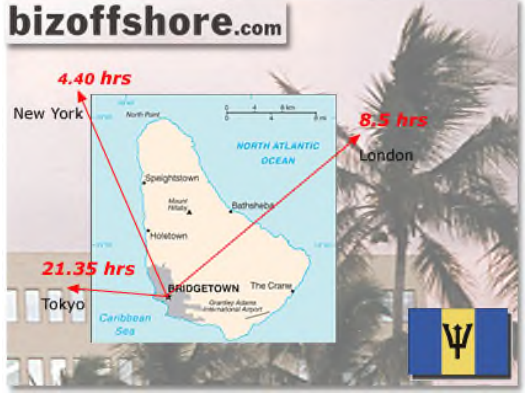



Barbados

<p>Overview</p> <p>Barbados (known as the “little England of the Caribbean”) lies in the North Atlantic Ocean north east of Venezuela and has a land area of 431 sq km. The capital is Bridgetown which is the only sea port. The island benefits from a long tradition of political and social stability and is fast becoming a preferred low tax destination for international businesses, particularly in the areas of information technology, manufacturing and financial services. The economy, however, is still dominated by the sugar and tourism industries.</p>	 <p>bizoffshore.com</p> <p>4.40 hrs 8.5 hrs 21.35 hrs</p> <p>New York London Tokyo</p> <p>BRIDGETOWN</p> <p>Caribbean Sea</p> <p>NORTH ATLANTIC OCEAN</p> <p>Speightstown Bathsheba The Crane Country House International Airport</p> <p>North Point Mount St. Michael Holetown</p> <p>0 4 8 km</p> <p>0 4 8 mi</p> 
<p><u>Current Time</u></p> <p>(World Time Server)</p>	<p>National Motto</p> <p>Pride and Industry</p>

Online News Sources

The Nation: www.nationnews.com
www.Caribbeannetnews.com

Business Environment

The Barbados government focuses heavily on improving the investment climate of Barbados and on enhancing the infrastructure to support increasing business activity. Overall, Barbados has a stable and well-organised business environment which includes a reasonably diverse set of professional services. There is a wide variety of corporate forms available for most purposes and the legislative structure is flexible and liberal.

Barbados was identified by the OECD as one of the 35 jurisdictions considered to be a tax haven but was taken off the list in January 2002. The OECD said that Barbados' long standing tax exchange treaties with other jurisdictions were sufficient for the country to be excluded from the list. Barbados was not on the Financial Action Task list of 15 countries deemed 'unco-operative' in the fight against money laundering. The country was classified by the G-7's Financial Stability Forum as a 'group two' jurisdiction that needed to make changes to improve the financial supervision of its offshore sector.

Barbados is a member of the Caribbean Community (Caricom). The development of the international business and financial services sector began around 1977 and now contributes significantly to foreign exchange earnings. The offshore sector is legally separated from the onshore sector. The legislation allows international business companies, segregated cell companies, international banks, exempt insurance and management companies, societies with restricted liability and ship registration.

The International Business Companies Act 1991 (as amended by the International Business Companies (Amendment) Act 2004) defines companies that carries on business in manufacturing, international trade and commerce from within Barbados. All companies wishing to operate as IBCs must obtain a license from the [Ministry of Economic Development](#). Onshore insurance companies are regulated by

the Insurance Act 1996 while offshore insurers are regulated by the Exempt Insurance Act. Insurance companies apply for licensing with the Office of the Supervisor of Insurance. Local insurance companies involved in International insurance can register under domestic insurance legislation as qualifying insurance companies (QIC). Unlike exempt insurance companies, a QIC can be owned by residents of Barbados and can insure a specified amount of local risk.

Offshore banks apply to the Central Bank of Barbados for registration under the International Financial Services Act, which came into effect on 10 June 2002. Onshore banks are regulated through the Financial Institutions Act. Entities formed under the Societies with Restricted Liability Act 1995 can be treated as a corporation, a partnership or a disregarded entity for US tax purposes. A SRL can be formed either as an exempt society or a non-exempt society. Exempt SRLs are prohibited from acquiring or holding land leased for business purposes. International trusts are governed under the Barbados Trustee Act and the International Trusts Act 1995. The Shipping Act and the Shipping Incentives Act allow the registration of ships under the Barbados flag, and provide for their management and maintenance including ship building. To qualify for registration, a ship must apply to Maritime Affairs.

In the onshore sector Barbados had seven commercial banks, 14 non-bank financial institutions, 41 credit unions, nine life insurers and 10 general insurance companies operating in 2001. While precise figures are not available, the IMF estimates that the offshore sector employs about 3,000 people and generates US\$110 million annually in foreign exchange. The offshore sector makes up about 40% of government's corporate tax revenue, with international business companies as the main contributors. In 2001 Barbados had 4,065 international business companies, 2,975 foreign sales corporations, 180 exempt insurance companies, 30 exempt insurance management companies, 166 societies with restricted liabilities and 56 offshore banks. At the end of 2001 offshore banks managed 800 trusts and had 298 employees. An IMF analysis noted that some of the entities may not be active.

Anti-money laundering prevention is done through the Money Laundering (Prevention and Control) Act as amended in 2002, the Anti-Terrorism Act, and the Mutual Assistance in Criminal Matters Act. The Anti-Money Laundering Control Authority is responsible for ensuring compliance with the various acts. In May 2005 the Central Bank released an industry consultation of new guidelines on the Prevention and Detection of Money Laundering for Licences.

Taxes

Barbados offers tax holidays and other incentives for manufacturing industries, tax concessions and other incentives for information service companies. Capital gains are not subject to tax in Barbados. International business companies are tax on income on a sliding scale, from a maximum of 2.5% to a minimum of 1%. Exemption from all withholding taxes. There are no withholding taxes on dividends, royalties, management fees, interest payments and other fees paid by an international business company to non-residents of Barbados or to another international business company. Offshore entities are exempt from exchange control restrictions and may keep its records and financial statements in a foreign currency. Expatriate staff can be exempted from income tax and exchange control on up to 35% of their remuneration from an international business company. An international company may import, free from all customs duties, equipment, machinery or materials for use in its business. There are exemptions from taxes on transfers of shares and other assets.

The basic corporate tax for local companies fell by 2.5% to 37.5% in 2002 and to 30% with effect from the income year in 2005. The rate will be reduced further to 25% by 2006. Double taxation is generally avoided if a double taxation treaty is in force, which allows a credit against Barbados tax for foreign tax paid on overseas income. Dividends from one local company to another are tax-exempt.

Offshore banks are subject to tax rates on banking profits on a sliding scale, from a maximum of 2.5% to a minimum of 1%. There are no other direct tax or capital gains tax on the profits or gains of the bank, no taxation on distribution to a non-resident person or another licensee. No taxation is levied on a licensee, its shareholders or transferees on the transfer of its assets or securities. There are no estate,

inheritance or similar taxes on any shares, securities or assets of a licensee owned by a non-resident person.

Non-resident insurance companies are taxed between 3% and 6% on premium income. A company registered under the Insurance Act may be entitled to tax concessions where at least 90% of its premiums originate outside and at least 90% of its risks insured are located outside Caricom. A maximum tax credit of 93% is available where premiums originate outside of Caricom. A qualifying insurance company (see above) is entitled to the benefit of a low effective rate of tax (generally 2.8% after deduction of a foreign currency earnings allowance, and exemptions from withholding taxes and exchange control. Other offshore entities pay taxes ranging from 1% to 2.5% on profits. An international trust is taxed at 40% on its profits earned in, or remitted to Barbados but there are no withholding taxes or payments to non-resident beneficiaries. A deduction is also available for 50% of the amount expended on investment in, and creation of intellectual property over a ten-year period.

Barbados has double taxation agreements with Caribbean Community members, Canada, China, Cuba, Finland, Malta, Norway, Sweden, Switzerland, the United Kingdom, the United States, Venezuela and the Republic of Botswana (as of August 2005). Barbados' double taxation treaty with Canada allows dividends paid out of the business income of a Barbados-based foreign affiliate to be fully tax deductible by the recipient Canadian-based corporation. Barbados has bilateral investment treaties with Canada, China, Cuba, Germany, Italy, Switzerland, the United Kingdom, and Venezuela.

Individuals pay income tax of 25% on the first B\$24,200 of taxable income and 37.5% thereafter. There is a personal allowance of B\$20,000 for residents.

Stock Exchange

The Securities Exchange of Barbados or, Barbados Stock Exchange (BSE) as it is now known, was established in June 1987 under the Securities Exchange Act 1982. It was subsequently re-incorporated on August 2, 2001 simultaneously with the enactment of the Securities Act 2001-13, which repealed and replaced the 1982 Act. However the BSE remains a privately owned non-profit organization. A Securities and Exchange Commission has regulatory responsibility for the BSE.

The BSE has 24 local listings and a number of international companies including 7 banks. On 4 July 2001 the BSE switched from a manual open auction outcry method of trading to electronic trading using the order routing method. In August 2005 market capitalization was B\$10.6bn with cross listings to other Caribbean markets capitalized at B\$10.8bn.

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Key Stats

Country name: Barbados

Population: (July 2005 est.,) 279,254

Capital: Bridgetown

Currency: Barbados dollar. Pegged at US\$1 = BD\$2 Barbados dollar.

Legal system: Based on the British common law system with variations. Barbados has magistrate courts, and a Supreme Court consisting of the high court and the court of appeals. In August 2005, Barbados formally adopted the Caribbean Court of Justice (located in Trinidad and Tobago) as its final court of appeal.

Government: An independent parliamentary democracy with the British monarch as head of state and represented by the governor-general. Barbados is a member of the Commonwealth. The bicameral parliament is made up of the lower House of Assembly, with 28 directly-elected members, and the Senate, with 21 members appointed by the governor-general in consultation with government and the opposition. Members of both houses serve five-year terms. Executive power is exercised by the prime minister, cabinet, and other appointed ministers.

Governor general: Sir Clifford Husbands
Prime minister, finance, economic affairs and civil service: Owen Arthur

Elections: The Barbados Labour Party (BLP) was returned to a third term in office in elections held on 21 May 2003. The BLP won 23 of 30 seats, down from the 26 seats it took in the 1999 elections. The opposition Democratic Labour Party, led by Clyde Mascoll, won seven seats.

Political parties: Barbados Labour Party (leader, Owen Arthur)
Democratic Labour Party (leader, Clyde Mascoll)
National Democratic Party (leader, Richard Haynes)

Economic overview (2005)

Historically the Barbados economy had been dependent on sugarcane cultivation and related activities. Today, the main sectors of the economy are tourism, financial services, informatics, sugar production, light manufacturing, and component assembly exports. The economy contracted in 2002-03 mainly due to a decline in tourism. Growth was positive in 2004 as economic conditions in the US and Europe moderately improved. Real Gross Domestic Product (GDP) increased by 2.3% in 2004. Sectorial GDP: wholesale and retail trade 15.3%; financial and business services 18.9%; government services 18%; other services 16.1%; tourism 11.2%. manufacturing 6.1%; construction 5.8%; agriculture 4.7%; utilities 3.5%; mining and quarrying 0.7%.

Inflation rate (CPI) (2003est): -0.5%

Labour force: Total labour force: about 140,000. Unemployment rate: 9.9% (April 2005).

Public holidays (2005)

New Year (1 January); 21 January (Errol Barrow day); 25 March (Good Friday); 28 March (Easter Monday); 28 April (Heroes' Day); 1 May (Labour Day); 16 May (Whit Monday); 1 August (Emancipation Day); 1 August (Kadooment Day); 30 November (Independence Day); 25 December (Christmas); 26 December (Boxing Day).

Time: GMT -4. There is no summer time clock change.

Financial Year: 1 April – 31 March

Restaurant Guide

La Terra Ristorante, Carambola, Pisces, The Cliff, The Shak Shak Restaurant, Josef's Restaurant, La Mer.