



# BARBADOS

BARBADOS - Common law

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## Incorporating a company in Barbados

# Barbados taxes

If you want to incorporate in Barbados, you have to know about taxation for an IBC which is the most common company structure in Barbados.

International Business Companies in Barbados are entitled to do business outside the country and may have restrictions to trade with CARICOM residents and own real estate within the territory. IBCs income accrued offshore is taxed at a regressive rates between 2.5% and 0.25%. IBCs may claim a tax credit for foreign tax paid, provided that this does not reduce the company's rate of CIT in Barbados to less than 0.25%. Barbados ranks 26th overall with regards to CIT globally. IBCs are subject to a annual license fee of BBD 850. IBCs in Barbados are commonly used for international manufacturing, international trading, group finance, intellectual property holding, holding company, among others.

An IBC may have one or more shareholders, who may be natural or legal persons, and one minimum director. Nominee shareholders are allowed. A Corporate director is allowed if it is a registered Barbados company. A licensed secretary may be required. Minimum capital requirement is US\$ 1 and it this may be in any currency. Shares are denominated in non-par value. Bearer shares are not allowed

Shareholders may not be publicly disclosed but name of directors are available in public records. A Barbados IBC is required to file an annual return together with its financial statements. Financial Statements may not be publicly accessible. It may be required to maintain accounting records. Audit may be required if IBC gross assets or revenue exceed US\$500,000.

The VAT rate in Barbados is 17.50%, that ranks Barbados as 115th overall in terms of VAT taxation rate internationally. In terms of other taxation, an employer will contribute 11.25% to the equivalent of a social security fund and an employee will contribute 10.1%. The overall complexity of the tax system is high. This is measured by average time to comply with a country's labor tax requirements is as it is 162hours. Contributing to this is the number of yearly labor tax payments, which is 12 in BB.

Thin capitalization rules aren't in effect. Thin capitalisation refers to any type of restrictions on given company with respect to debt-to-asset ratios. Dividends received from a foreign entity may not be taxed if shareholder holds at least 10% of equity interest of the distributor. Dividends are distributions of earnings of the business, determined by the board of directors, to a class of its shareholders. Dividends can be one of the following stock, cash, or property. Capital Gains are not taxed in Barbados. A capital gains tax is levied on the profits that a corporation or natural person realizes when he or she sells a capital asset for a price that is higher than the purchase price.

IBCs in Barbados are not subject to withholding tax. This means that payments made by an IBC on dividends, interests, royalties or any kind of fee to non-residents are not taxable.

There is no known tax on wealth in Barbados. There are no known inheritance taxes in Barbados. There are real property and transfer. There are no widely used research and development tax relief in BB.

The above is not tax or legal advice for your particular situation. We are able to help you find a lawyer in Barbados who can properly advise you. Contact us today. Click incorporate now if you are in a hurry, or press the free consultation button above.

The vat rate in Barbados is 17.5% which ranks 115 in the world.

✗ **Patent box**

✗ **RND credit**

✗ **Wealth tax**

✓ **Estate tax**

44 **Tax treaties**

2.5% **Offshore Tax**

0% **Corp rate**

- **Loss carryback years**

# Barbados Legalese

For starters, the law in BARBADOS is common law law. Common law makes for a easy corporate setup. E-signatures are allowed.

The letters BB is for BARBADOS and the most common legal entity type in BARBADOS is an IBC.

It typically takes about 5-10 days to put together the paperwork and file an IBC in BB. The types of currencies you can use to capitalize your business is most commonly BBD, USD, and ANY legal tender.

Yes, one is allowed to re-domicile an IBC from BB. You are usually allowed to change the jurisdiction of the company, pending certain procedures.

There must be at least 1 shareholder. This makes it possible for you to own an IBC in BB by yourself. Corporate Shareholders are encouraged, which means you can have a corporate shareholder. Foreign ownership is encouraged, up to 100% of the total equity of the company.

A company is only required to have one director. Speaking of shareholders, corporate directors are permitted. Directors should not expect to be private, as they are disclosed.

A registered office is a requirement, whom the company will pay yearly, for a legal services company which can receive litigation or other legal process on behalf of the business. However, a corporate secretary is a requirement.

There is a requirement to file accounts to relevant authorities. On that note, there is no requirement that these accounts be audited, at least for privately held companies.

Overall we think Barbados is a good option and have given it a score of 80 as an IO score, using the Incorporations.IO proprietary formula.

- ✗ **Directors not disclosed in a public registry**
- ✗ **Shareholders not disclosed in a public registry**
- ✓ **Redomiciliation permitted**
- ✓ **Registered office required**
- ✓ **Corporate director permitted**
- ✓ **Local Secretary not required**
- ✓ **Local Director not required**
- ✓ **Electronic signature**

- 1 Shareholders required**
- 1 Directors required**
- 5-10 days to form**



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## Country Info



🏴󠁧󠁢󠁥󠁮󠁧󠁿 National Flag of

**Barbados (eng)**

\$ Currency

**BBD**

☎ Area Code

**+1246**

🏰 Capital

**Bridgetown**

✈ Region

**Caribbean**

🌿 Native Languages

**English**