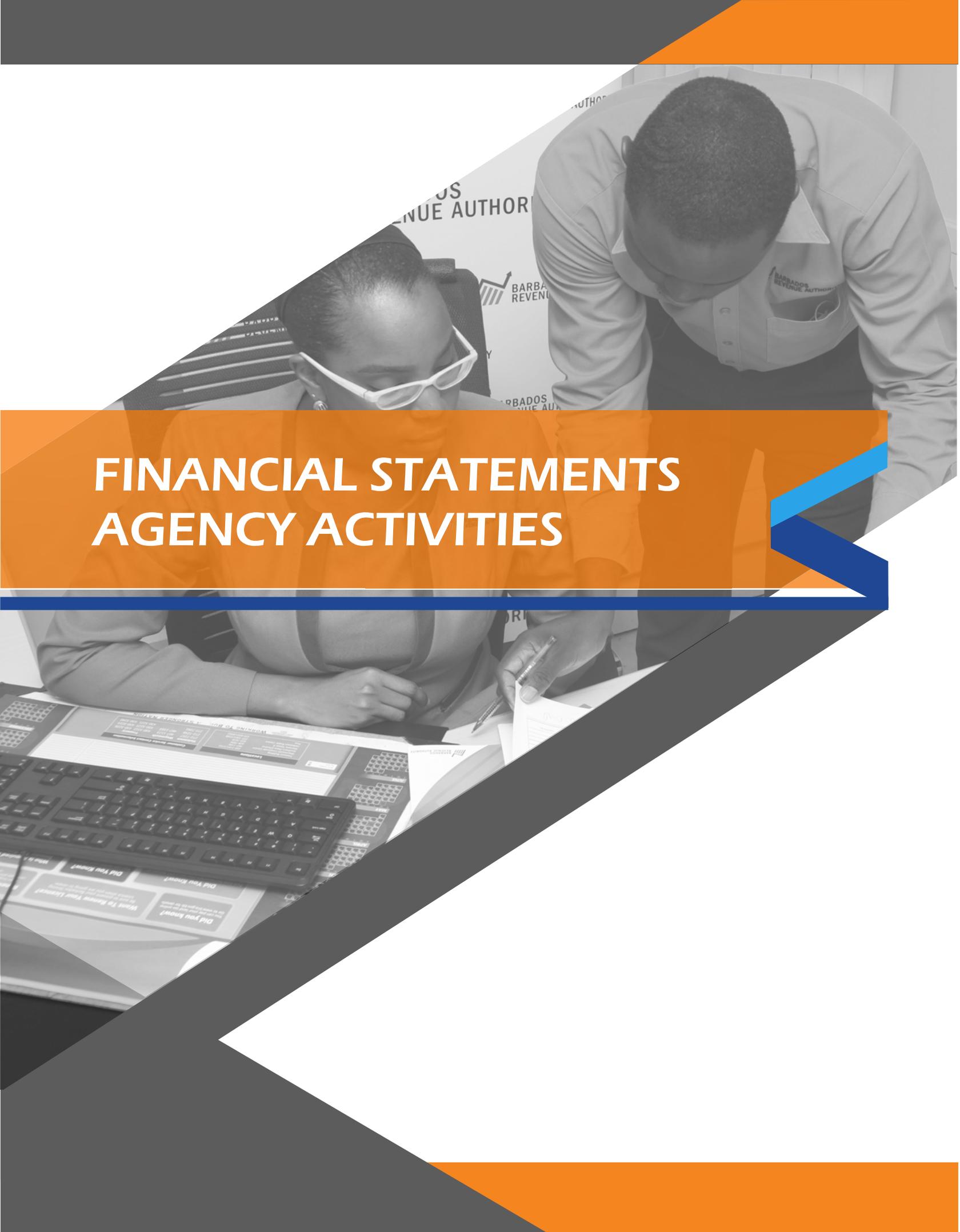
To fulfil its accounting and reporting responsibilities, management maintains sets of accounts which provide records of the Authority's financial transactions. Management also maintains financial management and an effective system of internal control over financial reporting (ICFR) that take into account 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 which do not include an audit opinion on the annual assessment of the effectiveness of the Authority's internal controls over financial reporting.



# FINANCIAL STATEMENTS AGENCY ACTIVITIES



## AUDITOR GENERAL'S OFFICE BARBADOS



### REPORT ON THE AUDIT OF THE ACCOUNTS OF AGENCY ACTIVITIES OF THE BARBADOS REVENUE AUTHORITY FOR THE YEAR ENDED MARCH 31, 2017

I have audited the accompanying financial statements of Agency Activities of the Barbados Revenue Authority ("the Authority" or "the BRA"), which comprise of the Statement of Financial Position as at March 31, 2017 and the Statement of Change in Equity, Statement of Performance, Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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.

#### Auditors' Responsibility

My responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with International Standards on Auditing. Those standards require that I comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

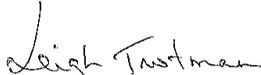
An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

#### Basis for Qualified Audit Opinion

I was unable to confirm the accuracy of the Grant Revenue and Subvention Receivable due to the inconclusive third party confirmation provided. In addition, fixed assets reported were understated by \$144,341.05 and liabilities were overstated by \$204,904.61. As a result of these matters, I could not determine the total adjustments required for the financial position of the Authority as at March 31, 2017 or for its financial performance for the year then ended.

#### Qualified Opinion

In my opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Agency Activities of the Revenue Authority as at 31st March 2017, and of its financial performance and its cash flows for the year then ended.

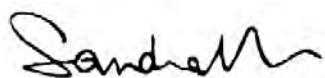
  
L. E. TROTMAN  
Auditor General

2018-03-29

**Barbados Revenue Authority  
Statement of Financial Position  
For the Year Ending March 31, 2017  
BDS\$000's**

	<b>Notes</b>	<b>Actual Mar 2017 \$</b>	<b>Restated Actual Mar 2016 \$</b>
<b>TOTAL ASSETS</b>			
<b>Current Assets</b>			
Cash and Bank	4	2,583	3,819
Subvention Receivables		5,435	4,327
Staff Loans/ Advance		432	176
Prepayments		445	101
Other Receivables		36	-
<b>Total Current Assets</b>		<b>8,931</b>	<b>8,422</b>
<b>Fixed Assets</b>	5	1,469	544
<b>Total Assets</b>		<b>10,400</b>	<b>8,966</b>
<b>Liabilities</b>			
Accounts Payable & Accrued Liabilities		394	198
<b>Total Liabilities</b>		<b>394</b>	<b>198</b>
<b>GENERAL FUND</b>			
<b>Total General Fund</b>	6	<b>10,006</b>	<b>8,768</b>
<b>TOTAL LIABILITIES AND GENERAL FUND</b>		<b>10,400</b>	<b>8,966</b>

*Financial Statements of the Barbados Revenue Authority*



Chairman

31/07/2017

Date



Revenue Commissioner

31/07/2017

Date

**Barbados Revenue Authority**  
**Statement of Change in General Fund**  
**For the Year Ending March 31, 2017**  
**BDS\$000's**

	<b>Opening Capital</b>	<b>Surplus (Deficit)</b>	<b>Total</b>
	\$	\$	\$
<b>Balance as at March 31, 2015</b>	3,274	115	3,389
<b>Prior Period Adjustments</b>	377	-	<b>377</b>
Net Surplus		5,002	<b>5,002</b>
<b>Balance as at March 31, 2016</b>	<b>3,651</b>	<b>5,117</b>	<b>8,768</b>
Adjustments Agency Fund	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>

*Financial Statements of the Barbados Revenue Authority*

**Barbados Revenue Authority**  
**Statement of Financial Performance**  
**For the Year Ending March 31, 2017**  
**BDS\$000's**

	Notes	Actual 2017 \$	Restated Actual 2016 \$
<b>Total Operating Income</b>	<b>11</b>	<b><u>24,593</u></b>	<b><u>28,706</u></b>
<b>EXPENDITURE</b>			
Personnel Expenses	<b>12</b>	18,427	19,106
Other Expenses	<b>12</b>	4,732	4,466
Depreciation		203	132
<b>Total Operating Expenditure</b>		<b><u>23,362</u></b>	<b><u>23,704</u></b>
Net Surplus (Deficit)		<b><u>1,231</u></b>	<b><u>5,002</u></b>

*Financial Statements of the Barbados Revenue Authority*

**Barbados Revenue Authority**  
**Statement of Cash Flows**  
**For the Year Ending March 31, 2017**  
**BDS\$000's**

	<b>Actual</b>	<b>Restated</b>
	<b>Mar 2017</b>	<b>Mar 2016</b>
	<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Net Surplus/(Deficit)</b>	<b>1,231</b>	<b>5,002</b>
Add: Depreciation	203	132
Operating Income before working capital changes	<b>1,435</b>	<b>5,134</b>
Net Changes in assets and liabilities	(1,548)	(3,186)
<b>Net cash flows from operating activities</b>	<b>(113)</b>	<b>1,948</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of Assets	(1,129)	(537)
<b>Net cash flows from investing activities</b>	<b>(1,129)</b>	<b>(537)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Change in General Fund	6	377
<b>Net cash flows from financing activities</b>	<b>6</b>	<b>377</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(1,236)</b>	<b>1,788</b>
<b>Cash at beginning of Year</b>	<b>3,819</b>	<b>2,031</b>
<b>Cash at end of the Year</b>	<b>2,583</b>	<b>3,819</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.

### 2. Accounting Policies

These financial statements comply with generally accepted accounting practice. 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, 2016 to March 31, 2017.

#### 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. The half year rule is applied in the calculation of depreciation. 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 assets (property, plant and equipment) that are revalued, are done so 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 2016 – March 31, 2017.

<b>4. Cash</b>	<b>2017</b>	<b>2016</b>
	\$000's	\$000's
Cash in Bank	2,577	3,813
Change on Hand	6	6
Cash at end of the year March 31	<b>2,583</b>	<b>3,819</b>

## 5.

## Schedule of Fixed Assets (BDS\$000's)

	Plant and Leasehold Improvements	Computers	Office Equipment	Furniture and Fixtures	Vehicles	Total
<b>Year 2016 -2017</b>						
<b>a) Cost @April 1, 2016</b>	<b>29</b>	<b>173</b>	<b>160</b>	<b>7</b>	<b>336</b>	<b>705</b>
<b>Additions</b>	332	660	48	88	0	1,128
Disposals						
<b>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>b) Accumulated Depreciation</b>						
<b>Balance at April 1, 2016</b>	<b>0</b>	<b>37</b>	<b>13</b>	<b>0</b>	<b>111</b>	<b>161</b>
Depreciation for Year	14	101	35	5	48	203
<b>Disposal (Depreciation)</b>						
<b>Accum. Depreciation March 2017</b>	14	138	48	5	159	364
<b>Net Book Value</b>	<b>347</b>	<b>695</b>	<b>160</b>	<b>90</b>	<b>177</b>	<b>1,469</b>
<b>Year 2015 -2016</b>						
<b>Cost @April 1, 2015</b>		<b>72</b>	<b>0</b>	<b>47</b>	<b>95</b>	<b>214</b>
Additions	28	101	160	(40)	241	490
Disposals/Adjustments						
<b>Cost @ March 31, 2016</b>	<b>29</b>	<b>173</b>	<b>160</b>	<b>7</b>	<b>336</b>	<b>705</b>
<b>Accumulated Depreciation</b>						
<b>Balance at April 1, 2015</b>	<b>0</b>	<b>15</b>	<b>0</b>	<b>0</b>	<b>14</b>	<b>29</b>
Depreciation for Year	0	22	13	0	97	132
Disposals (Depreciation)						
<b>Depreciation @ March 31, 2016</b>	<b>0</b>	<b>37</b>	<b>13</b>	<b>0</b>	<b>111</b>	<b>161</b>
<b>Net Book Value at March 31, 2016</b>	<b>29</b>	<b>136</b>	<b>147</b>	<b>7</b>	<b>225</b>	<b>544</b>

## 6. 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, 2017 (2016: \$217K) between the two agencies which has been netted in General Fund for the relevant year.

	<b>2017</b> \$000's	<b>2016</b> \$000's
<b>GENERAL FUND</b>		
Donated Capital	3,658	3,651
Net Surplus (Deficit)	6,348	5,117
<b>Total General Fund</b>	<b>10,006</b>	<b>8,768</b>

## 7. Prior Period Adjustments

These statements have been restated to reflect adjustments relating to prior periods to record the following:-

### a) Statement of Financial Position

- (i) Subvention receivable of \$4.3m from Government for financial year 2015 – 2016;
- (ii) Capitalised assets totalling \$69k expensed in 2015 – 2016 and vehicles valued at \$230k purchased by Government for the Authority prior to April 1, 2014;
- (iii) Accumulated depreciation associated with the vehicles total \$82k;

### b) Statement of Financial Performance

- (i) Outstanding subvention revenue of \$4.3m from Government for financial year 2015 – 2016;
- (ii) Prior year depreciation expense of \$82k on vehicles mentioned above;
- (iii) Other Expenses of \$7k on a network switch previously capitalised was expensed;
- (iv) Staff receivables of \$47k resulting from overdrawn salaries previously expensed.

	<b>Opening Balance 2015 – 2016 \$000's</b>	<b>Prior Period Adjustments \$000's</b>	<b>Restated Balance 2015 – 2016 \$000's</b>
Subvention Revenue	24,377	4,327	28,704
Personal Emoluments	19,149	(43)	19,106
Maintenance of Property	1,392	(7)	1,385
Operating Expenses	1,052	(5)	1,047
Supplies and Materials	798	(34)	764
Depreciation Expense	50	82	132
Structures	67	(29)	38

## 8. Related Party Transaction

The Authority consider 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:-

The Treasury Department manages and remits salary related expenditure on behalf of the Barbados Revenue Authority from the subvention due.

The Ministry of Housing & Lands negotiates and manages rental space on behalf of the Barbados Revenue Authority free of charge to the Authority.

## 9. Key Management Personnel Compensation

	<b>2017</b> \$000's	<b>2016</b> \$000's
Board of Directors	96	123
Senior Management	<u>1,345</u>	<u>1,226</u>
	<b>1,441</b>	<b>1,349</b>

## 10. Financial Risk Management

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

- Credit risk
- Liquidity Risk
- Operational Risk

### 10.1 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.

### 10.2 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.

#### 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>2017</b>	<b>2016</b>
	\$000's	\$000's
Cash and cash equivalents	2,583	3,819
Staff receivables	432	128
Other Receivables	34	-
	<b>3,050</b>	<b>3,947</b>

### 10.3 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.

	<b>2017</b>	<b>2016</b>
	\$000's	\$000's
Accounts Payable	394	198
	<b>394</b>	<b>198</b>

### 10.4 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.

## 11. Income

	<b>2017</b>	<b>2016</b>
	\$000's	\$000's
<b>INCOME</b>		
Subvention from Government	24,591	28,704
Other	2	2
<b>Total Operating Income</b>	<b><u>24,593</u></b>	<b><u>28,706</u></b>

## 12. Expenditure

<b>Personnel Expenses</b>	<b>2017</b>	<b>Restated 2016</b>
	\$000's	\$000's
Personal Emoluments	17,126	17,775
Employers Contributions	1,266	1,331
Contract Gratuity	35	
<b>Total</b>	<b>18,427</b>	<b>19,106</b>
<b>Other Expenses</b>	<b>2017</b>	<b>2016</b>
Travel	151	114
Utilities	702	754
Rental of Property	26	23
Library Books & Publications	12	23
Supplies & Materials	531	729
Maintenance of Property	1,291	1,392
Operating Expenses	1,608	1,048
Structures	4	67
Professional Services	356	220
Subscriptions to Int'l Organisations	51	95
<b>Total Operating Expenditure</b>	<b>4,732</b>	<b>4,465</b>

## 13. CASH FLOW

	<b>2017</b>	<b>2016</b>
	\$000's	\$000's
<b>Change in assets and liabilities</b>		
Increase in Subvention Receivables	(1,108)	(2,730)
Increase in Staff Loans/Advances	(257)	(161)
Increase in Prepayments	(344)	(101)
Increase in Other Receivables	(34)	
Increase in Administered Agency Receivable	(2)	
Increase in Accounts Payable & Accrued Liabilities	197	(194)
<b>Net Change in assets and liabilities</b>	<b>(1,548)</b>	<b>(3,186)</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



I was engaged to audit the accompanying statements of the Administered Activities of the Barbados Revenue Authority ("the Authority" or "the BRA"), which comprise of the Statement of Financial Position as at March 31, 2017, Statement of Administered Revenue, Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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.

### **Auditors' Responsibility**

My responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with International Standards on Auditing. Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an opinion.

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

I was unable to confirm a number of balances on the Statement of the Financial Position as at March 31, 2017, because of the lack of supporting schedules. These balances included the following assets: Tax Receivables (net) of \$1,145,709,000 and Other Receivables totaling \$267,844,000. I was also unable to confirm the following liabilities: Due to Treasury of \$1,173,936,000 and Tax Refunds Payables of \$240,266,000. In addition, I was unable to confirm reported revenue of \$2,325,397,000 on the Statement of Administered 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, 2017 or on its Statement of Administered Revenue and Cash Flow Statement for the year then ended.

### **Disclaimer of Opinion**

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the financial statements for Administered Activities.

  
L. E. TROTMAN  
Auditor General

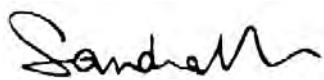
2018-03-29

**Statement of Financial Position**  
**Administered Agency – Treasury**  
**For the Year Ending March 31, 2017**  
**BDS\$000's**

	Notes	Actual Mar 2017 \$	Actual Mar 2016 \$
<b>TOTAL ASSETS</b>			
<b>Current Assets</b>			
Cash and Bank	6	27,128	29,884
Tax Receivables (Net)	7	1,145,709	995,106
Other Receivables	8	267,844	234,614
<b>Total Current Assets</b>		<b>1,440,681</b>	<b>1,259,604</b>
Total Assets		<b>1,440,681</b>	<b>1,259,604</b>
 <b>Liabilities</b>			
Due To Treasury	9	1,173,936	1,017,698
Tax Refunds Payable	10	240,266	222,481
Deferred Revenue	11	296	7
<b>Total Liabilities</b>		<b>1,414,498</b>	<b>1,240,186</b>
 <b>GENERAL FUND</b>			
Prior Year Bank Clearing Account		26,183	19,419
<b>Total General Fund</b>		<b>26,183</b>	<b>19,419</b>
<b>TOTAL LIABILITIES AND GENERAL FUND</b>		<b>1,440,681</b>	<b>1,259,604</b>

*Financial Statements of the Barbados Revenue Authority*

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



Chairman

31/07/2017

Date



Revenue Commissioner

31/07/2017

Date

**Statement of Change in General Fund  
Administered Agency – Treasury  
For the Year Ending March 31, 2017  
BDS\$000's**

	<b>Prior Year Activities</b>	<b>Total</b>
<b>Balance at March 31, 2015</b>		<b>19,616</b>
Adjustments	(197)	(197)
<b>Balance at March 31, 2016</b>		<b>19,419</b>
Increase in Fund	<b>6,764</b>	<b>6,764</b>
<b>Balance as at March 31, 2017</b>		<b>26,183</b>

**Barbados Revenue Authority**  
**Statement of Administered Revenue**  
**for the year ended March 31, 2017**  
**BDS\$000's**

	<b>Actual 2017 \$</b>	<b>Actual 2016 \$</b>
<b>Goods &amp; Service</b>	<b>1,299,234</b>	<b>1,212,079</b>
Taxes on Insurance Premiums	24,442	27,005
Taxes on Bank Asset	24,065	20,602
Tax on Asset	14,554	8,474
Motor Vehicles	49,773	53,903
Public service vehicles	6,551	8,245
Taxes on Remittances	502	136
Excise Duties	223,069	168,964
Value Added Tax	956,279	924,749
<b>Taxes on Income and Profits</b>	<b>813,303</b>	<b>797,058</b>
Corporation Taxes	259,477	236,939
Income Taxes	495,811	458,320
Withholding Taxes	55,317	65,499
Consolidation Tax	2,699	36,301
<b>Taxes on Property</b>	<b>172,243</b>	<b>175,282</b>
<b>Land Tax</b>	<b>172,243</b>	<b>175,282</b>
<b>Municipal Solid Waste Tax</b>	<b>-</b>	<b>1,968</b>
<b>Special Receipts - National Social Responsibility Levy</b>	<b>29,243</b>	<b>-</b>
<b>Total Tax Revenue</b>	<b><u>2,314,023</u></b>	<b><u>2,186,386</u></b>
Non-Tax Revenue - Highway Revenue	11,374	10,953
<b>TOTAL REVENUE</b>	<b><u>2,325,397</u></b>	<b><u>2,197,339</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, 2017**  
**BDS\$000's**

	<b>Actual 2017 \$</b>	<b>Actual 2016 \$</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)	(150,602)	(200,590)
Increase in Other Receivables	(33,230)	(46,346)
Increase in Deferred Revenue	289	-
Increase in Due To Treasury	156,185	223,045
Increase in Tax Refunds Payable	17,838	29,220
 Net Change in operating activities	 <b>(9,520)</b>	 <b>5,329</b>
 <b>Financing Activities</b>		
Change in General Fund	6,764	(197)
 Change in cash	 <b>(2,756)</b>	 <b>5,132</b>
Beginning Cash	29,884	24,752
Ending Cash	<u><b>27,128</b></u>	<u><b>29,884</b></u>

*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.

For financial reporting purposes, the Barbados Revenue Authority's activities have been divided into two sets of financial statements: Agency Activities and Administered Agency 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, 2016 to March 31, 2017.

### 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.

Uncertainty related to the accrual for personal income tax, corporation tax and value added tax arises because of the possible differences between the estimated and actual economic growth and the impact of future tax assessments on tax receivable.

### 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

## 5. Revenue Recognition

Revenue Type	Revenue Recognition Point	Basis of Accounting
<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, 2017 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>2017</b> <b>\$000's</b>	<b>2016</b> <b>\$000's</b>
Refunds Account	6,907	15,729
Deposit Account	20,221	14,155
<b>Balance 31-Mar-17</b>	<b>27,128</b>	<b>29,884</b>

## 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.

	<b>2017</b> <b>\$000's</b>	<b>2016</b> <b>\$000's</b>
<b>7.1.1 Value Added Tax</b>		
<b>Opening balance</b>	<b>670,134</b>	<b>509,250</b>
Prior Years changes	2,313	97,618
Principal	102,916	54,256
Penalty	9,997	5,563
Interest	22,002	3,447
Payments	(44,018)	
	<b>763,344</b>	<b>670,134</b>
Provision for Bad Debt	(15,266)	(13,403)
<b>Balance 31-Mar-17</b>	<b>748,078</b>	<b>656,731</b>

	<b>2017</b> <b>\$000's</b>	<b>2016</b> <b>\$000's</b>
<b>7.1.2 Excise Tax</b>		
Principal	1,541	
Penalty	151	
Interest	115	
<b>Balance 31-Mar-17</b>	<b>1,807</b>	

<b>Corporation Tax</b>		<b>2017</b>	<b>2016</b>
		<b>\$000's</b>	<b>\$000's</b>
<b>7.1.4</b>	<b>Opening balance</b>	<b>15,727</b>	<b>12,064</b>
	Prior year changes	5,801	(5,895)
	Principal	8,846	8,823
	Penalty	418	382
	Interest	558	354
		<b>31,350</b>	<b>15,727</b>
	Provision for Bad Debt	(679)	(314)
	<b>Balance 31-Mar-17</b>	<b>30,671</b>	<b>15,413</b>
<b>7.1.5</b>	<b>Income Tax</b>	<b>2017</b>	<b>2016</b>
		<b>\$000's</b>	<b>\$000's</b>
	<b>Opening balance</b>	<b>13,765</b>	<b>13,638</b>
	Prior year changes	(3091)	127
	Principal	3,071	-
	Penalty	567	-
	Interest	346	-
	Payments	(2,137)	-
		<b>12,520</b>	<b>13,765</b>
	Provision for Bad Debt	(250)	(275)
	<b>Balance 31-Mar-17</b>	<b>12,270</b>	<b>13,490</b>
<b>7.1.6</b>	<b>Consolidation Tax</b>	<b>2017</b>	<b>2016</b>
		<b>\$000's</b>	<b>\$000's</b>
	<b>Opening balance</b>	<b>3,556</b>	<b>2,068</b>
	Prior Years adjustments	602	(605)
	Principal	1,494	2,093
	Payments		
	<b>31-Mar-17</b>	<b>5,652</b>	<b>3,556</b>
		(113)	(71)
	<b>Balance 31-Mar-17</b>	<b>5,539</b>	<b>3,485</b>
<b>7.1.7</b>	<b>National Social Responsibility</b>	<b>2017</b>	<b>2016</b>
		<b>\$000's</b>	<b>\$000's</b>
	Principal	844	-
	Penalty	80	-
	Interest	29	-
	<b>Balance 31-Mar-17</b>	<b>953</b>	<b>-</b>

7.1.8	Land Tax	2017 \$000's	2016 \$000's
	<b>Opening balance</b>	<b>288,845</b>	<b>238,848</b>
	Prior Years adjustments		(4,791)
	Principal	49,765	52,182
	Penalty	2,483	2,606
	Interest	6,574	
	<b>Payments</b>	<b>26,379</b>	
	<b>31-Mar-17</b>	<b>321,288</b>	<b>288,845</b>
	Provision for Bad Debt	0	(5,777)
	<b>Balance 31-Mar-17</b>	<b>321,288</b>	<b>283,068</b>
		<b>\$000's</b>	<b>\$000's</b>
7.1.9	Municipal Solid Waste Tax		
	<b>Opening balance</b>	<b>23,386</b>	<b>18,648</b>
	Prior Years adjustments	2,771	
	Principal	85	
	Penalty	4	
	Interest	2,449	1,968
	<b>Payments</b>	<b>(311)</b>	
	<b>31-Mar-17</b>	<b>25,613</b>	<b>23,386</b>
	Provision for Bad Debt	(512)	(468)
	<b>31-Mar-17</b>	<b>25,101</b>	<b>22,919</b>
		<b>\$000's</b>	<b>\$000's</b>
7.1.10	Highway Revenue		
	<b>31-Mar-17</b>	<b>1</b>	<b>1</b>
	<b>Total Receivable (Net) @ March 31, 2017</b>	<b>1,145,708</b>	<b>995,106</b>

## 7.2 Provision for Doubtful Debts

The Authority utilizes a rate of 2.0% 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>2017 \$000's</b>	<b>2016 \$000's</b>
Value Added Tax	15,266	13,402
Corporation tax	679	315
Income Tax	250	275
Land Tax	0	5,777
Consolidation Tax	113	71
MSWT	512	468
<b>Balance 31-Mar-17</b>	<b>16,821</b>	<b>20,308</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	1,017,698	794,653
Accts Receivables	42,639	207,593
Collections	1,558,012	1,414,034
Transfers	(1,444,418)	(1,398,582)
<b>31-Mar-17</b>	<b>1,173,931</b>	<b>1,017,698</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, 2017.

	<b>2017 \$000's</b>	<b>2016 \$000's</b>
Opening Balance	222,481	191,261
Assessments	74,661	201,536
Refunds Paid	(56,876)	(172,316)
<b>31-Mar-17</b>	<b>240,266</b>	<b>222,481</b>

## 11. Deferred Revenue

Deferred Revenue represents overpayments of taxes paid in the current year that relate to a future accounting period. At March 31, 2017 Deferred Revenue for prepaid licensing activities stood at \$0. (2016: \$7K) and land tax prepayments totaling \$296K (2016: \$0).

## 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 2017: \$63,6M (2016: \$60M)

<b>Rebates, Waivers &amp; Discounts on Land Tax</b>		
	<b>2017</b>	<b>2016</b>
	<b>\$ 000's</b>	<b>\$ 000's</b>
Rebates	44,254	42,181
Waivers	8,023	6,929
Discounts	11,323	10,962
	63,600	60,072

# 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, 2017 as compared to the prior financial year ended March 31, 2016.

The Administered Agency Statement reports the revenues, expenditures, assets and liabilities related to the funds collected and earned for the financial year 2016-2017.

### **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 or provisions made during 2016-2017.

### **Auditors**

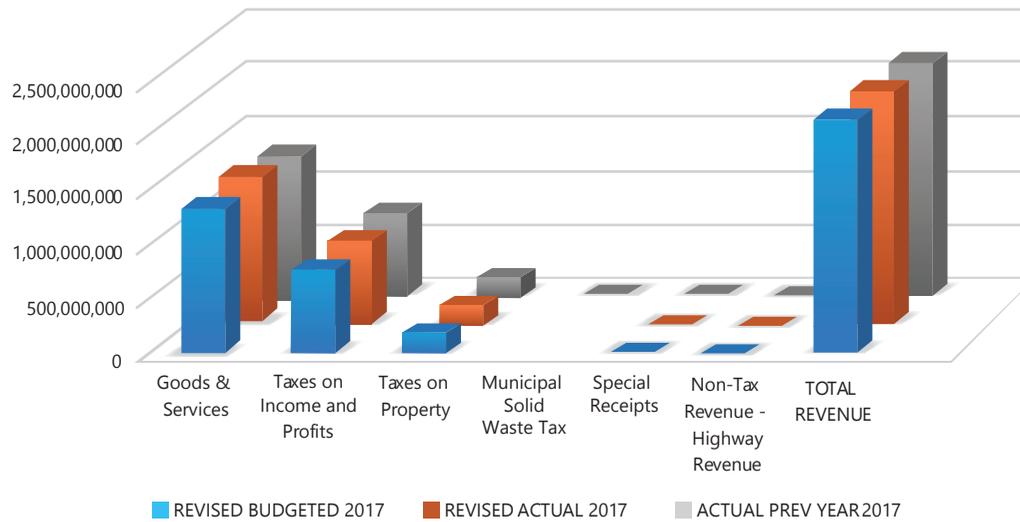
The Administered Agency Statement is audited by the Auditor General in accordance with the Barbados Revenue Authority Act 2014-1.

### **Financial Review**

#### **Statement of Revenue**

In financial year ended March 2017, the Authority recorded \$2.3 billion on behalf of the Administered Agency surpassing \$2.2 billion in the year ending March 2016. This represents an increase of over \$100m or 5% over the previous year. The major increase was recorded under Goods and Services (\$87M). Consolidation Tax was discontinued on March 31 2016. The National Social Responsibility Levy was introduced during September 2016 and generated \$29M in revenue over this six months period.

## Major Revenue Earners Budgeted vs Actual vs Prior Year

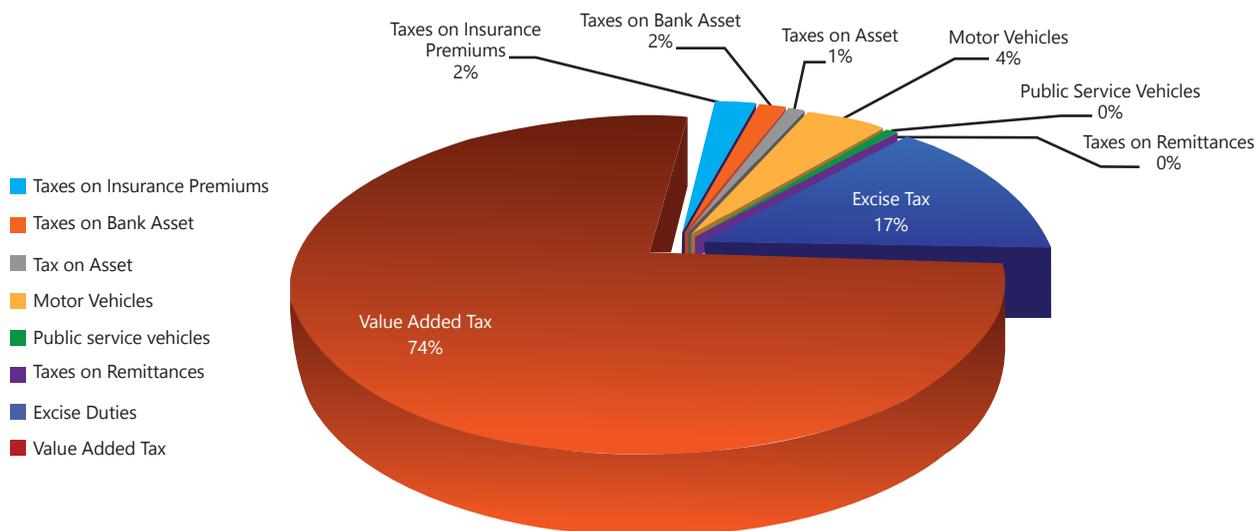


### Taxes on Goods & Services

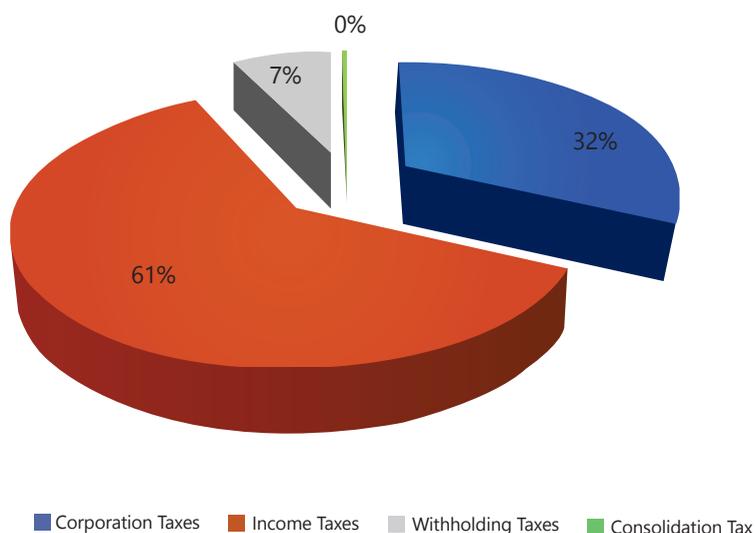
Goods & Services revenue exceeded the budgeted amounts by \$19m, however there was a \$4m increase in receivables when compared to previous year. Excise Tax recorded a favourable variance increasing by approximately 12% over the budget and 33% over the previous year. The other areas of Goods & Services which performed favourably were Value Added Tax which showed a \$32m increase over last year despite a shortfall of \$4M from budget.

Taxes from motor and private service vehicles declined from budget by \$7m and \$6m when compared to prior year. Tax on Assets showed an increase of \$6m when compared to the previous year while Tax on Bank Assets showed a \$4m decline.

### Revenue from Goods and Services



## Revenue Generated from Incomes and Profits Sector



### Property Taxes

Land Tax performed close to expectations recording a slight 2% decline from both prior year and budget.

### Statement of Financial Position

#### 1.1. Tax Receivables

At March 31, 2017, tax receivables stood at \$1.14b—an increase of \$150m. Including interest and penalties, these increases were mainly due to the recording of Value Added Tax receivables at \$91m, Corporation tax receivables of \$15m and Land Tax receivables at \$38m. Consolidation Tax and Municipal Solid Waste Tax receivables inclusive of interest and principal saw an increase of \$2m each and individual Income Tax receivables saw a decrease of \$1m.

#### 1.2. Other Receivables

There was an increase of \$34m in Other Receivables which represents funds due from the Treasury to honour tax refunds. In financial year ending March 31, 2017 refunds paid totalled \$56m. Refunds paid for VAT, Consolidation Tax Corporation Tax and individual Income Tax, inclusive of Reverse Tax Credit, were \$17m, \$1m, \$0.6m and \$37.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, 2017, Due to Treasury stood at \$1,169,182, an increase of \$151m. These increases reflect 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 \$18m in Refunds Payable at March 31, 2017.

# 2017 ANNUAL REPORT

