

GLOBAL FORUM ON  
**TRANSPARENCY AND EXCHANGE OF  
INFORMATION FOR TAX PURPOSES**

Peer Review Report on the Exchange of Information  
on Request

# **BARBADOS**

2022 (Second Round, Supplementary Report)



**Global Forum  
on Transparency  
and Exchange  
of Information  
for Tax Purposes:  
Barbados 2022  
(Second Round,  
Supplementary Report)**

PEER REVIEW REPORT ON THE EXCHANGE  
OF INFORMATION ON REQUEST

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Note by the Republic of Türkiye

The information in this document with reference to “Cyprus” relates to the southern part of the Island. There is no single authority representing both Turkish and Greek Cypriot people on the Island. Türkiye recognises the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of the United Nations, Türkiye shall preserve its position concerning the “Cyprus issue”.

Note by all the European Union Member States of the OECD and the European Union

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## *Table of contents*

<b>Reader’s guide</b> .....	5
<b>Abbreviations and acronyms</b> .....	9
<b>Executive summary</b> .....	11
<b>Summary of determinations, ratings and recommendations</b> .....	17
<b>Overview of Barbados</b> .....	23
<b>Part A: Availability of information</b> .....	27
A.1. Legal and beneficial ownership and identity information .....	27
A.2. Accounting records .....	52
A.3. Banking information .....	57
<b>Part B: Access to information</b> .....	59
B.1. Competent Authority’s ability to obtain and provide information .....	59
B.2. Notification requirements, rights and safeguards .....	61
<b>Part C: Exchange of information</b> .....	63
C.1. Exchange of information mechanisms .....	63
C.2. Exchange of information mechanisms with all relevant partners .....	65
C.3. Confidentiality .....	65
C.4. Rights and safeguards of taxpayers and third parties .....	67
C.5. Requesting and providing information in an effective manner .....	68
<b>Annex 1: List of in-text recommendations</b> .....	75
<b>Annex 2: List of Barbados’ EOI mechanisms</b> .....	76
<b>Annex 3: Methodology for the review</b> .....	80
<b>Annex 4: Barbados’ response to the review report</b> .....	84



## Reader's guide

**The Global Forum on Transparency and Exchange of Information for Tax Purposes (the Global Forum)** is the multilateral framework within which work in the area of tax transparency and exchange of information is carried out by over 160 jurisdictions that participate in the Global Forum on an equal footing. The Global Forum is charged with the in-depth monitoring and peer review of the implementation of the international standards of transparency and exchange of information for tax purposes (both on request and automatic).

### Sources of the Exchange of Information on Request standards and Methodology for the peer reviews

The international standard of exchange of information on request (EOIR) is primarily reflected in the 2002 OECD Model Agreement on Exchange of Information on Tax Matters and its commentary, Article 26 of the OECD Model Tax Convention on Income and on Capital and its commentary and Article 26 of the United Nations Model Double Taxation Convention between Developed and Developing Countries and its commentary. The EOIR standard provides for exchange on request of information foreseeably relevant for carrying out the provisions of the applicable instrument or to the administration or enforcement of the domestic tax laws of a requesting jurisdiction. Fishing expeditions are not authorised but all foreseeably relevant information must be provided, including ownership, accounting and banking information.

All Global Forum members, as well as non-members that are relevant to the Global Forum's work, are assessed through a peer review process for their implementation of the EOIR standard as set out in the 2016 Terms of Reference (ToR), which break down the standard into 10 essential elements under three categories: (A) availability of ownership, accounting and banking information; (B) access to information by the competent authority; and (C) exchanging information.

The assessment results in recommendations for improvements where appropriate and an overall rating of the jurisdiction's compliance with the EOIR standard based on:

1. The implementation of the EOIR standard in the legal and regulatory framework, with each of the element of the standard determined to be either (i) in place, (ii) in place but certain aspects need improvement, or (iii) not in place.
2. The implementation of that framework in practice with each element being rated (i) compliant, (ii) largely compliant, (iii) partially compliant, or (iv) non-compliant.

The response of the assessed jurisdiction to the report is available in an annex. Reviewed jurisdictions are expected to address any recommendations made, and progress is monitored by the Global Forum.

A first round of reviews was conducted over 2010-16. The Global Forum started a second round of reviews in 2016 based on enhanced Terms of Reference, which notably include new principles agreed in the 2012 update to Article 26 of the OECD Model Tax Convention and its commentary, the availability of and access to beneficial ownership information, and completeness and quality of outgoing EOI requests. Clarifications were also made on a few other aspects of the pre-existing Terms of Reference (on foreign companies, record keeping periods, etc.).

Whereas the first round of reviews was generally conducted in two phases for assessing the legal and regulatory framework (Phase 1) and EOIR in practice (Phase 2), the second round of reviews combine both assessment phases into a single review. For the sake of brevity, on those topics where there has not been any material change in the assessed jurisdictions or in the requirements of the Terms of Reference since the first round, the second round review does not repeat the analysis already conducted. Instead, it summarises the conclusions and includes cross-references to the analysis in the previous report(s). Information on the Methodology used for this review is set out in Annex 3 to this report.

## Consideration of the Financial Action Task Force Evaluations and Ratings

The Financial Action Task Force (FATF) evaluates jurisdictions for compliance with anti-money laundering and combating terrorist financing (AML/CFT) standards. Its reviews are based on a jurisdiction's compliance with 40 different technical recommendations and the effectiveness regarding 11 immediate outcomes, which cover a broad array of money-laundering issues.



The definition of beneficial owner included in the 2012 FATF standards has been incorporated into elements A.1, A.3 and B.1 of the 2016 ToR. The 2016 ToR also recognises that FATF materials can be relevant for carrying out EOIR assessments to the extent they deal with the definition of beneficial ownership, as the FATF definition is used in the 2016 ToR (see 2016 ToR, Annex 1, part I.D). It is also noted that the purpose for which the FATF materials have been produced (combating money-laundering and terrorist financing) is different from the purpose of the EOIR standard (ensuring effective exchange of information for tax purposes), and care should be taken to ensure that assessments under the ToR do not evaluate issues that are outside the scope of the Global Forum's mandate.

While on a case-by-case basis an EOIR assessment may take into account some of the findings made by the FATF, the Global Forum recognises that the evaluations of the FATF cover issues that are not relevant for the purposes of ensuring effective exchange of information on beneficial ownership for tax purposes. In addition, EOIR assessments may find that deficiencies identified by the FATF do not have an impact on the availability of beneficial ownership information for tax purposes; for example, because mechanisms other than those that are relevant for AML/CFT purposes exist within that jurisdiction to ensure that beneficial ownership information is available for tax purposes.

These differences in the scope of reviews and in the approach used may result in differing conclusions and ratings.

## More information

All reports are published once adopted by the Global Forum. For more information on the work of the Global Forum on Transparency and Exchange of Information for Tax Purposes, and for copies of the published reports, please refer to [www.oecd.org/tax/transparency](http://www.oecd.org/tax/transparency) and <http://dx.doi.org/10.1787/2219469x>.



## Abbreviations and acronyms

<b>2016 TOR</b>	Terms of Reference related to EOIR, as approved by the Global Forum on 29-30 October 2015
<b>AML</b>	Anti-Money Laundering
<b>AMLA</b>	Anti-Money Laundering Authority
<b>AML Act</b>	Money Laundering and Financing of Terrorism (Prevention and Control) Act, 2011-23
<b>BBD</b>	Barbados Dollars
<b>BRA</b>	Barbados Revenue Authority
<b>CAIPO</b>	Corporate Affairs and Intellectual Property Office
<b>CARICOM</b>	Caribbean Community
<b>CBB</b>	Central Bank of Barbados
<b>CDD</b>	Customer Due Diligence
<b>CFATF</b>	Caribbean Financial Action Task Force
<b>CTSP</b>	Company and Trust Service Providers
<b>DTC</b>	Double Taxation Convention
<b>EOI</b>	Exchange of Information
<b>EOIR</b>	Exchange of Information on Request
<b>FIA</b>	Financial Institutions Act
<b>FSC</b>	Financial Services Commission
<b>Global Forum</b>	Global Forum on Transparency and Exchange of Information for Tax Purposes
<b>IBU</b>	International Business Unit
<b>LC</b>	Private company with limited liability

<b>Multilateral Convention</b>	Convention on Mutual Administrative Assistance in Tax Matters, as amended in 2010
<b>NFBP</b>	Non-Financial Businesses and Professions (as referenced in the Second Schedule of the AML Act)
<b>SRL</b>	Society with restricted liability
<b>TIEA</b>	Tax Information Exchange Agreement

## Executive summary

1. This report analyses the implementation of the standard of transparency and exchange of information on request in Barbados in the second round of reviews conducted by the Global Forum. It assesses both the legal and regulatory framework in force as of 19 August 2022 and the practical implementation of this framework against the 2016 Terms of Reference, including in respect of Exchange of Information (EOI) requests received and sent during the review period from 1 July 2018 to 30 June 2021.
2. The report supplements the findings and analysis in the 2020 Report that had assessed Barbados' legal and regulatory framework as of 20 December 2019 and the practical application of that framework, in particular in relation to EOI requests processed during the period from 1 July 2015 to 30 June 2018. The 2020 Report rated Barbados overall “Partially Compliant” with the standard. Since then, Barbados has made progress in both its legislation and implementation of the standard in practice, which led Barbados requesting a supplementary review on 14 October 2020. This request was accepted by the Peer Review Group of the Global Forum and has resulted in the present supplementary report.
3. This report concludes that Barbados is rated overall **Largely Compliant** with the standard.

### Comparison of ratings for Second Round Report and Supplementary Report

Element	Second Round Report (2020)	Supplementary Report (2022)
A.1 Availability of ownership and identity information	Partially Compliant	Partially Compliant
A.2 Availability of accounting information	Partially Compliant	Partially Compliant
A.3 Availability of banking information	Compliant	Largely Compliant
B.1 Access to information	Largely Compliant	Largely Compliant
B.2 Rights and Safeguards	Compliant	Compliant
C.1 EOIR Mechanisms	Compliant	Compliant
C.2 Network of EOIR Mechanisms	Compliant	Compliant
C.3 Confidentiality	Compliant	Compliant
C.4 Rights and safeguards	Compliant	Compliant
C.5 Quality and timeliness of responses	Partially Compliant	Compliant
<b>OVERALL RATING</b>	<b>PARTIALLY COMPLIANT</b>	<b>LARGELY COMPLIANT</b>

*Note:* the four-scale ratings are Compliant, Largely Compliant, Partially Compliant and Non-Compliant.

### Progress made since the 2020 Report

4. The 2020 Report made recommendations in respect of four essential elements related to the availability of ownership information (A.1), accounting information (A.2), access to information (B.1) and exchange of information (C.5).

5. In particular, the 2020 Report contained recommendations concerning Barbados' practical implementation of the rules and enforcement of the availability of ownership and accounting information. The need for improvement in supervision and enforcement was further heightened in respect of the availability of beneficial ownership information.

6. Under element A.1, Barbados was recommended to take effective supervisory and enforcement measures to ensure that all entities comply with their requirements to maintain ownership information. Since then, Barbados created a compliance unit for the Ministry of International Business and Industry, which serves the Corporate Affairs and Intellectual Property Office (CAIPO) and the International Business Unit (IBU) to ensure that the respective entities under these departments are compliant with their obligations to keep relevant information. In addition, Barbados created a compliance section within the Anti-Money Laundering Authority.

7. Since the obligation to maintain beneficial ownership information under the Companies Act covering all companies had only recently been included in Barbados' legal framework at the time of the last report, and had not yet been implemented in practice, Barbados was recommended to ensure that entities implement the obligations to maintain beneficial ownership information so that beneficial ownership is available in respect of all companies and partnerships. The Companies (Amendment) Act 2020-31 has given the CAIPO the authority to effectively monitor companies' obligations to maintain records and to issue guidelines on the application or interpretation of the term "beneficial ownership" and the identification of beneficial owners. The Corporate (Miscellaneous Provisions) Act 2021-19 creates penalties for the failure to obtain and keep accurate and up-to-date beneficial ownership information. As of October 2022, 7 311 companies have been risk rated. High-risk companies (3% of all risk-rated companies) have been almost all inspected (91%) with a significant level of non-compliance (15.7%). Finally, only 13% of those non-compliant companies did not remediate within the timeline and were sanctioned. The penalty applied was BBD 10 000 (EUR 4 737), plus BBD 1 000 (EUR 473) for every day after issuance of the fine until the information has been provided. The remediation process enhances the compliance while sanctions are now effectively applied in case of failure to comply with beneficial ownership information requirements.

8. The 2020 Report also contained recommendations to improve co-operation with its EOI partners so that the requested information is exchanged in all cases in an effective manner. Under element C.5, the EOI practice of Barbados is improving. Barbados has revised its EOI manual and put in place a more streamlined system to answer EOI requests. This has translated into an improvement in actual exchange of information with a significant reduction in the time taken by Barbados to respond to requests from peers although there remains scope for further improvement. Barbados received 36 requests (2 of them have been withdrawn by the requesting jurisdictions within 3 months) and sent 2 requests during the current review period. Barbados managed to respond to 41% of the requests within 90 days as against 22% during the previous review period. Similarly, requests answered within 180 days increased to 82% as against 44% in the 2020 Report. Within one year, Barbados was able to respond to 91% of the requests as against 52% during the review period for the 2020 Report. There is no pending request as of the cut-off date as against 15% reported in the 2020 Report. Compared to the 2020 Report, the types of requests received have not changed but the volume has increased by 33%, from 27 requests in the 2020 Report to 36 during the period under review. Barbados has also shown improvement in providing status updates where an answer has not been provided in 90 days, although again there remains room for some improvement.

## Key recommendations

9. Barbados has in place a legal and regulatory framework to ensure the availability of ownership and identity information of relevant entities and arrangements, mainly through the Companies Law and the AML laws for most entities. However, requirements in this framework are not sufficient to ensure the availability of full ownership and identity information for all relevant entities and arrangements. Key recommendations refer to the update of beneficial ownership information and the alignment of the different binding guidelines to ensure that adequate, accurate and up-to-date beneficial ownership and identity information is available in Barbados.

10. To ensure the ability of the Competent Authority to obtain and provide information, Barbados should use the existing sanctions for non-compliance to provide information.

11. Since the 2020 Report, Barbados implemented a compliance unit for the Ministry of International Business and Industry, in charge of the supervision of the compliance of entities which are registered with the CAIPO and licensed with the IBU. However, the late implementation and the narrow coverage of the supervision programmes, and the lack of penalties for non-compliance applied during the review period do not guarantee the effectiveness of the supervision. As the key issues raised by this report remain generally the same as in the 2020 Report, the recommendations about supervisory and enforcement measures and the availability of beneficial ownership information are maintained.

12. An additional recommendation is made about the significant number of inactive companies that maintain legal personality and do not comply with their filing obligations under Elements A.1 and A.2. Barbados should review its system whereby a significant number of non-compliant inactive companies remain with legal personality on the Commercial Register.

13. While Barbados has made improvement in terms of timeliness in responding to EOI requests, Barbados should continue its progress to further improve the EOI processes, especially regarding status updates, and ensure that the timeliness of providing responses to requests continues improving.

## Overall rating

14. Elements B.2, C.1, C.2, C.3 and C.4 continue to be rated Compliant as was the case in the 2020 Report. Element B.1 continues to be rated Largely Compliant, as it was in the 2020 Report. Elements A.1 and A.2 continue to be rated Partially Compliant, in line with the ratings assigned



in the 2020 Report. Element A.3 is downgraded from Compliant to Largely Compliant. Element C.5 is upgraded from Partially Compliant to Compliant thanks to the improvement of the timeliness of replies provided by Barbados to its partners. The overall rating is upgraded to Largely Compliant from Partially Compliant in the 2020 Report.

15. This report was approved at the Peer Review Group of the Global Forum on 12 October 2022 and was adopted by the Global Forum on 7 November 2022. A follow-up report on the steps undertaken by Barbados to address the recommendations made in this report should be provided to the Peer Review Group no later than 30 June 2023 and thereafter in accordance with the procedure set out under the 2016 Methodology as amended in 2020 and 2021.



## Summary of determinations, ratings and recommendations

Determinations and ratings	Factors underlying recommendations	Recommendations
Jurisdictions should ensure that ownership and identity information, including information on legal and beneficial owners, for all relevant entities and arrangements is available to their Competent Authorities ( <i>ToR A.1</i> )		
<p><b>The legal and regulatory framework is in place, but certain aspects require improvements</b></p>	<p>In Barbados, all companies incorporated under the Companies Act and foreign companies carrying out an undertaking in Barbados are required to maintain up-to-date records of their beneficial owners. However, there is no requirement in the Barbadian Law on the frequency for the review or the update of beneficial owner information for partnerships and trusts. While the principal elements required by the standard with respect to the identification of beneficial owner(s) of legal entities are present, the requirement to identify persons holding a senior managerial position when no beneficial owner is identified is not contemplated in the definition.</p> <p>In accordance with the Companies Act, companies are also required to submit an annual statement by way of the annual return which certifies that accurate and up-to-date beneficial ownership information was maintained for the preceding year, at the registered office of the company. However, the compliance with this obligation is very low (27% in 2021). Although companies must maintain up-to-date records of their beneficial owners, the system in place does not ensure that changes in beneficial ownership are brought to their attention.</p> <p>A second source of beneficial ownership information relies on AML-obliged persons. Beneficial ownership information should be updated by the AML-obliged persons throughout the business relationship. However, there is no specified frequency for updating beneficial ownership information.</p>	<p>Consistent guidelines should be available to ensure that all entities, arrangements and AML-obliged persons comply with their requirements to identify beneficial owners.</p> <p>Barbados should ensure that, in practice, where no natural person meets the definition of a beneficial owner, the identification of the senior managing official as the beneficial owner is made in accordance with the standard.</p> <p>Barbados should ensure that adequate, accurate and up-to-date beneficial ownership information is available for all relevant legal entities and arrangements in line with the standard.</p>

	In addition, the beneficial ownership information may not be available in all cases, as there is no requirement for all legal persons and arrangements to engage AML-obliged persons. Finally, the binding guidelines applicable to legal entities, legal arrangements and AML-obliged persons are inconsistent.	
<b>Partially Compliant</b>	Although penalties for non-compliance with identity and ownership filing and record keeping obligations have been introduced into Barbadian law, they are not effectively applied in practice.	Effective supervisory and enforcement measures should be taken to ensure that all entities comply with their requirements to maintain identity and ownership information.
	The Compliance Units under the International Business Unit and the Anti Money Laundering Authority have been recently set up. Regulatory cycles have started on companies with an annual revenue above BBD 1 million (EUR 473 687) through the monitoring of their corporate and trust service providers. However, the supervision of companies under this threshold, representing around 90% of all companies in Barbados, and of general partnerships, where the engagement with corporate and trust service providers is not mandatory, remains very limited.	Barbados is recommended to continue and enlarge its enforcement efforts to all entities with the implementation of a comprehensive and effective supervision and enforcement programme to ensure the availability of accurate and up-to-date legal and beneficial ownership information in line with the standard.
	The significant number of non-compliant, and potentially inactive, companies (at least 63% of entities registered with the Commercial Register) that maintain legal personality but do not comply with their filing obligations raises concerns that updated legal and beneficial ownership information might not be available in all cases.	Barbados should review its system whereby a significant number of non-compliant companies remain with legal personality on the Commercial Register and should implement appropriate supervision.

Jurisdictions should ensure that reliable accounting records are kept for all relevant entities and arrangements ( <i>ToR A.2</i> )		
<b>The legal and regulatory framework is in place</b>		
<b>Partially Compliant</b>	Barbados does not have a regular system of oversight in place with respect to all entities. As less than 40% of the entities are registered with the Barbados Revenue Authority, the availability of accounting records may not be ensured through the related tax audit regime.	Barbados is recommended to ensure that there is adequate oversight of the compliance of all entities with their accounting obligations.
	No sanctions have been applied for any violation of record-keeping obligations. Although sanctions exist, no authority has yet applied them for failing to maintain records as required.	Effective enforcement measures should be taken to ensure that all entities comply with their record-keeping requirements.
	The significant number of inactive companies (at least 63% of entities registered with the Commercial Register) that maintain legal personality but do not comply with their filing obligations raises concerns that accounting information might not be available in all cases. Such entities are not subject to effective supervision.	Barbados should review its system whereby a significant number of non-compliant companies remain with legal personality on the Commercial Register and should implement appropriate supervision.
Banking information and beneficial ownership information should be available for all account-holders ( <i>ToR A.3</i> )		
<b>The legal and regulatory framework is in place, but certain aspects require improvements</b>	There is no specified frequency of updating beneficial ownership information, so there could be situations where the available beneficial ownership information is not up to date.	Barbados should ensure that up-to-date beneficial ownership information on all bank accounts in line with the standard is available.
<b>Largely Compliant</b>		

Competent Authorities should have the power to obtain and provide information that is the subject of a request under an exchange of information arrangement from any person within their territorial jurisdiction who is in possession or control of such information (irrespective of any legal obligation on such person to maintain the secrecy of the information) ( <i>ToR B.1</i> )		
<b>The legal and regulatory framework is in place</b>		
<b>Largely Compliant</b>	Despite having sanctions for non-compliance with a request for information, the authorities of Barbados have not applied enforcement procedures in a streamlined and effective manner to ensure compliance by information holders.	Barbados is recommended to use its compulsory powers whenever necessary to ensure that all requested information is obtained in a timely manner for exchange purposes.
The rights and safeguards (e.g. notification, appeal rights) that apply to persons in the requested jurisdiction should be compatible with effective exchange of information ( <i>ToR B.2</i> )		
<b>The legal and regulatory framework is in place</b>		
<b>Compliant</b>		
Exchange of information mechanisms should provide for effective exchange of information ( <i>ToR C.1</i> )		
<b>The legal and regulatory framework is in place</b>		
<b>Compliant</b>		
The jurisdictions' network of information exchange mechanisms should cover all relevant partners ( <i>ToR C.2</i> )		
<b>The legal and regulatory framework is in place</b>		
<b>Compliant</b>		

The jurisdictions' mechanisms for exchange of information should have adequate provisions to ensure the confidentiality of information received ( <i>ToR C.3</i> )		
<b>The legal and regulatory framework is in place</b>		
<b>Compliant</b>		
The exchange of information mechanisms should respect the rights and safeguards of taxpayers and third parties ( <i>ToR C.4</i> )		
<b>The legal and regulatory framework is in place</b>		
<b>Compliant</b>		
The jurisdiction should request and provide information under its network of agreements in an effective manner ( <i>ToR C.5</i> )		
<b>Legal and regulatory framework:</b>	This element involves issues of practice. Accordingly, no determination on the legal and regulatory framework has been made.	
<b>Compliant</b>	During the period under review, Barbados has not always provided status updates to its EOI partners within 90 days when the Competent Authority was unable to provide a substantive response.	Barbados should systematically provide an update or status report to its EOI partners within 90 days when the Competent Authority is unable to provide a substantive response within that time.





## Overview of Barbados

16. Barbados, the easternmost island in the Caribbean Sea, is an English-speaking country with a population of approximately 285 000. Barbados continues to have one of the highest per capita incomes in the Eastern Caribbean, and the country tops the United Nations Development Programme's Human Development Index. The Barbados economy is service-based, with tourism and financial services being the main drivers. Barbados remains an import-driven economy. Exports fell 13% to USD 504.7 million, mainly due to challenges related to the Covid-19 pandemic and the closure of tourism in 2020.

17. The 2020 Report provides a detailed overview of Barbados, its legal system, its tax system, its financial services sector, and its Anti-Money Laundering (AML) framework. There is only one significant change in relation to the information provided in the 2020 Report. This change pertains to the transition on 30 November 2021 from a parliamentary constitutional monarchy under the hereditary monarch of Barbados (Queen Elizabeth II) to a parliamentary republic with a ceremonial, indirectly elected president as head of state.

### Tax system

18. All businesses must register with the Barbados Revenue Authority (BRA) for their respective tax obligations, including Value Added Tax, if earning income in excess of USD 100 000 per year. Each company's registration number, issued by the CAIPO, is entered into the BRA's Tax Administration Management Information System (TAMIS), based on the registration form provided by the taxpayer, and each company is provided a unique Tax Information Number (TIN) to be used in all subsequent communication with the BRA.

19. Corporate tax is levied on domestic and foreign companies. All business entities must register for corporate income tax. Resident companies pay tax on their worldwide income. Non-resident companies pay tax only on Barbados-source income. Branches are taxed in the same way

as subsidiaries. Filing is done annually, either on 15 March or 15 June, depending on the company's year-end.

20. For personal income tax, employers are required to make the relevant deductions on behalf of their employees. Self-employed persons are required to make pre-payments three times per year (June, September and December). Effective 1 January 2020, a basic rate applies to the first BBD 50 000 (EUR 23 684) of taxable income; a higher rate of 28.5% applies to taxable income above BBD 50 000 (EUR 23 684). Filing of personal income tax must be completed by 30 April of the following year.

## Financial services sector

21. The financial services sector represents a very important part of Barbados' economy. It comprises mainly banks, insurance businesses, trust companies and persons providing trust and corporate services. The majority of financial services involve non-resident persons.

22. As of 31 December 2021, Barbados had 5 commercial banks, 7 trust companies, financial companies and merchant banks, 3 money or value transmission service providers and 15 foreign currency earning banks. As of 31 December 2021, total assets of the Central Bank's licensees were approximately 503% of GDP.

23. As of December 2021, there were: 32 credit unions, 27 mutual funds, 258 occupational pensions, 277 insurance companies.

## Anti-money laundering framework

24. The Caribbean Financial Action Task Force (CFATF) verifies Barbados' compliance with AML standards. The latest Mutual Evaluation Report<sup>1</sup> on Barbados' compliance with AML standards was published in 2018. It concluded that the Barbados' system was generally effective in ensuring access to basic legal persons' ownership information. However, the system is not effective for beneficial ownership information.

25. The report found that regulators did not impose all available sanctions for non-compliance with varying degrees of AML requirements, and the sanctions imposed were not considered proportionate and dissuasive and were therefore ineffective. As such, the rating for Immediate Outcome 5, which relates to implementing rules to ensure the availability of beneficial ownership information related to legal entities and arrangements,

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1. <https://www.cfatf-gafic.org/documents/4th-round-meval-reports/9146-barbados-4th-round-mer-1/file>.

is a moderate level of effectiveness. Barbados' compliance with FATF Recommendations 10 (Customer Due Diligence) and 25 (Transparency and Beneficial Ownership of Legal Arrangements) was assessed as Largely Compliant, and Partially Compliant with respect to Recommendation 24 (Transparency and beneficial ownership of legal persons).

26. In February 2021, the CFATF published the second Enhanced Follow-up Report.<sup>2</sup> Among the Recommendations relevant for the exchange of information on request, only Recommendation 24 was reviewed in the 2021 CFATF report, and remained Partially Compliant.

## Recent development

27. In July 2022, a policy proposal was submitted by the Ministry of International Business and Industry to the Cabinet for the establishment of a beneficial ownership register, which was approved. The Cabinet's approval includes the obtaining of detailed costing of an electronic system with the necessary security features, the conduct of a resource needs analysis for the actual monitoring and maintenance and the Chief Parliamentary Counsel to Draft the appropriate legislation. These three elements are currently being worked on. Barbados is not able to provide a date for implementation yet, especially pending the outcome of the needs analysis.

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2. <https://www.cfatf-gafic.org/documents/4th-round-follow-up-reports/barbados-4/15070-barbados-2nd-enhanced-follow-up-report-and-technical-compliance-re-rating-rev1/file>.



## Part A: Availability of information

28. Sections A.1, A.2 and A.3 evaluate the availability of ownership and identity information for relevant entities and arrangements, the availability of accounting information and the availability of banking information.

### A.1. Legal and beneficial ownership and identity information

Jurisdictions should ensure that legal and beneficial ownership and identity information for all relevant entities and arrangements is available to their Competent Authorities.

29. The 2020 Report concluded that the legal and regulatory framework of Barbados was in place regarding the availability of legal and beneficial ownership information on relevant entities and arrangements.

30. Since the previous review, the legal framework has evolved with an amendment in 2020 to the Companies Act giving to the CAIPO the authority to monitor the obligations to maintain legal and beneficial ownership and identity information records and to issue guidelines about beneficial ownership. Updates of the binding AML guidelines were also published by the different supervisory authorities in 2021.

31. The current review concludes that improvements are needed:

- All companies incorporated under the Companies Act and foreign companies carrying on business in Barbados are required to maintain up-to-date records of their shareholders and beneficial owners. While this legal requirement covers all companies, the low level of compliance of filings with the Registrar and the Tax Administration cannot ensure that legal and beneficial ownership and identity information held by the entities themselves in a register are available in all cases, as the main source of information.
- Partnerships and trusts are not covered by these obligations to maintain information on their own beneficial owners.

- Another source of information for beneficial ownership information for relevant entities and arrangements can be the information held by AML-obliged persons who must identify their clients' beneficial owners. However, only some of them have an obligation to use the services of an AML-obliged person. The number of companies that have a bank account in Barbados, or that engage a lawyer or an accountant therein, is not available. Therefore, beneficial ownership information might not be available in all cases.
- Some inconsistencies exist between the different AML guidelines published by the supervisory authorities and can make difficult the identification of beneficial owners.
- Neither the AML Act nor the different binding AML guidelines lay down a specified frequency for reviewing or updating beneficial ownership information.

32. Therefore, the determination assigned to the legal and regulatory framework is modified from “in place” to “in place, but certain aspects require improvements”.

33. Regarding the implementation in practice of this Element, the 2020 Report rated Barbados “Partially compliant”. The rating remains the same in the present report.

34. First, the 2020 Report concluded that penalties were not effectively applied in case of non-compliance. Barbados has taken some corrective actions. The Corporate (Miscellaneous Provisions) Act 2021-19 creates penalties for the failure to obtain and keep accurate and up-to-date beneficial ownership information. In practice, the penalties had not been applied since no violations had yet been found. As of October 2022, a few warning letters and sanctions were applied. The recommendation remains to take effective supervisory and enforcement measures as there has been insufficient experience to evaluate it.

35. Second, the 2020 Report noted two areas for improvement of supervision. The Ministry in charge of International Business did not have in place an efficient system of monitoring compliance with ownership and identity information keeping requirements in respect of all international entities, trusts and licensed service providers. In addition, the obligation to maintain beneficial ownership under the Companies Act covering all companies was recent and not implemented or supervised. In Barbados, the monitoring of obligations to keep ownership information and records relies on the compliance with filing obligations or through the oversight of Corporate and Trust Service Providers (CTSP) engaged by legal persons and legal arrangements. Barbados has taken some corrective actions. The Companies (Amendment) Act 2020-31 has given the CAIPO the authority to effectively

monitor companies' obligations to maintain records. In addition, Barbados set up a compliance unit within the Ministry of International Business and Industry, which serves the Corporate Affairs and Intellectual Property Office (CAIPO) and the International Business Unit (IBU) to ensure that the respective entities under these departments are compliant with their obligations to keep relevant information.

36. With the repeal of the International Business Companies Act and the other regimes that were ring-fenced from the domestic economy, all international companies have been converted into domestic companies and monitored as such by the Compliance Unit. With the launch of regulatory cycles where all the CTSPs and a sample of 20% of their clients have been reviewed, Barbados has started to implement a system of monitoring compliance with legal and beneficial ownership information keeping requirements. However, the monitoring focused on companies with an annual revenue above BBD 1 million (EUR 473 687) through the supervision of CTSPs. In consequence, the monitoring of companies under this threshold (representing around 90% of all companies in Barbados) remains very limited. Therefore, Barbados continues being recommended to strengthen its enforcement of the obligations related to the availability of legal and beneficial ownership information.

37. In addition, a lack of compliance with the annual returns to be filed with the CAIPO (58% of non-compliance), was pointed out in the last report. The situation has remained the same and the gap between registered companies with the CAIPO (more than 38 000) and the compliance with annual filing obligations (around 14 000 annual tax returns with the BRA and around 8 000 annual returns with the CAIPO) indicates the existence of a significant number of non-compliant (active or inactive) companies in Barbados. Annual returns filed with CAIPO require an update on the corporate status/structure throughout the calendar year (e.g. shares issued, value of any charges against the company,) along with a certification of maintenance of beneficial ownership information. BRA annual returns relate to tax matters where every company and every other person who has carried on a business in an income year, whether or not an assessable income has been derived by that person in that income year, shall deliver to the Commissioner a return of his assessable income for that income year. A monitoring exercise is ongoing, and 8 300 inactive companies have already been identified and earmarked to be struck from the Companies Register, but the exercise has so far covered only part of the existing entities. There is a risk that non-compliant entities could operate and interact exclusively with foreign entities and, in such a case, updated legal and beneficial ownership information may not be maintained. This risk materialised in two EOI requests for which Barbados was not able to provide information on non-compliant companies (see Element A.2). A new recommendation is made. Barbados

is recommended to review its system whereby a significant number of non-compliant companies remain with legal personality on the CAIPO's register.

38. During the current peer review period, Barbados received nine requests related to ownership and identity information. Barbados did not report any issue in relation to the availability of identity and ownership information in practice. Peer inputs received for the requests answered during the review period were positive and peers were satisfied.

39. The conclusions are as follows:

### Legal and Regulatory Framework: in place, but certain aspects require improvements

Deficiencies identified/Underlying factor	Recommendations
<p>In Barbados, all companies incorporated under the Companies Act and foreign companies carrying out an undertaking in Barbados are required to maintain up-to-date records of their beneficial owners. However, there is no requirement in the Barbadian Law on the frequency for the review or the update of beneficial owner information for partnerships and trusts. While the principal elements required by the standard with respect to the identification of beneficial owner(s) of legal entities are present, the requirement to identify persons holding a senior managerial position when no beneficial owner is identified is not contemplated in the definition.</p> <p>In accordance with the Companies Act, companies are also required to submit an annual statement by way of the annual return which certifies that accurate and up-to-date beneficial ownership information was maintained for the preceding year, at the registered office of the company. However, the compliance with this obligation is very low (27% in 2021). Although companies must maintain up-to-date records of their beneficial owners, the system in place does not ensure that changes in beneficial ownership are brought to their attention.</p> <p>A second source of beneficial ownership information relies on AML-obliged persons. Beneficial ownership information should be updated by the AML-obliged persons throughout the business relationship. However, there is no specified frequency for updating beneficial ownership information.</p> <p>In addition, the beneficial ownership information may not be available in all cases, as there is no requirement for all legal persons and arrangements to engage AML-obliged persons. Finally, the binding guidelines applicable to legal entities, legal arrangements and AML-obliged persons are inconsistent.</p>	<p>Consistent guidelines should be available to ensure that all entities, arrangements and AML-obliged persons comply with their requirements to identify beneficial owners.</p> <p>Barbados should ensure that, in practice, where no natural person meets the definition of a beneficial owner, the identification of the senior managing official as the beneficial owner is made in accordance with the standard.</p> <p>Barbados should ensure that adequate, accurate and up-to-date beneficial ownership information is available for all relevant legal entities and arrangements in line with the standard.</p>



### Practical Implementation of the Standard: Partially Compliant

Deficiencies identified/Underlying factor	Recommendations
Although penalties for non-compliance with identity and ownership filing and record keeping obligations have been introduced into Barbadian law, they are not effectively applied in practice.	Effective supervisory and enforcement measures should be taken to ensure that all entities comply with their requirements to maintain identity and ownership information.
The Compliance Units under the International Business Unit and the Anti Money Laundering Authority have been recently set up. Regulatory cycles have started on companies with an annual revenue above BBD 1 million (EUR 473 687) through the monitoring of their corporate and trust service providers. However, the supervision of companies under this threshold, representing around 90% of all companies in Barbados, and of general partnerships, where the engagement with corporate and trust service providers is not mandatory, remains very limited.	Barbados is recommended to continue and enlarge its enforcement efforts to all entities with the implementation of a comprehensive and effective supervision and enforcement programme to ensure the availability of accurate and up-to-date legal and beneficial ownership information in line with the standard.
The significant number of non-compliant, and potentially inactive, companies (at least 63% of entities registered with the Commercial Register) that maintain legal personality but do not comply with their filing obligations raises concerns that updated legal and beneficial ownership information might not be available in all cases.	Barbados should review its system whereby a significant number of non-compliant companies remain with legal personality on the Commercial Register and should implement appropriate supervision.

#### ***A.1.1. Availability of legal and beneficial ownership information for companies***

40. Barbados' law provides for the creation of private companies with limited liability (LCs) incorporated under the Companies Act and of societies with restricted liability (SRLs) organised under the Societies with Restricted Liability Act (SRL Act). As of June 2021, there were about 37 000 LCs and about 750 SRLs registered in Barbados.

41. Until December 2018, registered companies could apply to be licensed as international business companies (IBCs), in case of LCs, or international SRLs (ISRLs) in case of SRLs. There were about 2 500 IBCs and about 400 ISRLs. The 2020 Report concluded that the availability of legal

ownership was in line with the standard as IBCs and ISRLs must provide identification of their legal owners within their licensing application to the IBU and must engage an AML-obliged CTSP who will maintain information on their ownership and control structure pursuant to his/her Customer Due Diligence (CDD) obligations. Effective 1 January 2019, the IBC Act was repealed. In addition, the SRL Act was amended, removing all provisions related to ISRLs. As a consequence, the majority of IBCs and ISRLs that were legally entitled to do so, opted to be grandfathered until June 2021. The remaining IBCs and ISRLs automatically became domestic LCs or SRLs. From 1 July 2021, the international companies that had been grandfathered also became domestic LCs or SRLs<sup>3</sup> and no international companies exist anymore.

### *Legal ownership and identity information*

42. The legal ownership and identity requirements for companies are found mainly in the Companies Act requiring that all companies maintain accurate and up-to-date legal ownership information at their registered office in Barbados. There is no requirement to provide any ownership information to the tax administration.

43. In addition, companies with annual revenue exceeding BBD 1 million (EUR 473 687) are required to have their corporate services carried out by a CTSP, licensed under the Corporate and Trust Service Providers Act. Under the AML Act, CTSPs are required to carry out CDD measures which include identification, verification and record-keeping of their customers and some information on their legal owners.

44. The following table summarises the legal requirements to maintain legal ownership information in respect of companies:

#### **Companies covered by legislation regulating legal ownership information<sup>4</sup>**

Type	Company Law	Tax Law	AML Law
LCs	All	None	Some
SRLs	All	None	Some
Foreign companies (tax resident)	All	None	All

3. The International Business Companies Repeal Act 2018-40 specifies that “the articles of a company carrying on business under the International Business Companies Act shall be deemed to have been amended to comply with the Companies Act, and that company shall continue after the commencement of this Act to carry on business under and in accordance with the Companies Act”. A similar provision exists for SRLs in the Societies with Restricted Liabilities (Amendment) Act 2018-47.
4. The table shows each type of entity and whether the various rules applicable require availability of information for “all” such entities, “some” or “none”. “All” means that the

## Legal obligations

45. All companies, including foreign companies doing business in Barbados, must have a registered office in Barbados, where they must maintain an up-to-date register of shareholders, which includes the identity and last known address of each shareholder, the number of shares, the date of acquisition and cessation of the shareholder status.

46. The register must be maintained for a period of not less than six years. If a company ceases to exist, company records must be kept by a person in Barbados, appointed by the court, who has been granted custody of the documents for six years following the date of the company's dissolution.

47. In case of non-compliance, a fine of BBD 100 000 (EUR 47 369) or imprisonment for a term of five years or both is applicable to the company or to the custodian.

48. The AML-obliged persons must apply Customer Due Diligence requirements in respect of their customers. Nevertheless, the AML Law does not explicitly require that the AML-obliged persons keep all information on legal ownership of the companies and the identification of the beneficial owners does not always ensure the identification of all the legal owners. Therefore, although the identification of the beneficial owners may lead, in some cases, to the identification of the legal owners, the AML-obliged persons are not the privileged source for obtaining legal ownership information.

49. Information on the legal owners upon registration with the CAIPO or the tax administration is not required for all domestic and foreign companies, and when it is provided, there is no obligation to update it. The BRA would therefore request the corporate files from the company itself to exchange legal ownership information.

## *Beneficial ownership information*

50. The standard was strengthened in 2016 to require that beneficial ownership information be available on companies. In Barbados, the sources of beneficial ownership information on companies are the companies, which have the obligation to maintain beneficial ownership information under the Companies Act, and the service providers, if engaged by a company in Barbados, which have the obligation to maintain the same with respect to their clients under the AML Act. Each of these legal regimes is analysed below.

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legislation, whether or not it meets the standard, contains requirements on the availability of ownership information for every entity of this type. "Some" means that an entity will be covered by these requirements if certain conditions are met.

51. In Barbados, the threshold of BBD 1 million (EUR 473 687) is important as the provisions for the availability and the supervision of beneficial ownership information differ depending on whether the annual revenue is below or above this threshold:

- For companies with annual revenue lower than BBD 1 million (EUR 473 687), the main source of beneficial ownership information is the obligation of companies to maintain a register of their beneficial owners. The supervision is made by the CAIPO through the IBU Compliance Unit.
- For companies with annual revenue exceeding BBD 1 million (EUR 473 687), the obligation of companies to maintain a register of their beneficial owners is strengthened by the obligation to engage a CTSP in Barbados, who are AML-obligated persons under the AML Act and are required to carry out CDD measures. The supervision is made by the IBU Compliance Unit on the companies themselves but also on the CTSPs.

### Companies covered by legislation regulating beneficial ownership information

Type	Company Law	Tax Law	AML Law
LCs	All	None	Some
SRLs	All	None	Some
Foreign companies (tax resident) <sup>5</sup>	All	None	All

### Legal obligation under the Companies Act

52. All companies incorporated under the Companies Act and foreign companies carrying on business in Barbados are required to maintain up-to-date records of their beneficial ownership (Companies Act, Section 170(2)). To ensure the compliance of companies with this obligation, each year a company must notify the CAIPO that the beneficial ownership information has been maintained at the registered office of the company through the submission of an annual return (Companies Act, Section 15A). This does not include the actual beneficial ownership information; it is just a declaration that the information has been maintained.

53. Some companies are exempt from the requirement to file annual returns with the CAIPO (Companies Act, Section 15A(7)) since they are

5. Where a foreign company has a sufficient nexus, then the availability of beneficial ownership information is required to the extent the company has a relationship with an AML-obligated service provider that is relevant for the purposes of EOIR. (Terms of Reference A.1.1 Footnote 9).

already licensed and regulated by specific regulators in Barbados, which also monitor the company's obligations regarding beneficial ownership. These regulators are:

- the Financial Services Commission (FSC) supervising 32 Credit Unions, 27 Mutual Funds, 258 Pensions and 277 Insurance Companies as of December 2021
- the Central Bank of Barbados (CBB) supervising 30 financial institutions as of December 2021
- the IBU supervising 83 CTSPs as of 30 June 2021 and all the entities that fall under the supervision of a CTSP (Foreign Currency Permit holders, Private Trust Companies, Trusts and Companies with annual revenues above BBD 1 million (EUR 473 687)).

54. The Companies Act contains a general definition of the beneficial owner (and beneficial ownership), which is in line with the standard and clearly requires the identification of an individual with ultimate control. A beneficial owner is defined as “the individual who ultimately owns a body corporate or who exercises the ultimate effective control over the body corporate”. Further, the Companies Act defines beneficial ownership as “the ultimate ownership or control exercised by a beneficial owner over a body corporate in circumstances where ownership or control is exercised through a chain of ownership or by means of control, other than direct control”. Finally, beneficial interest is defined as including “ownership through a trustee, a legal representative, an agent or any other intermediary”. An amendment authorises the CAIPO to issue guidelines on the application or interpretation of the term “beneficial ownership” and the identification of beneficial owners, whether by reference to thresholds in respect of ownership or control or otherwise. Therefore, the definition does not impede the identification of more than one beneficial owner for an entity (paragraphs 61 and 62 of the 2020 Report).

55. The 2020 Report invited Barbados to further develop beneficial ownership requirements under the Companies Act to ensure that beneficial owners, as defined under the standard, are always identified. This in-text recommendation is linked to the application of the cascade approach in cases where beneficial ownership is exercised through means other than ownership interest. It was also not clear by what measures companies should identify and verify their beneficial owners and what the responsibilities of the company are.

56. To address this recommendation, the guidelines relating to the identification of beneficial owners have been updated in July 2021 by

the CAIPO<sup>6</sup> and given binding effect, following an amendment to the Companies Act (Section 448A) in 2020.

57. For the identification, the CAIPO guidelines prescribe that the beneficial owner of a company is a natural person who ultimately owns a body corporate or who exercises the ultimate ownership or control over the body corporate. It is clearly indicated that companies must “obtain information on the identify of natural person(s) who is/are their beneficial owner(s), noting that there may be several beneficial owners of a company”.

58. They indicate that the beneficial owner may be identified by using one or more criteria listed without any indication of steps to follow.

59. The beneficial owner can be a natural person who:

- holds not less than 20% of the shares of the company or
- has a direct or indirect interest in not less than 20% of the shares of the company or
- directly or indirectly holds not less than 20% of the voting shares of the company.

60. The beneficial owner can also be a natural person who has the right to exercise ultimate ownership or control whether formal or informal arrangements over the company, or over the directors or the management of the company, including means of control other than direct control.

61. The CAIPO guidelines provide examples of other means (e.g. joint interest or joint arrangement) but do not provide further details concerning the steps to follow in cases where beneficial ownership is exercised through means other than ownership interest.

62. As such, the CAIPO guidelines do not follow the cascading approach of the Interpretive Note to FATF Recommendation 10 which determines a three-tier approach to identify the beneficial owners: (i) persons having a controlling ownership interest; or (ii) persons exercising control through other means; or (iii) a senior managing official. The CAIPO guidelines follow a simultaneous approach merging the controlling ownership interest and the control through other means, which is in line with the standard. However, the guidelines do not provide for the third criteria as a backstop, the natural person who holds the position of senior managing official should be identified as the beneficial owner when no individual meets the definition. Even if the information about the senior managing official is known as it is mandatory to provide the full name, address and occupation

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6. Guideline for the application and interpretation of the term beneficial ownership and the identification of beneficial owners of companies – July 2021.

of the directors of the company in the annual return, the directors are not necessarily natural persons. In the Companies Act, reference is made to “persons” instead of “natural persons” which may derive in a legal person being identified as the director and thus default beneficial owner, which would not be consistent with the standard as the persons to be identified as beneficial owners should always be natural persons. In addition, the existence of a sanction when no natural person is identified is not sufficient to provide the confidence that a natural person will be identified in all cases. Therefore, **Barbados should ensure that, in practice, where no natural person meets the definition of a beneficial owner, the identification of the senior managing official as the beneficial owner is made in accordance with the standard.**

63. For verification, the legal obligation is in the CAIPO guidelines and not in the Companies Act. Companies must ensure that beneficial ownership information is accurate. This involves verifying how the natural person qualifies as a beneficial owner and verifying the identity. The company should ensure that all relevant identity information is submitted and verified. A company is obliged to conduct verification of the beneficial ownership information when the name of a beneficial owner is entered in the register or when changes to the beneficial ownership information are entered in the register. The CAIPO guidelines also provide for the possibility for the company to voluntarily conduct verification of beneficial ownership information in the register of beneficial owners from time to time. To support the companies, the CAIPO guidelines provide a sample form that companies may use to collect beneficial ownership information.

64. There is no obligation for persons in the chain of ownership to contribute to the identification, verification and update of beneficial ownership information in the CAIPO guidelines. This may lead to situations where the company cannot obtain accurate, adequate and up-to-date beneficial ownership information due to the lack of information on the identity on its beneficial owners or on the changes in its beneficial ownership.

65. The Companies Act requires companies to maintain an up-to-date record of the beneficial ownership information. Companies are required to submit an annual statement by way of the annual return which certifies that accurate and up-to-date beneficial ownership information was maintained for the preceding year, at the registered office of the company. This means that in practice companies are expected to ensure the information is still valid and therefore check that the information recorded is still accurate and up to date. However, only 27% of the companies have filed an annual statement in 2021 (see paragraph 101 on non-compliant companies).

66. The Companies Act provides for different sanctions against the companies or the custodians in case of:

- failure to maintain the beneficial owner information register: a fine of BBD 100 000 (EUR 47 369) or imprisonment of a term of five years or both
- making a false report, return or other document: a fine of BBD 20 000 (EUR 9 474) or imprisonment for two years or both
- failure to produce books, records, documents or information to the CAIPO as requested within 14 days of service of the request: a fine of BBD 100 000 (EUR 47 369) or imprisonment of a term of five years or both)
- failure to comply with the CAIPO guideline: a fine of BBD 100 000 (EUR 47 369) or imprisonment of a term of five years or both.

### **Legal obligation under the Anti-money laundering Act**

67. The AML Act requires AML-obliged persons to carry out CDD measures on an ongoing basis and keep the CDD documentation updated (AML Act, Section 16). The required CDD measures include identification and verification of beneficial owners of their customers (AML Act, Section 15(4)).

68. In Barbados, there is no legal obligation for all entities and arrangements to engage in a continuous relationship with an AML-obliged person established in Barbados.

69. Some companies have an obligation to engage an AML-obliged person. First, companies registered under the Companies Act with annual revenues exceeding BBD 1 million (EUR 473 687) must engage a CTSP in Barbados, who is an AML-obliged person under the AML Act. Second, other entities and arrangements must also engage a CTSP even though their annual revenue does not reach the above revenue threshold, due to their specific nature or activities: Private Trust Companies, Trusts, valid Foreign Currency Permit holders, External Companies (defined in section 324(1)(a) of the Companies Act as “any incorporated or unincorporated body formed under the laws of a country other than Barbados”), Limited partnerships with a partner not incorporated, registered or otherwise constituted in Barbados and entities which have obtained specific permission from Exchange Control Authority to deal in foreign currency.

70. Companies registered under the Companies Act which do not belong to the above categories may engage AML-obliged persons (e.g. financial institutions, lawyers, accountants) in Barbados. However, no figures are available on the number of companies that have a bank account in Barbados or that engage a lawyer or an accountant therein.



71. CTSPs are regulated by the IBU and have CDD obligations in relation to the beneficial ownership information of their clients. Since the AML Act does not contain a definition of beneficial ownership, further clarifications are included in the IBU AML guidelines.<sup>7</sup> According to the AML Act (Section 36), the guidelines are binding and a fine of BBD 5 000 (EUR 2 370) can be applied in case of non-compliance.

72. For the identification, CTSPs must identify the natural person(s) with controlling ownership interest (minimum of 20% shareholding). In case of doubt or if there is no natural person(s) exerting control through ownership interests, CTSPs must identify the natural person(s) exercising control of the company through other means. Where no natural person is identified, CTSPs must identify the relevant natural persons in senior managing positions or those exercising ultimate effective control over the company. In the IBU AML guidelines, reference to “ultimately owns or controls” and “ultimate effective control” refer to situations in which ownership/control is exercised through a chain of ownership or by means of control other than direct control.

73. The IBU AML guidelines provide that CTSPs are responsible for verifying the identity of their customers and must establish procedures for obtaining identification information before any transaction is completed, whenever possible. Once the verification has been completed, the IBU AML guidelines specify that CTSPs must “update identification records on a risk-focused basis to ensure that all existing customer records are current and valid”. However, they do not prescribe a frequency for the review or the update of beneficial owner information. **Consistent guidelines should be available to ensure that all entities, arrangements and AML-obliged persons comply with their requirements to identify beneficial owners.**

74. Other binding guidelines cover specific companies:

- the CBB AML guidelines for financial institutions licensed under the Financial Institutions Act
- the FSC AML guidelines for financial institutions licensed under the Financial Services Commission Act.

75. For the identification, the CBB AML guidelines have the same requirements as the IBU AML guidelines. The FSC AML guidelines refer to the natural person(s) who ultimately owns or controls a customer and/or

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7. Anti-money laundering/combating the financing of terrorism and proliferation guideline for licensees and registrants under The Corporate and Trust Service Providers Act, 2015-12, the Private Trust Companies Act, 2012-22, the Trusts (Miscellaneous Provisions) Act, 2018-49 and the Foreign Currency Permits Act, 2018-44 – October 2021.

the natural person on whose behalf a transaction is being conducted. They also include persons who exercise ultimate effective control over a company (including situations in which ownership/control is exercised through a chain of ownership or by means of control other than direct control) but do not include a backstop rule with the identification of the natural person who holds the position of senior managing official when no beneficial owner is identified in other cases. **Consistent guidelines should be available to ensure that all entities and arrangements comply with their requirements to identify beneficial owners. Barbados should ensure that, in practice, where no natural person meets the definition of a beneficial owner, the identification of the senior managing official as the beneficial owner is made in accordance with the standard.**

76. The CBB AML and FSC AML guidelines prescribe verification of beneficial ownership information prior to opening the account or establishing the business relationship. The degree of verification must be determined on a risk basis. Both guidelines require AML-obliged persons to “update identification records on a risk-focused basis to ensure that all existing customer records are current and valid”. However, they do not prescribe any frequency for the review or the update of beneficial owner information.

77. For specific AML-obliged persons (lawyers and accountants), the AML Authority (AMLA) issued dedicated binding guidelines. For the identification of beneficial owners, the AMLA guidelines have the same requirements as the CBB AML guidelines, except the threshold which is 10% for the controlling ownership interest (instead of 20% for the CBB AML guidelines). The AMLA guidelines prescribe that the identity of the beneficial owner should be verified and provide verification examples and a template for confirmation of customer verification of identity in that respect. AMLA guidelines require lawyers and accountants to review the records “to ensure that all existing customer records are current and valid”. However, they do not prescribe any frequency for the review or the update of beneficial owner information.

78. The AML Act contains various enforcement measures to ensure compliance with its requirements. These measures include administrative sanctions, such as warnings or reprimands, cessation of activities, suspension or revocation of licences, and fines and, in serious cases, imprisonment for up to two years.

### *Conclusion on Legal obligations*

79. The 2020 Report contained an in-text recommendation that Barbados should further develop beneficial ownership requirements under the Companies Act to ensure that beneficial owners, as defined under the standard, are always identified.

80. Sections on legal obligations under the Companies Act and the Anti-money Laundering Act allow Barbados to develop beneficial ownership requirements in different guidelines published by the supervisory authorities, not only under the Companies Act but also under the AML Act. On the one hand, these guidelines are not consistent on the methodology to identify, update and verify beneficial ownership information. In addition, they are not all in line with the international standard, e.g. some of them do not contain the backstop provision where the natural person who holds the position of senior managing official should be identified as the beneficial owner

81. In conclusion, the Companies Act could be the main source of information as it requires all companies to maintain accurate and up-to-date beneficial ownership information and to certify the respect of this requirement by submitting an annual return. However, the compliance with this reporting obligation is very low (27% in 2021, see below). The AML legislation cannot complement it in an effective manner as there is no requirement that every relevant company engages, on a continuous basis, with a financial institution or other AML-obliged persons in all cases. In addition, the CDD obligations (method of identification of the beneficial owners, no specified frequency of updates) are inconsistent for the identification of beneficial owners in line with the standard. Therefore, **Barbados is recommended to have consistent guidelines available to ensure that all entities and arrangements comply with their requirements to identify beneficial owners. Barbados should also ensure that adequate, accurate and up-to-date beneficial ownership information is available for all relevant legal entities and arrangements in line with the standard.**

### *Implementation, enforcement measures and oversight of availability of legal and beneficial ownership information*

82. The 2020 Report concluded that while failure to comply with the obligation to file and keep records about identity, legal and beneficial ownership information is incorporated into Barbados law, it is not effectively supervised in practice. Neither monetary nor non-monetary penalties were imposed in practice in case of non-compliance. Furthermore, there was no system to monitor compliance with ownership and identity information requirements in relation to international companies. Finally, the 2020 Report

pointed to a lack of supervision over the requirements to maintain beneficial ownership information.

83. In 2020, Barbados has implemented a compliance unit for the Ministry of International Business and Industry which serves both the CAIPO and the IBU to ensure that the respective entities under these departments comply with their obligations to keep legal and beneficial ownership information. This single compliance unit is located within the IBU. At the launch of the IBU Compliance Unit, seven consultants were contracted to carry out risk assessment and monitoring of CTSPs together with four other members of the staff. Afterwards, the restructuring of the IBU resulted in an increase bringing the total staff to 12 in the IBU Compliance unit. To support them, manuals have been published about on-site examination, off-site examination and enforcement.

84. Information on the legal and beneficial owners of companies is not kept by any public authority in general in Barbados, but pursuant to the Companies Act, companies incorporated in Barbados must file with the CAIPO an annual return in which they must certify that information on shareholders and beneficial ownership is being maintained at their registered office, unless they are licensed companies carrying out financial services or other licensed activities subject to supervision by other supervisory authorities.

85. During the on-site visit, the CAIPO explained that out of about 31 000 companies registered with CAIPO (see paragraph 103) and subject to the annual return, only 8 324 annual returns were filed from July 2020 to June 2021 (27% compliant). The level of compliance with the filing obligation is therefore very low, which raises concerns on the availability of information kept by companies at their registered office. As mentioned above, two groups of companies should be distinguished: companies with an annual revenue below BBD 1 million are supervised only for their Company law obligations, while those with higher revenue are also supervised through the AML obligations of their service providers.

### **Companies with annual revenue under BBD 1 million**

86. Companies with annual revenue under BBD 1 million (EUR 473 687) are supervised by the CAIPO through the IBU Compliance Unit. As of 30 June 2021, there were 31 000 companies with revenue under BBD 1 million (EUR 473 687) and not under another regulator than the CAIPO. The IBU Compliance Unit has implemented a risk-based monitoring regime to ensure that these entities comply with their obligations to maintain ownership and identity information.

87. The first part of the supervision process consisted in a preliminary electronic questionnaire to determine the level of risk of each entity. The

questionnaire was made available electronically on the CAIPO's website. In order to alert relevant companies about the questionnaire and its purpose, the CAIPO extensively used print media and online media. There were over 8 150 responses of companies which were either reviewed to be risk rated (7 300) or deemed out of scope (850) during the phase 1 of this process. To make the process efficient and eliminate time spent on identifying companies that are inactive, the CAIPO embarked on cleaning its register. This coincided with the regulatory cycle outlined above and resulted in 1 400 companies already struck from the register (which removes the legal personality of the companies) and a further 8 300 identified for strike off. A phase 2 has started in 2022 for the completion of the questionnaire by the remaining 13 000 companies to complete the regulatory cycle.

88. The second part of the supervision process was the assignment of a risk rating based on the responses to the electronic questionnaire and a desk-based review of the corporate documents of the company. As of 30 June 2021, the IBU Compliance Unit completed 1 940 desk reviews (6% of the companies), and as of 30 June 2022, had completed 7 311 desk reviews (23% of the companies) with the following risk ratings: 209 entities rated as high-risk, 862 rated as medium-risk and 6 240 rated as low-risk. High-risk and medium-risk companies will be subject to an on-site inspection. The on-site inspections for low-risk entities will be conducted based on a random sampling. As of October 2022, 7 311 companies have been risk rated (209 high, 862 medium and 6 240 low). Of the 209 high risk entities, 191 have been inspected. Of these 191 companies, 7 were partially compliant (3.7%) and 23 non-compliant (12%) and were issued with directives for remediation. Of these 30 companies, 6 did not remediate within the timeline and received warning letters, after which 2 companies complied with the warning letters. The 4 companies that did not were sanctioned (2%). The penalty applied was BBD 10 000 (EUR 4 737), plus BBD 1 000 (EUR 473) for every day after issuance of the fine until the information has been provided. During the inspections, the IBU Compliance Unit monitors the effectiveness of the internal control and procedures and the maintenance of the beneficial ownership register with its underlying documentation.

89. As of October 2022, 7 311 companies have been risk rated and 1 400 have been struck from the Companies Register. As a result of the efforts undertaken by the BRA and the CAIPO to cross-check their databases, there are 8 300 companies that are inactive and are earmarked to be struck from the Companies Register. Therefore, this left 14 000 companies with revenue under BBD 1 million (EUR 473 687) to be assessed (45%).

90. Some non-monetary sanctions, such as strike-offs, have been applied (1 400 companies struck off the register as of 30 June 2022, 4.5% of the companies). However, the pecuniary sanction provided by Section 175A

of the Companies Act for failure to maintain a shareholder and a beneficial owner register has never been applied because the IBU Compliance Unit has not yet identified a failure of an active company to comply with this obligation.

91. The supervision process has started recently on companies with an annual revenue under BBD 1 million (EUR 473 687), around 25% of which proved some compliance by answering the questionnaire. This part of the supervision, as well as the supervision on the companies that have not yet replied to the initial questionnaire, remains to be finalised. The IBU Compliance Unit will then continue to be in charge of monitoring the entities under the supervision of the IBU and the CAIPO on a regular basis. **Therefore, the recommendation where effective supervisory and enforcement measures should be continued to ensure that all entities comply with their requirements to maintain ownership information is kept, in order to cover the remaining companies not yet supervised.**

### **Companies with annual revenue above BBD 1 million, foreign companies and CTSPs**

92. Companies with annual revenue above BBD 1 million (EUR 473 687) (1 007 companies as of March 2022) and foreign companies (2 391 as of June 2021) are supervised by the IBU Compliance Unit. However, this supervision is broader than for companies below this threshold as it covers the companies and the CTSPs that such companies must engage. CTSPs are AML-obliged and have CDD obligations.

93. For CTSPs, during the previous review period, the Ministry in charge of International Business did not have in place an efficient system of monitoring compliance with beneficial ownership and identity information keeping requirements in respect of all licensed service providers. To address this recommendation, Barbados launched the first regulatory cycle of the CTSPs by the IBU Compliance Unit. It commenced in October 2019 and ended in August 2021 and was conducted using a risk-based approach. During this cycle, all CTSPs were monitored through 84 onsite inspections. In addition to the file of the CTSP itself, the officers of the IBU Compliance Unit examined a 20% sample of the CTSPs' client files. Out of the 84 onsite inspections conducted, 24 CTSPs (i.e. almost 30%) were issued with recommendations relating to customer due diligence, while 2 CTSPs were issued with recommendations relating to record-keeping. These CTSPs have since provided proof of remediation. In terms of sanctions, only administrative sanctions were applied (one CTSP licence was suspended for a period of 30 days, one notice of intention to suspend a CTSP licence for failure to submit a post-inspection remediation plan within the stipulated timeline, two

final request warning letters for unwillingness to comply with the regulatory cycle process) and no pecuniary penalties were applied.

94. A second regulatory cycle started in September 2021 with:

- 31 inspections of 25 new licensees and 6 licensees rated very high or high risk
- 48 follow up reports with medium-risk licensees already monitored during the first cycle
- 31 letters to low-risk licensees to tell them the actions they need to take or to give them a time period to correct the breaches.

95. The Barbados authorities have not yet provided information on the results of this second cycle of enforcement. It is not yet known whether the high level of deficiencies in implementing CDD measures noted in the first cycle has decreased.

96. With the implementation of the IBU Compliance Unit and the launch of regulatory cycles where all the CTSPs in Barbados have been reviewed (jointly with 20% sample of the CTSPs' client files), Barbados has implemented a system of monitoring compliance with ownership and identity information keeping requirements in respect of all CTSPs, as licensed service providers. Barbados will continue the regulatory cycles as its monitoring process. With the transformation of international companies into domestic companies, the recommendation on the supervision of these companies is not relevant anymore. Therefore, **Barbados is recommended to continue the implementation of a comprehensive and effective supervision and enforcement programme to ensure the availability of adequate, accurate and up-to-date legal and beneficial ownership information for all legal entities and legal arrangements, in line with the standard.**

### **AML-obliged persons**

97. CTSPs as well as other relevant non-financial professions (e.g. lawyers and accountants) and financial institutions are AML-obliged persons under the AML Act and are required to carry out CDD measures. If some entities are required to engage a CTSP, there is no obligation to engage a lawyer or an accountant. Barbados has not provided any figure on the number of entities that engage a lawyer or an accountant.

98. The 2020 Report mentioned Barbados was working on the creation of a compliance unit in the Anti-Money Laundering Authority (AMLA). This AMLA Compliance Unit was created by legislative amendment to the AML Act. The Compliance Unit has responsibility for the supervision of Non-Financial Businesses and Professionals (NFBPs, as referenced in the

Second Schedule of the AML Act) including 66 accountants and 956 lawyers. The AML supervision of CTSPs is under the responsibility of the IBU Compliance Unit.

99. The AMLA Compliance Unit is divided into two technical divisions:

- The off-site monitoring division is the first point of contact for the entities. It identifies emerging risks and compliance trends on a macro basis, and also identifies specific entities that may merit increased scrutiny through an inspection or targeted follow-up. Since its creation, the division has conducted 123 desk reviews (9% of the NFBPs).
- The on-site examinations division carries out examinations designed to focus on the NFBP's policies, procedures and controls to ensure that they are assessing and managing their risks and complying with the relevant legislation and guidelines. The requirement for the examination is based on the level of risk which is assessed for each NFBP. The frequency of subsequent examinations will be between one and three years depending on the NFBP's risk profile. Since its creation, the division has conducted six examinations with no failure identified and no sanction applied.

100. With the implementation of the AMLA Compliance Unit, Barbados has started to address the recommendation of the 2020 Report to put in place supervision of lawyers and accountants' obligations to identify beneficial owners of their customers, but examinations have started only recently. Barbados should put in place an effective supervision of lawyers and accountants' obligations to identify beneficial owners of their customers (see Annex 1. List of in-text recommendations).

### *Inactive or non-compliant companies*

101. The 2020 Report mentioned that out of about 26 000 companies required to file annual returns with the CAIPO, about 11 000 comply with their filing requirements (42% compliant). All companies are required under the Companies Act to file annual returns with the CAIPO unless they are licensed companies carrying out financial services or other licensed activities subject to supervision by the IBU, CBB or FSC. The report stated that it was not clear what proportion of the non-filers were inactive companies. The situation deteriorated during the current review period: out of about 31 000 companies registered with CAIPO and subject to the annual return, only 8 324 annual returns were filed from July 2020 to June 2021 (27% compliant).

102. Companies that do not file their annual returns with the CAIPO or do not file their tax returns with the BRA after some consecutive years are not



automatically subject to a strike-off. Considering that 14 251 entities are registered with the BRA (only 37% of all companies registered with the CAIPO) and 8 324 entities filed an annual return with the CAIPO (only 27% of all companies registered with the CAIPO and subject to the annual return) on 30 June 2021, Barbados launched a process to identify inactive companies.

103. As of 30 June 2021, there were approximately 38 000 companies registered with the CAIPO. Of these, 7 000 were under another regulator either by virtue of them having a particular licence, or by having revenue over BBD 1 million (EUR 473 687). Of these 31 000 entities, approximately 7 300 have been risk rated as of 29 July 2022, as part of the monitoring of entities in relation to their beneficial ownership information. In addition, 1 400 have been struck from the register. This left approximately 22 300 companies to be assessed, either in terms of their risk-rating or whether or not they are in fact still operating.

104. As a result of another exercise undertaken by the BRA and the CAIPO to specifically identify inactive companies, in the first half of this year, it is now confirmed, as of 29 July 2022, that out of these 22 300 companies, there are 8 300 that are inactive and are earmarked to be struck from the Companies Register.

105. This means that 14 000 companies are still to be assessed under a second phase of the BO monitoring exercise. The work to risk rate these companies, along with the necessary inspections and follow up process, is still ongoing in August 2022.

106. However, the gap between registered companies with the CAIPO (more than 38 000) and the compliance with annual filing obligations (around 14 000 annual tax returns with the BRA and around 8 000 annual returns with the CAIPO) indicate the existence of a significant number of inactive or non-compliant companies in Barbados (at least 63% of the companies registered with the CAIPO based on the filing with the BRA). The presence of a significant number of companies that maintain legal personality and are not complying with annual filing obligations raises concerns about the availability of accurate and up-to-date legal and beneficial ownership information for LCs and SRLs. There could be cases in which an inactive entity continues to hold assets or conduct transactions, including abroad, and does not maintain or file up-to-date ownership information. The availability of adequate, accurate and up-to-date legal and beneficial ownership information for these entities is not ensured and Barbados would not be able to answer requests from a requesting jurisdiction about them. **Barbados should review its system whereby a significant number of non-compliant companies remain with legal personality on the Commercial Register and should implement appropriate supervision.**

### **A.1.2. Bearer shares**

107. As concluded in the 2020 Report, no company can issue bearer shares or bearer share certificates, pursuant to section 29(2) of the Companies Act.

### **A.1.3. Partnerships**

#### *Types of partnerships*

108. Barbados law provides for two types of partnerships: limited and general partnerships. As of June 2021, there are 22 limited partnerships in Barbados. The number of general partnerships is unknown because the CAIPO registers all business names without distinguishing between sole proprietorships and general partnerships. As such, the figure is given for all business names on the register (72 787 as of 30 June 2021).

#### *Identity information*

109. The 2020 Report concluded that information on the identity of partners in limited and general partnerships is available in Barbados. There have been no changes to the rules since then. The primary sources of information about partnerships are filing requirements with the CAIPO and the BRA.

110. For a limited liability partnership, the information relating to partners is provided to the CAIPO on registration (Limited Partnerships Act, Section 7(d)). Where any change is made or occurs, a statement specifying the nature of the change must be notified to the CAIPO within seven days (Limited Partnerships Act, Section 8(1)(d)). In case of failure, each of the partners shall on summary conviction, be liable to a fine of BBD 5 (EUR 2) for each day during which the default continues (Limited Partnerships Act, Section 8(2)).

111. Since a general partnership is not a legal entity, there is no registration process for the formation of a general partnership. However, if a general partnership conducts business in Barbados, it will need to register under the Registration of Business Names Act and provide information about the identity of its partners, including any subsequent changes, to the CAIPO. Every general partnership having its place of business in Barbados and carrying on business must be registered and send to the CAIPO the prescribed form containing the name, nationality, the usual residence and other business occupation (if any) of each of the individuals who are partners, and the corporate name and registered office of every corporation which is a partner (Registration of Business Names Act, Section 3(a)). The information required to be furnished must be provided within 14 days after the general partnership commences business. General partnerships are also required to

register any changes to the information required above within 14 days after such change has been made. In case of non-compliance, every partner in default shall be liable on summary conviction to a fine of BBD 50 (EUR 24) for every day during which the default continues, and the court shall order a statement of the required information or change in the information to be furnished to the CAIPO.

112. Compliance with partnership registration and registration requirements is monitored in the same way as for companies. **Therefore, effective supervisory and enforcement measures should be taken to ensure that all entities comply with their requirements to maintain identity and ownership information.**

### *Beneficial ownership*

113. The main source of beneficial ownership information on partnerships is requirements on service providers under the AML Act, provided that the partnerships engaged with an AML-obliged person, which is required in some circumstances, but is not necessarily the case.

114. The source of beneficial ownership information depends on the type of partners in the partnership. If the partner is not an individual but a domestic company or arrangement, information on the beneficial owner of such company or arrangement is available in Barbados in accordance with the regulations applicable to such companies and arrangements, subject to the deficiencies identified in section A.1.1.

115. Where foreign entities and foreign arrangements are involved in partnerships, three situations are considered:

- where a partner in a limited partnership is a foreign entity or arrangement, the limited partnership must engage a CTSP in Barbados
- where a foreign entity or arrangement is a partner in a general partnership carrying on business in Barbados, the foreign entity or arrangement falls within the definition of an “external company” under the Companies Act and is required to register in Barbados and this foreign partner must engage a CTSP
- a foreign partnership carrying on business in Barbados is considered an “external company” under the Companies Act, and therefore must register with the Registrar and engage a CTSP in Barbados.

116. To identify beneficial owners of a partnership, CTSPs and other AML-obliged persons are bound by the definition of beneficial owners in the IBU AML guidelines. CTSPs must among others identify each partner,

controller and authorised signatories of the partnership. However, these guidelines do not prescribe any frequency for the review or the update of beneficial owner information. **Barbados is recommended to ensure that adequate, accurate and up-to-date beneficial ownership information is available for all relevant legal entities and arrangements in line with the standard.**

### *Oversight and enforcement*

117. Enforcement of regulations to monitor the availability of partnership beneficial ownership information is implemented in the same manner as companies. **Therefore, Barbados is recommended to continue and enlarge the implementation of a comprehensive and effective supervision and enforcement programme to ensure the availability of accurate and up-to-date legal and beneficial ownership information for all legal entities and legal arrangements, in line with the standard.**

#### **A.1.4. Trusts**

##### *Requirements to maintain identity information in relation to trusts and implementation in practice*

118. As a common law jurisdiction, Barbados recognises the concept of a trust. Trusts can be established under Barbados law but generally do not require registration, except for trusts that provide financial services or generate taxable income in Barbados. The 2020 Report noted that a combination of common law and statutory requirements ensure the availability of information on trusts in Barbados.

119. Under the Trusts (Miscellaneous Provisions) Act, only a person who holds a valid licence under the Financial Institutions Act or the Corporate and Trust Service Providers Act can act as a trustee. Therefore, all persons acting as trustees are AML-obliged persons under the AML Act and required to carry out CDD measures in respect of their customers. Provision of trust services is regulated and supervised by the IBU. In addition, trusts must engage a CTSP, even if the trustee is a financial institution.

120. The IBU AML and the CBB AML guidelines require to identify the settlor, the trustee(s), the protector (if any), the beneficiaries or class of beneficiaries, and any other natural person exercising ultimate effective control over the trust (including through a chain of control/ ownership). For any other types of legal arrangements, it is required to obtain the identity of persons in equivalent or similar positions.

121. To conclude, identification of beneficial owners of domestic and foreign trusts administered in Barbados is available in line with the standard. This is mainly based on the AML requirements of trustees specified under the IBU AML guidelines. However, these guidelines do not prescribe any frequency for the review or the update of beneficial owner information. **Barbados should ensure that adequate, accurate and up-to-date beneficial ownership information is available for all relevant legal entities and arrangements in line with the standard.**

### *Oversight and enforcement*

122. Trusts created under the Trust Act or the Private Trust Companies Act must engage a CTSP and therefore they fall under the supervision of the IBU Compliance Unit through their relationship with a CTSP. This supervision includes the entities and arrangements which are clients of a CTSP. The obligation relative to record-keeping of ownership records relative to trusts under the Trusts Miscellaneous Provisions Act falls under the supervision of the IBU through the monitoring of the Corporate and Trust Service Provider sector. The IBU AML Guidelines provide that the trust service provider must keep all entry records inclusive of verification records for five years after termination. Paragraph 70 speaks specifically of the ownership information to be kept by the trust service provider. Paragraph 170 also provides that these records should be kept for a five-year period following the discontinuation of the service provided.

123. Oversight of the rules concerning availability of beneficial ownership information on trusts is supervised in the same way as in the case of companies. Therefore, conclusions made in Sections A.1.1 and A.1.3 about effective supervisory and enforcement measures apply.

124. With the implementation of the IBU Compliance Unit and the launch of regulatory cycles where all the CTSPs in Barbados have been reviewed (jointly with 20% sample of the CTSPs' client files), Barbados has implemented a system of monitoring compliance with beneficial ownership and identity information keeping requirements in respect of all CTSPs. Therefore, **Barbados is recommended to continue the implementation of a comprehensive and effective supervision and enforcement programme to ensure the availability of accurate and up-to-date legal and beneficial ownership information for all legal arrangements, in line with the standard.**

### **A.1.5. Foundations**

125. At the beginning of the review period, there was no domestic foundation created in Barbados. Barbados repealed the Foundations Act in November 2019 and consequently, no foundation can be created under Barbados' law.

## **A.2. Accounting records**

Jurisdictions should ensure that reliable accounting records are kept for all relevant entities and arrangements.

126. The 2020 Report concluded that the legal and regulatory framework in relation to availability of reliable accounting records for all relevant entities and arrangements was in place. The same conclusion is drawn in the present report. All entities and arrangements are required under the Companies Act and the Tax Law to maintain adequate accounting records, including underlying documentation for at least five years. The IBU AML guideline provides that licensees and registrants must keep reliable accounting records that correctly explain all transactions, enable their financial position to be determined with reasonable accuracy at any time and allow for the preparation of financial statements. The accounting records required to be kept must be preserved for a period of not less than five years after the end of the period to which they relate.

127. In case of cessation, the Tax Law provides that anyone with a duty to keep records and books must keep them (including underlying documents) for at least five years after the end of the relevant tax year. All liabilities and obligations remain and can be enforced against the Director(s) as if the company had not been struck off the register. This also applies to the liability of every Director, Officer and Shareholder of the company or individual. The Companies Act provides that when a company ceases to exist, its records must be kept by a person who has been granted custody of the documents by the Court, for six years from the date the company is wound up. A company cannot be dissolved unless the company or the court has appointed someone to keep the company's documents and records. Similar requirements apply to companies under the SRL Act.

128. The 2020 Report had noted that the obligations of domestic entities to maintain accounting information were primarily monitored by the tax authorities' audits that sought to cover all domestic companies and by the IBU in respect of entities licensed to carry out international business. The 2020 Report found that there was an absence of a rigorous system of monitoring entities' obligations to keep accounting information in all cases and there was minimal enforcement and/or penalties applied generally to

ensure the availability of accounting information in all aspects. Therefore, Element A.2 was rated Partially Compliant.

129. During the current review period the gap between registered companies with the CAIPO (more than 38 000) and the compliance with annual filing obligations (around 14 000 annual tax returns with the BRA and around 8 000 annual returns with the CAIPO) indicates the existence of a significant number of inactive or non-compliant companies in Barbados. There is a risk that they may be carrying out operations within or outside Barbados and, in such cases, accounting information may not be maintained by such companies. Moreover, no sanctions or penalties have been applied in relation to non-compliance with record-keeping obligations. Therefore, Barbados is recommended to ensure that there is adequate oversight of the compliance of all entities with their accounting obligations.

130. During the current review period, Barbados received 11 requests for accounting information and was not able to reply to some requests. Two peers noted the unavailability of tax returns and Barbados was unable to provide the requested tax information since the entities in question were not registered with the BRA.

131. The conclusions for Element A.2 are therefore as follows:

#### Legal and Regulatory Framework: in place

No material deficiencies have been identified in the legislation of Barbados in relation to the availability of accounting information.

#### Practical Implementation of the Standard: Partially Compliant

Deficiencies identified/Underlying factor	Recommendations
Barbados does not have a regular system of oversight in place with respect to all entities. As less than 40% of the entities are registered with the Barbados Revenue Authority, the availability of accounting records may not be ensured through the related tax audit regime	Barbados is recommended to ensure that there is adequate oversight of the compliance of all entities with their accounting obligations.
No sanctions have been applied for any violation of record-keeping obligations. Although sanctions exist, no authority has yet applied them for failing to maintain records as required.	Effective enforcement measures should be taken to ensure that all entities comply with their record-keeping requirements.

Deficiencies identified/Underlying factor	Recommendations
The significant number of inactive companies (at least 63% of entities registered with the Commercial Register) that maintain legal personality but do not comply with their filing obligations raises concerns that accounting information might not be available in all cases. Such entities are not subject to effective supervision.	Barbados should review its system whereby a significant number of non-compliant companies remain with legal personality on the Commercial Register and should implement appropriate supervision.

### ***A.2.1. General requirements and A.2.2. Underlying documentation***

132. The 2020 Report concluded that the legal and regulatory framework in relation to availability of reliable accounting records for all relevant entities and arrangements was in place. Implementation of accounting record keeping obligations is mainly the responsibility of the BRA and the IBU.

#### ***Legal obligation and implementation in practice under the Tax Law***

133. Under the Tax Law, every person required to keep records and books must retain them for a minimum period of five years after the end of the relevant tax year. They are also required to provide financial statements when filing their tax return.

134. The 2020 Report indicated that out of about 29 000 entities registered in Barbados, only about 8 000 are tax registered. Compliance with the tax return filing obligation improved during the review period from 8 793 entities on 1 July 2018 to 16 181 on 30 March 2022. Nevertheless, in practice, out of the 11 requests received on accounting information during the current review period, Barbados was not able to provide tax returns requested by two peers since the entities concerned were not registered with the BRA. With an average filing rate of 37% in the review period, the recommendation about adequate oversight of the compliance of domestic entities with their accounting obligations is maintained in order to be sure that inactive or non-compliant companies do not impede effective supervision.

135. When the BRA audited the entities during the financial year 2021/2022, with respect to entities carrying on domestic business it noted that 87% of the auditees had satisfactory financial information and 86% had satisfactory accounting records; and 3% of the auditees had partially satisfactory financial statements and 4% had partially satisfactory accounting records. The remaining 10% auditees did not have satisfactory financial statements or accounting records. On the other hand, with respect to entities carrying on international business, 62% of the auditees had satisfactory



financial statements and 65% had satisfactory accounting records; 38% of the auditees had partially satisfactory financial statements and 35% had partially satisfactory statements.

136. There is a pending amendment to the Income Tax Act to impose a pecuniary penalty of BBD 10 000 (EUR 4 737) for any person who fails to provide the BRA with the financial statements which must be filed with the tax return.

137. Considering that 14 251 entities are registered with the BRA on 30 June 2021 (only 37% of all companies registered with the CAIPO), the BRA and the CAIPO started a crosschecking exercise. The BRA sent more than 20 000 letters to entities registered with the CAIPO but not registered with the BRA. It led to the registration of 2 460 taxpayers with the BRA for the period during 1 January to 9 March 2022 and 6 419 entities indicating that they are no longer trading, as specified during the on-site visit. The list of these 6 419 entities was forwarded to CAIPO for the entities to be struck off from the company register. The monitoring process is still ongoing, in co-operation between the BRA and the CAIPO. Nevertheless, there is a risk that the remaining companies registered with the CAIPO and not with the BRA could operate and interact with foreign entities and, in that case, accounting information may not be maintained by the company or filed with the BRA. **Therefore, Barbados should review its system whereby a significant number of non-compliant companies remain with legal personality on the Commercial Register and should implement appropriate supervision.**

138. The BRA conducted 212 on-site audits from July 2018 to June 2019 and 353 from July 2019 to June 2020, representing 2.4% of the entities registered with the BRA. These audits verified taxpayer's compliance with all taxes in Barbados and involved in depth analysis of taxpayer's filing and activities, including on-site inspections of the taxpayer premises in some cases. The BRA shifted to 217 off-site audits during the Covid-19 pandemic from July 2020 to June 2021. No sanctions for non-compliance with record-keeping requirements were applied over the review period. For instance, no sanction was applied in the two cases where accounting information was not available and Barbados was not able to provide a reply to its foreign partners. **Therefore, Barbados is recommended to ensure that there is adequate oversight of the compliance of all entities with their accounting obligations. Effective enforcement measures should be taken to ensure that all entities comply with their record-keeping requirements.**

### *Legal obligation and implementation in practice under the Commercial Law*

139. Under Barbados Commercial Law, all domestic and foreign companies are required to prepare and keep adequate accounting records and must also prepare financial statements. The IBU AML guidelines prescribe that all domestic and foreign legal persons and legal arrangements must keep reliable accounting records that correctly explain all transactions, enable the financial position to be determined with reasonable accuracy at any time and allow for the preparation of financial statements. The accounting records required to be kept must be preserved for a period of not less than five years after the end of the period to which they relate. In addition, companies with an annual revenue that, or assets the value of which, exceeds BBD 4 million (EUR 1 894 800) must file their financial statements with the CAIPO. If a company ceases to exist, company records must be kept by a person in Barbados who has been granted custody of the documents for six years following the date of the company's dissolution.

140. As indicated in paragraph 83, Barbados has implemented the IBU Compliance Unit to ensure that all legal persons and arrangements are compliant, including in respect of accounting information. The regulatory cycles launched during the review period focused on companies with an annual revenue above BBD 1 million (EUR 473 687) through the supervision of CTSPs. Even if the monitoring of companies under this threshold is completed by the tax audits of the BRA, the existence of a significant number of companies not registered with the BRA or registered but not complying with their filing obligations impedes the effective supervision of accounting information availability.

141. As presented in Section A.1.1, some non-monetary sanctions, such as strike-offs (1 400 companies struck off the register as of 30 June 2022, 4.5% of the companies) or suspension of licence for CTSPs have been applied, but not for non-compliance with the availability of accounting information. The pecuniary sanction provided by Section 175A of the Companies Act for failure to keep accounting records by legal persons or legal arrangements has never been applied during the review period, as it was the case during the previous review period of the 2020 Report. Therefore, **effective enforcement measures should be taken to ensure that all entities comply with record-keeping requirements.**

### A.3. Banking information

Banking information and beneficial ownership information should be available for all account holders.

142. The 2020 Report had found that banks' record keeping requirements, AML requirements and their implementation in practice were in line with the standard. Nevertheless, an in-text recommendation was made to Barbados to monitor that, where an account holder is a foundation, all beneficial owners are identified in line with the standard. Even if there was no domestic foundation created in Barbados at the beginning of the review period and Barbados repealed the Foundations Act in November 2019 with no possibility to create any foundation anymore, the in-text recommendation is maintained as a foreign foundation can hold a bank account in Barbados and all its beneficial owners should be identified (see Annex 1. List of in-text recommendations).

143. In terms of supervision, the CBB is the regulatory authority of licensees under the Financial Institutions Act (FIA). The CBB has powers of audit and inspection, and its Bank Supervision Department is responsible for the licensing and supervision of relevant entities. This department has 26 staff members and performs offsite and onsite reviews of licensees through sample checks on the identification of clients and beneficial owners and the retention of documents. The CBB conducted 28 on-site inspections during the review period and there were no instances of CBB licensees failing to comply with the filing and updating requirements.

144. The CBB AML guidelines prescribe verification of beneficial ownership information prior to opening the account or establishing the business relationship. The degree of verification must be determined on a risk basis. The CBB guidance is not very prescriptive, recognising that there are multiple factors that are to be considered in the risk classifications. The risk-based approach takes into account the nature and scale of the business, the complexity, volume and size of transactions, the type of customer, of product/service and the value of customer accounts and frequency of transactions, among others. Further to this, the CBB has provided additional guidance on specific categories of clients that are inherently high-risk (e.g. Politically Exposed Persons). The CBB AML guidelines require AML-obliged persons to "update identification records on a risk-focused basis to ensure that all existing customer records are current and valid". However, they do not prescribe a frequency for the review or the update of beneficial owner information. During the on-site visit, the representatives of the Bank Association indicated that in practice, the review is every year for high-risk clients, every two years for medium-risk clients and when the opportunity arises for low-risk clients. The CBB explained the significant activities

conducted during on-site inspections with the assessment of the application of AML policies and of CDD procedures (record keeping, client identification, beneficial ownership and ongoing monitoring). During the assessment, there is a review of the relevant documentation (policies, risk assessment methodology, training materials) and a test of files such as customer files or transactions, or compliance testing scripts. This means that it cannot be guaranteed that up-to-date information on the beneficial ownership for low-risk clients of bank accounts will always be available. **Barbados is therefore recommended to ensure that up-to-date beneficial ownership information on all bank accounts is available in line with the standard at all times.**

145. Over the review period, no deficiency in relation to the availability of banking information has been noted. Barbados received 18 requests for banking information and was able to reply to all of them. Banking information requested included bank statements of entities and arrangements, opening and closing of bank account statements and other related documents. Peers were satisfied with the banking information received.

146. The table of determination and rating is as follows:

**Legal and Regulatory Framework:  
in place, but certain aspects require improvements**

Deficiencies identified/Underlying factor	Recommendations
There is no specified frequency of updating beneficial ownership information; so there could be situations where the available beneficial ownership information is not up to date.	Barbados should ensure that up-to-date beneficial ownership information on all bank accounts in line with the standard is available.

**Practical Implementation of the Standard: Largely Compliant**

No issues have been identified in the implementation of the existing legal framework on the availability of banking information. However, once the recommendation on the legal framework is addressed, Barbados should ensure that the legislation is applied and enforced in practice.

## Part B: Access to information

147. Sections B.1 and B.2 evaluate whether Competent Authorities have the power to obtain and provide information that is the subject of a request under an EOI arrangement from any person within their territorial jurisdiction who is in possession or control of such information, and whether rights and safeguards are compatible with effective EOI.

### B.1. Competent Authority's ability to obtain and provide information

Competent Authorities should have the power to obtain and provide information that is the subject of a request under an exchange of information arrangement from any person within their territorial jurisdiction who is in possession or control of such information (irrespective of any legal obligation on such person to maintain the secrecy of the information).

148. In Barbados, the Minister of Finance and Economic Affairs and Investment of Barbados is the Competent Authority for exchange of information purposes. The minister delegated this responsibility to the Revenue Commissioner of the Barbados Revenue Authority (BRA).

149. The 2020 Report found that the tax authorities have the powers to make enquires, inspect documents, search and seize information without restrictions. Therefore, the legal and regulatory framework was determined to be in place.

150. However, Barbados experienced significant delays in obtaining complete responses to requests for banking or accounting information and, despite these delays, compulsory powers were not used. Therefore, Barbados was recommended to use its compulsory powers in all EOI cases to ensure that all information for exchange of information purposes is obtained in a timely manner.

151. Since 2020, Barbados has taken initiatives to reduce the response time of information holders, and therefore ultimately improved the timeliness

of the replies to EOI requests (see Element C5).<sup>8</sup> Part of this improvement is due to the relationships built between the EOI unit of the BRA and information holders like CTSPs or the banking sector, with the designation of single points of contacts within CTSPs. Six information sessions were held with information holders on the role of thirds parties in providing information to the Competent Authority and the powers of the BRA. The information sessions were held on October 2020, February 2021, May 2021, August 2021, November 2021 and February 2022.

152. If the response time has been generally shortened during the current review period, certain issues remain with the exercise of the BRA's access powers. In one case, the information holder did not provide information in a timely manner, leading to delays in the exchange of information. The BRA did not apply any sanctions or take enforcement action in response to this delay. In addition, when information was provided, the information holder had redacted parts of the documents. The BRA spoke with the taxpayer and the unredacted information was provided and submitted to the requesting jurisdiction. Again, the BRA did not need apply any sanctions.

153. More generally, there was very limited evidence of the use of sanctions for non-provision of information, including in non-EOI cases.

154. Barbados reported having imposed no penalty on an information holder during the review period for not providing the requested information. The BRA's failure to exercise its full enforcement powers has led to delays in exchange in practice before the period under review, and may undermine effective exchange in the future. Therefore, while the deficiency identified in the 2020 Report about the delay from banks and accountants is not relevant anymore, concerns remain about the operation of the BRA's enforcement of its access powers in practice. The recommendation remains.

155. With respect to the legal privilege, the 2020 Report noted that there was no case during the period under review where a person refused to provide the requested information because of professional secrecy. However, in only one instance during the current review period, legal privilege was initially claimed to prevent compliance with an information request, although Barbados eventually obtained some requested information from the information holder. Access to information may be hindered in practice due to possible persistent ambiguity in the private sector regarding the application of professional secrecy to information required by EOI agreements. Barbados should monitor the practice of attorney-client privilege to ensure

8. In the current review period (1 July 2018 to 30 June 2021), Barbados received 36 requests out of which it was able to respond to 31 requests within one year while 3 requests were responded to after one year (the other two request were subsequently withdrawn by the requesting jurisdiction).

that it does not impede the effective exchange of information in accordance with the standard (see Annex 1. List of in-text recommendations).

156. The determination for this Element continues to remain in place and the Element continues to be rated as Largely Compliant.

157. The conclusions are as follows:

### Legal and Regulatory Framework: in place

No material deficiencies have been identified in the legislation of Barbados in relation to access powers of the Competent Authority.

### Practical Implementation of the Standard: Largely Compliant

Deficiencies identified/Underlying factor	Recommendations
Despite having sanctions for non-compliance with a request for information, the authorities of Barbados have not applied enforcement procedures in a streamlined and effective manner to ensure compliance by information holders.	Barbados is recommended to use its compulsory powers whenever necessary to ensure that all requested information is obtained in a timely manner for exchange purposes.

## B.2. Notification requirements, rights and safeguards

The rights and safeguards (e.g. notification, appeal rights) that apply to persons in the requested jurisdiction should be compatible with effective exchange of information.

158. The 2020 Report concluded that rights and safeguards contained in Barbados' law remain compatible with effective EOI and their application in practice does not unduly prevent or delay exchange of information. Indeed, Barbados' law does not require notification of the taxpayer subject of the request either prior to exchanging the information or at a later stage. In addition, the risk that the holder of the information may inform the person concerned of the existence of a request is limited, since the holder him/herself is not formally informed of the existence of the EOI request.

159. Following a tax assessment, a taxpayer can file an objection to the tax Commissioner or subsequently with the Barbados Revenue Appeals Tribunal. Barbados authorities explained during the on-site visit that this possibility is rather limited in EOI cases, as the access to information does not raise tax assessment issues in Barbados and a notice requesting information cannot be subject to administrative objection.

160. The taxpayer or information holder concerned with the request may appeal to the court for judicial review of the actions of the tax authority. The 2020 Report mentioned a case about a request received in 2010. In 2012, a taxpayer went to court to challenge the request. The claim was withdrawn in July 2019 and therefore no judgement has been issued. Considering the length of the procedure and despite the withdrawal of the claim, the recommendation where Barbados is recommended to monitor the use of appeal rights in the exchange of information context and, if necessary, take measures to ensure that information remains to be exchanged in an effective manner is maintained (see Annex 1. List of in-text recommendations). There has been no change in Barbados laws or practice in this respect since the 2020 Report. The determination for this Element continues to remain in place and the Element continues to be rated as Compliant.

161. The table of determination and rating continues to remain as follows:

#### **Legal and Regulatory Framework: in place**

The rights and safeguards that apply to persons in Barbados are compatible with effective exchange of information.
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#### **Practical Implementation of the Standard: Compliant**

The application of the rights and safeguards in Barbados is compatible with effective exchange of information.
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## Part C: Exchange of information

162. Sections C.1 to C.5 evaluate the effectiveness of Barbados' network of EOI mechanisms – whether these EOI mechanisms provide for exchange of the right scope of information, cover all Barbados' relevant partners, whether there were adequate provisions to ensure the confidentiality of information received, whether Barbados' network of EOI mechanisms respects the rights and safeguards of taxpayers and whether Barbados can provide the information requested in an effective manner.

### C.1. Exchange of information mechanisms

Exchange of information mechanisms should provide for effective exchange of information.

163. Barbados has an EOI relationship with 149 partners through 34 bilateral instruments, the Caribbean Community (CARICOM) Income Tax Treaty and the Convention on Mutual Administrative Assistance in Tax Matters (Multilateral Convention) (see ANNEX 2. List of Barbados' EOI mechanisms). The number of partners has increased since 2020 as more jurisdictions now participate in the Multilateral Convention.

164. The 2020 Report had observed that all EOI relationships met the standard. No new agreement was signed during the review period and no issue is identified or reported on implementation and interpretation of the EOI instruments by the Barbadian Competent Authority.

165. The following table summarises outcomes of the analysis under Element C.1 in respect of Barbados' EOI mechanisms.

### EOI mechanisms

<b>Total EOI relationships, including bilateral and multilateral or regional mechanisms</b>	<b>149</b>
In force	140
In line with the standard	138
Not in line with the standard	2 <sup>a</sup>
Signed but not in force	9 <sup>b</sup>
In line with the standard	9
Not in line with the standard	0
<b>Total bilateral EOI relationships not supplemented with multilateral or regional mechanisms</b>	<b>2<sup>c</sup></b>
In force	2
In line with the standard	2
Not in line with the standard	0
Signed but not in force	0
In line with the standard	0
Not in line with the standard	0

Notes: a. Guyana and Trinidad and Tobago, through the CARICOM agreement.

b. See Annex 2 on list of jurisdictions in which the Multilateral Convention has not entered into force.

c. Cuba and Venezuela.

166. The determination for this Element continues to remain in place and the Element continues to be rated as Compliant.

167. The conclusions are as follows:

#### Legal and Regulatory Framework: in place

No material deficiencies have been identified in the EOI mechanisms of Barbados

#### Practical Implementation of the Standard: Compliant

No issues have been identified that would affect EOIR in practice.

## C.2. Exchange of information mechanisms with all relevant partners

The jurisdiction's network of information exchange should cover all relevant partners, meaning those jurisdictions who are interested in entering into an information exchange arrangement.

168. The 2020 Report found that Element C.2 was in place and the Element was rated Compliant. The observations made in the 2020 Report continue to remain applicable as such.

169. Participation in the Multilateral Convention has increased since the 2020 Report and Barbados now has 149 EOI partners (jurisdictions participating in the Multilateral Convention, Cuba and Venezuela).

170. No Global Forum members indicated that Barbados refused to negotiate or sign an EOI instrument with it. As the standard ultimately requires that jurisdictions establish an EOI relationship up to the standard with all partners who are interested in entering into such relationship, Barbados should continue to conclude EOI agreements with any new relevant partner who would so require (see Annex 1. List of in-text recommendations).

171. The conclusions are as follows:

### Legal and Regulatory Framework: in place

The network of information exchange mechanisms of Barbados covers all relevant partners.

### Practical Implementation of the Standard: Compliant

The network of information exchange mechanisms of Barbados covers all relevant partners.

## C.3. Confidentiality

The jurisdiction's information exchange mechanisms should have adequate provisions to ensure the confidentiality of information received.

172. The 2020 Report concluded that the legal and regulatory framework in Barbados to ensure the confidentiality of information received was in place and the Element was rated as Compliant. Since then, there have been no significant changes in the procedures and legal framework in relation to confidentiality.

173. In Barbados, there were no explicit rules covering EOI information (either in the laws or regulations or in the EOI Manual) where disclosure of information is requested by the taxpayer, the information holder, the court or other third parties. Therefore, the 2020 Report had made an in-text recommendation that Barbados should monitor confidentiality of EOI information so that any breach of the confidentiality standard is prevented. In the meantime, Barbados has included a chapter on data security in the EOI manual. This chapter covers rules about the storage, access and retention period (seven years) of documents held by the EOI Unit. In any case, when the information is requested from the taxpayer or third parties, only the minimum information contained in the requesting Competent Authority letter necessary to obtain or provide the requested information is disclosed. Therefore, Barbados addressed the recommendation to monitor confidentiality of EOI information so that any breach of the confidentiality standard is prevented.

174. The 2020 Report concluded that Barbados has taken practical steps to ensure the confidentiality of information exchanged. This included practical measures at the Competent Authority level, such as keeping all confidential information received in a locked cabinet, accessible only by those authorised to handle EOI when necessary. Since then, a system administrator was hired in the Global Relations Unit, under the Tax Audit and Collection Division of the BRA to develop the confidentiality framework for electronic documents. Barbados is developing a new exchange of information on request (EOIR) software solution to be implemented in 2022, to manage the flow of requests with strict confidentiality rules and to monitor deadlines and statistics.

175. There have been no issues relating to security in practice.

176. The determination for this Element continues to remain in place and to be rated as Compliant.

177. The table of determination and rating continues to remain as follows:

#### **Legal and Regulatory Framework: in place**

No material deficiencies have been identified in the EOI mechanisms and legislation of Barbados concerning confidentiality.

#### **Practical Implementation of the Standard: Compliant**

No material deficiencies have been identified and the confidentiality of information exchanged is effective.

## C.4. Rights and safeguards of taxpayers and third parties

The information exchange mechanisms should respect the rights and safeguards of taxpayers and third parties.

178. The 2020 Report concluded that the legal and regulatory framework in Barbados concerning rights and safeguards of taxpayers and third parties was in place and the Element was rated as Compliant. Since then, there have been no significant changes in the procedures and legal framework in relation to rights and safeguards.

179. In the 2020 Report, there was no case during the period under review where a person refused to provide the requested information because of professional secrecy. However, in only one instance during the current review period, legal privilege was initially claimed to prevent compliance with an information request, although Barbados eventually obtained some requested information from the information holder who claimed the legal privilege.

180. Access to information may be hindered in practice due to possible persistent ambiguity in the private sector regarding the application of professional secrecy to information required by EOI agreements. Barbados should monitor the practice of attorney-client privilege to ensure that it does not impede the effective exchange of information in accordance with the standard (see Annex 1. List of in-text recommendations).

181. The determination for this Element continues to remain in place and the Element continues to be rated as Compliant.

182. The table of determination and rating continues to remain as follows:

### Legal and Regulatory Framework: in place

No material deficiencies have been identified in the information exchange mechanisms of Barbados in respect of the rights and safeguards of taxpayers and third parties.

### Practical Implementation of the Standard: Compliant

No material deficiencies have been identified in respect of the rights and safeguards of taxpayers and third parties.

## C.5. Requesting and providing information in an effective manner

The jurisdiction should request and provide information under its network of agreements in an effective manner.

183. The 2020 Report found that Barbados did not regularly provide status updates to its EOI partners when the Competent Authority was unable to send a substantive response within 90 days. It was also noted that Barbados had had trouble in responding to EOI requests in a timely manner. Furthermore, Barbados' communication with partners was found deficient as it had not been responsive to follow-up communication seeking to clarify the provided information. Element C.5 was rated "Partially Compliant".

184. During the current review period, Barbados made persistent efforts to improve the operation of EOIR in practice and to address the recommendations made in the 2020 Report. Barbados has implemented several practical measures which ensure an effective exchange of information. These include a management tool and an update of the EOI manual.

185. As a result of the efforts put in place, Barbados was able to improve the timeliness of responding to requests. The proportion of requests responded to within 90 days and within 180 days has risen respectively from 22% and 44% in the 2020 Report to 41% and 82% during the current review period. The improvement in timeliness has been much higher in the last year of the review period (73% of the requests received answered within 90 days and 100% within 180 days), after putting in place the monitoring system.

186. The improvement made to its internal organisation and overall effectiveness in providing information translated into positive feedback from peers, many of whom expressed satisfaction with Barbados' responsiveness. Peers have commented favourably on the ease of communication with the Competent Authority, acknowledging that Barbados addressed the in-text recommendation to further broaden the use of electronic means to facilitate effective communication. This is in line with the streamlined procedures and enhanced resources that Barbados put in place for EOIR.

187. Barbados provided status updates in some cases at the beginning of the review period and did not provide status updates during the COVID-19 lockdown while staff were working from home and therefore did not have access to computer systems. Since this period, Barbados managed to provide status updates in all cases and Barbados should ensure that this improving trend continues.

188. Overall, considering the improvements made by Barbados, the rating for Element C.5 is revised to "Compliant" as against "Partially Compliant" in the 2020 Report.

189. The conclusions are as follows:

### Legal and Regulatory Framework

This element involves issues of practice. Accordingly, no determination has been made.

### Practical Implementation of the Standard: Compliant

Deficiencies identified/Underlying factor	Recommendations
During the period under review, Barbados has not always provided status updates to its EOI partners within 90 days when the Competent Authority was unable to provide a substantive response.	Barbados should systematically provide an update or status report to its EOI partners within 90 days when the Competent Authority is unable to provide a substantive response within that time.

#### ***C.5.1. Timeliness of responses to requests for information***

190. Over the period under review (1 July 2018 to 30 June 2021), Barbados received 36 requests for information. The requests related to (i) ownership information (9 cases), (ii) accounting information (11 cases), (iii) banking information (18 cases) and (iv) other types of information (31 cases). Barbados' most significant EOI partners for the period under review (by virtue of the number of exchanges with them) were Canada, Spain, the United Kingdom and the United States.

191. The following table relates to the requests received during the period under review and gives an overview of response times of Barbados in providing a final response to these requests, together with a summary of other relevant factors affecting the effectiveness of Barbados' practice during the period reviewed.

### Statistics on response time and other relevant factors

		1 July 2018- 30 June 2019		1 July 2019- 30 June 2020		1 July 2020- 30 June 2021		Total	
		Num.	%	Num.	%	Num.	%	Num.	%
Total number of requests received	[A+B+C+D+E]	8		13		15		36	100
Full response: ≤ 90 days		3	38	0	0	11	73	14	41
≤ 180 days (cumulative)		5	63	8	73	15	100	28	82
≤ 1 year (cumulative)	[A]	6	75	10	91	15	100	31	91
> 1 year	[B]	2	25	1	9	0	0	3	9
Declined for valid reasons		0	0	0	0	0	0	0	0
Outstanding cases after 90 days		5	100	11	100	4	100	20	100
Status update provided within 90 days (for outstanding cases with full information not provided within 90 days, responses provided > 90 days)		2	40	1	9	4	100	7	35
Requests withdrawn by requesting jurisdiction	[C]	0	0	2	15	0	0	2	6
Failure to obtain and provide information requested	[D]	0	0	0	0	0	0	0	0
Requests still pending at date of review	[E]	0	0	0	0	0	0	0	0

**Notes:** Barbados counts each request with multiple taxpayers as one request, i.e. if a partner jurisdiction is requesting information about four persons in one request, Barbados counts that as one request. If Barbados received a further request for information that relates to a previous request, with the original request still active, Barbados will append the additional request to the original and continue to count it as the same request.

The time periods in this table are counted from the date of receipt of the request to the date on which the final and complete response was issued.

For the period 1 July 2019 to 30 June 2020, the percentage is calculated on 11 requests instead of 13. As mentioned in Paragraph 197 about two requests withdrawn during this period, considering the time of the withdrawal and the impossibility for Barbados to provide a reply in such a short timeframe, those two requests are not taken into account when calculating the response times.

192. Barbados managed to respond to 41% of the requests within 90 days as against 22% during the previous review period under the 2020 Report. Similarly, requests answered within 180 days increased to 82% as against 44% in the 2020 Report. Within one year, Barbados was able to respond to 91% of the requests as against 52% during the review period for the 2020 Report. There is no pending request as of the cut-off date as against 15% reported in the 2020 Report. Between the two periods, the types of requests received have not changed but the volume has increased by 33%, from 27 requests in the 2020 Report to 36 during the current period under review.

193. The COVID-19 pandemic had an impact, notably in early 2020 when tax officials were not allowed to go to the office and did not have the



possibility to work remotely in the absence of adequate resources (no laptops, no access to emails or internal database). Therefore, the time taken to process the requests and to gather the information requested was higher and no replies were provided within 90 days in early 2020. However, the tax administration rapidly adapted its work organisation and managed to enhance the timeliness with 73% of the requests received from July 2020 to June 2021 replied within 90 days and all of them answered within 180 days.

194. The improvement has come about thanks to efforts to streamline the process of answering requests and putting in place a dedicated team to oversee the functioning of the EOIR. The BRA has implemented electronic means of communication with encrypted emails to improve on the timely delivery of EOI requests, for receiving the requested information from the relevant stakeholders and sending the requested information electronically to the requesting jurisdiction.

195. Moreover, collaboration with information holders, especially the CAIPO, has increased substantially. The BRA held training sessions with relevant stakeholders with respect to their roles in providing the BRA with the requested information and the consequences that will follow if the information is not provided in a timely manner (see also section B.1).

196. Six requests were not fully dealt with within 180 days. One of them relates to the case mentioned under Element C.4 about professional secrecy. Three other requests were received during the height of the COVID-19 pandemic when Barbados was under lockdown. The two remaining requests were received at the beginning of the review period when the relationship with information holders was less effective. This impeded the collection of information.

197. Two requesting jurisdictions withdrew their requests soon after their receipt by Barbados, as they obtained the information requested by other means (within a month for the first request and within three months for the second request). Considering the time of the withdrawal and the impossibility to Barbados to provide a reply in such a short timeframe, those two requests are not taken into account when calculating the response times.

198. Barbados has done markedly better from the previous peer review period, and the recommendation issued in the 2020 Report is addressed. However, the lack of application of sanctions when the access to the information is compromised undermines the effective exchange of information (see section B.1.4 above). Barbados should continue its progress to further improve the EOI processes and ensure that the timeliness of providing responses to requests continues improving (see Annex 1. List of in-text recommendations).

199. During the review period, Barbados was not able to provide all the information in all cases. Barbados failed to provide tax returns requested in two cases (5% of the requests received) because the taxpayers had failed to submit them. Barbados informed the requesting jurisdictions in due time and provided the remaining requested information. Barbados never declined any request.

### *Status updates and communication with partners*

200. During the first year of the review, Barbados provided status updates in only 40% of the cases where the Competent Authority was unable to provide the information within 90 days. The second year of the review was affected by the COVID-19 pandemic. Barbados provided status updates in only 9% of the cases as during the COVID-19 lockdown staff were working from home and therefore did not have access to computer systems. It was only from 2020, during the third year of the review, that Barbados provided status updates in all cases.

201. In practice, Barbados' EOI manual requires that where a response cannot be provided within 90 days, the requested jurisdiction should be notified as to why the information cannot be provided. Update replies are also to be provided every 30 days to inform on the progress made to gather the requested information.

**202. Barbados should systematically provide an update or status report to its EOI partners within 90 days when the Competent Authority is unable to provide a substantive response within that time.**

203. All the peers who provided inputs were satisfied with the availability and responsiveness of the Competent Authority and found it easy to establish contact with it through email. The Barbados Competent Authority communicates with treaty partners usually through emails for correspondence, but also through telephone conversations or virtual meetings. Therefore, Barbados addressed the recommendation to improve communication with partners, as well as the in-text recommendation where Barbados was recommended to further broaden the use of electronic means to facilitate effective communication.

## ***C.5.2. Organisational processes and resources***

### *Organisation of the Competent Authority*

204. The 2020 Report concluded that Barbados' processes and resources are in place to ensure effective exchange of information. The EOI work remains organised and resourced largely in the same way as at the time of

the 2020 Report. The EOI unit is the Global Relations Unit, under the Tax Audit and Collection Division of the BRA.

### *Resources and training*

205. The EOI team comprises one Manager, two Audit Seniors, one System Administrator and four Administrative Assistants. Barbados has provided regular trainings to the staff involved in EOI work. This staffing appears to be appropriate to the volume of requests sent and received, i.e. 12 per year on average.

### *Incoming requests*

206. EOI requests are received by the Competent Authority, usually the Revenue Commissioner of the BRA. They must be directed to the EOI Unit on the day it is received. An Administrative Assistant opens the request and stamps all documents with the date of receipt and a stamp indicating their confidential nature. All requests must be brought to the attention of the Manager and an Audit Senior. Where the EOIR case is sent by way of an encrypted email, an Administrative Assistant notifies the requesting jurisdiction when the file is successfully decrypted. In all cases, an acknowledgement letter is prepared for signature and issued by the EOI Unit within 24-48 hours of receipt. Prior to the Covid-19 pandemic, the acknowledgement letter was sent by physical post. All acknowledgment letters are now sent via email unless another medium is requested by an exchange partner. The requests are recorded in an Excel spreadsheet at the EOI Unit and are monitored for timeliness and status updates by the Manager and the Audit Seniors.

207. All EOIR cases are examined by an Audit Senior on receipt to check the validity and completeness of the request in the light of the relevant treaty requirements, and ascertain that the request is clear, specific, and foreseeably relevant. Where the information provided is insufficient to process the case, the Audit Senior asks the requesting jurisdiction by way of a letter or email to provide further particulars to allow the EOIR case to be processed. During the on-site visit, Barbados indicated that in one case they requested for clarification and the requesting jurisdiction replied within 15 days. Upon completion of the validation process, the Audit Senior allocates the case to an Administrative Assistant for the necessary action. If the information is available with the BRA, the information is provided. Otherwise, the EOI Unit gathers the information directly by contacting the information holder. In all movements of the file, confidentiality measures are strictly followed, and only authorised personnel are allowed to be in possession of any files and are solely responsible for the confidentiality of the information.

### *Outgoing requests*

208. For outgoing requests, the method of processing the requests as described in the 2020 Report is still applicable and described in the EOI manual.

209. During the period under review, Barbados sent two requests for information to its treaty partners. No clarifications were sought from Barbados and peers have informed that the requests met the foreseeable relevance standard.

#### ***C.5.3. Unreasonable, disproportionate or unduly restrictive conditions for EOI***

210. There are no factors or issues identified outside of the Section above, that could unreasonably, disproportionately or unduly restrict effective EOI in Barbados.

## Annex 1: List of in-text recommendations

The Global Forum may identify issues that have not had and are unlikely in the current circumstances to have more than a negligible impact on EOIR in practice. Nevertheless, the circumstances may change, and the relevance of the issue may increase. In these cases, a recommendation may be made; however, it should not be placed in the same box as more substantive recommendations. Rather, these recommendations can be stated in the text of the report. A list of such recommendations is reproduced below for convenience.

- Section A.1.1: Barbados should put in place an effective supervision of lawyers and accountants' obligations to identify beneficial owners of their customers (paragraph 100).
- Section A.3: Barbados should monitor that, where an account holder is a foundation, all beneficial owners are identified in line with the standard (paragraph 142).
- Elements B1 and C.4: Barbados should monitor the practice of attorney-client privilege to ensure that it does not impede the effective exchange of information in accordance with the standard (paragraphs 155 and 180)
- Element B.2: Barbados should monitor the use of appeal rights in the exchange of information context and, if necessary, take measures to ensure that information remains to be exchanged in an effective manner (paragraph 160)
- Element C.2: Barbados should conclude EOI agreements with any new relevant partner who would so require (paragraph 170).
- Section C.5.1: Barbados should continue its progress to further improve the EOI processes and ensure that the timeliness of providing responses to requests continues improving (paragraph 198).

## Annex 2: List of Barbados' EOI mechanisms

### Bilateral international agreements for the exchange of information

	EOI partner	Type of agreement	Signature	Entry into force
1	Austria	DTC	27-Feb-06	01-Apr-07
2	Bahrain	DTC	03-Dec-12	26-Jul-13
3	Botswana	DTC (+Protocol)	23-Feb-05	12-Aug-05
4	Canada	DTC (+Protocol)	22-Jan-80	22-Dec-80
5	China (People's Republic of)	DTC (+Protocol)	15-May-00	27-Oct-00
6	Cuba	DTC	17-Jun-99	16-Mar-00
7	Cyprus <sup>9</sup>	DTC	03-May-17	11-Sep-17
8	Czech Republic	DTC	26-Oct-11	06-Jun-12
9	Denmark	TIEA	03-Nov-11	14-Jun-12
10	Faroe Islands	TIEA	03-Nov-11	25-Jun-13
11	Finland	DTC (+Protocol)	15-Jun-89	20-Aug-92
12	Greenland	DTC	03-Nov-11	02-May-12
13	Iceland	DTC	03-Nov-11	24-Feb-12
14	Italy	DTC	24-Aug-15	17-Oct-17

9. Note by Türkiye: The information in this document with reference to “Cyprus” relates to the southern part of the Island. There is no single authority representing both Turkish and Greek Cypriot people on the Island. Türkiye recognises the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of the United Nations, Türkiye shall preserve its position concerning the “Cyprus issue”.

Note by all the European Union Member States of the OECD and the European Union: The Republic of Cyprus is recognised by all members of the United Nations with the exception of Türkiye. The information in this document relates to the area under the effective control of the Government of the Republic of Cyprus.

15	Luxembourg	DTC	01-Dec-99	08-Aug-11
16	Malta	DTC (+Protocol)	05-Dec-01	19-Jun-02
17	Mauritius	DTC (+Protocol)	28-Sep-04	28-Jan-05
18	Mexico	DTC	07-Apr-08	16-Jan-09
19	Netherlands	DTC (+Protocol)	28-Nov-06	12-Jul-07
20	Norway	DTC (+Protocol)	15-Nov-90	03-Jul-91
21	Panama	DTC	21-Jun-10	18-Feb-11
22	Portugal	DTC	22-Oct-10	06-Oct-17
23	Qatar	DTC	06-Dec-12	05-Jun-13
24	San Marino	DTC	14-Dec-12	06-Aug-13
25	Seychelles	DTC	19-Oct-07	24-Apr-08
26	Singapore	DTC	15-Jul-13	25-Apr-14
27	South Africa	TIEA	17-Sep-13	19-Jan-15
28	Spain	DTC	01-Dec-10	14-Oct-11
29	Sweden	DTC (+Protocol)	01-Jul-91	01-Dec-91
30	Switzerland <sup>10</sup>	DTC	Extension on 20-Aug-63	26-Aug-63
31	United Arab Emirates	DTC	22-Sep-14	18-Feb-16
32	United Kingdom	DTC	26-Apr-12	19-Dec-12
33	United States	DTC (+ Protocols)	31-Dec-84	28-Feb-86
		TIEA	03-Nov-84	03-Nov-84
34	Venezuela	DTC	11-Nov-98	17-Jan-01

## Convention on Mutual Administrative Assistance in Tax Matters (as amended)

The Convention on Mutual Administrative Assistance in Tax Matters was developed jointly by the OECD and the Council of Europe in 1988 and amended in 2010 (the Multilateral Convention).<sup>11</sup> The Multilateral Convention is the most comprehensive multilateral instrument available for all forms of

10. Extension of the DTC of 30 September 1954 between United Kingdom and Switzerland by exchange of notes on 20/26 August 1963.
11. The amendments to the 1988 Convention were embodied into two separate instruments achieving the same purpose: the amended Convention (the Multilateral Convention) which integrates the amendments into a consolidated text, and the Protocol amending the 1988 Convention which sets out the amendments separately.

tax cooperation to tackle tax evasion and avoidance, a top priority for all jurisdictions.

The original 1988 Convention was amended to respond to the call of the G20 at its April 2009 London Summit to align it to the standard on exchange of information on request and to open it to all countries, in particular to ensure that developing countries could benefit from the new more transparent environment. The Multilateral Convention was opened for signature on 1 June 2011.

The amended Convention was signed by Barbados on 28 October 2015 and entered into force on 1 November 2016 in Barbados. Barbados can exchange information with all other Parties to the Multilateral Convention.

The Multilateral Convention is in force in respect of the following jurisdictions: Albania, Andorra, Anguilla (extension by the United Kingdom), Antigua and Barbuda, Argentina, Armenia, Aruba (extension by the Netherlands), Australia, Austria, Azerbaijan, Bahamas, Bahrain, Barbados, Belgium, Belize, Bermuda (extension by the United Kingdom), Bosnia and Herzegovina, Botswana, Brazil, British Virgin Islands (extension by the United Kingdom), Brunei Darussalam, Bulgaria, Cabo Verde, Cameroon, Canada, Cayman Islands (extension by the United Kingdom), Chile, China (People's Republic of), Colombia, Cook Islands, Costa Rica, Croatia, Curacao (extension by the Netherlands), Cyprus, Czech Republic, Denmark, Dominica, Dominican Republic, Ecuador, El Salvador, Estonia, Eswatini, Faroe Islands (extension by Denmark), Finland, France, Georgia, Germany, Ghana, Gibraltar (extension by the United Kingdom), Greece, Greenland (extension by Denmark), Grenada, Guatemala, Guernsey (extension by the United Kingdom), Hong Kong (China) (extension by China), Hungary, Iceland, India, Indonesia, Ireland, Isle of Man (extension by the United Kingdom), Israel, Italy, Jamaica, Japan, Jersey (extension by the United Kingdom), Jordan, Kazakhstan, Kenya, Korea, Kuwait, Latvia, Lebanon, Liberia, Liechtenstein, Lithuania, Luxembourg, Macau (China) (extension by China), Malaysia, Maldives, Malta, Marshall Islands, Mauritania, Mauritius, Mexico, Moldova, Monaco, Mongolia, Montenegro, Montserrat (extension by the United Kingdom), Morocco, Namibia, Nauru, Netherlands, New Zealand, Nigeria, Niue, North Macedonia, Norway, Oman, Pakistan, Panama, Paraguay, Peru, Poland, Portugal, Qatar, Romania, Russia, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Saudi Arabia, Senegal, Serbia, Seychelles, Singapore, Sint Maarten (extension by the Netherlands), Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Thailand, Tunisia, Türkiye, Turks and Caicos Islands (extension by the United Kingdom), Uganda, Ukraine, United Arab Emirates, United Kingdom, Uruguay and Vanuatu.



In addition, the Multilateral Convention was signed by the following jurisdictions, where it is not yet in force: Benin, Burkina Faso, Gabon, Honduras, Madagascar, Papua New Guinea, Philippines, Rwanda, Togo, United States (the original 1988 Convention is in force since 1 April 1995, the amending Protocol was signed on 27 April 2010).

## CARICOM Income Tax Treaty

The CARICOM Income Tax Treaty (CARICOM treaty) is an international agreement concluded among Caribbean jurisdictions for the avoidance of double taxation and prevention of fiscal evasion with respect to income taxes. The agreement is based on the OECD model double tax convention and in Article 24 provides for exchange of information in tax matters.

The CARICOM treaty is signed and in force in respect of 10 jurisdictions. These jurisdictions are: Barbados (signed: 30 June 1995, in effect: 1 January 1996); Belize (signed: 6 July 1994, in effect: 1 January 1995); Dominica (signed: 1 March 1995, in effect: 1 January 1997); Grenada (signed: 6 July 1994, in effect: 1 January 1997); Guyana (signed: 16 August 1994, in effect: 1 January 1998); Jamaica (signed: 6 July 1994, in effect: 1 January 1996); Saint Lucia (signed: 6 July 1994, in effect: 1 January 1996); Saint Kitts and Nevis (signed: 6 July 1994, in effect: 1 January 1998); Saint Vincent and the Grenadines (signed: 6 July 1994, in effect: 1 January 1999) and Trinidad and Tobago (signed: 6 July 1994, in effect: 1 January 1995). Antigua and Barbuda signed the CARICOM treaty on 6 July 1994 but it has not ratified it.

## Annex 3: Methodology for the review

The reviews are based on the 2016 Terms of Reference and conducted in accordance with the 2016 Methodology for peer reviews and non-member reviews, as approved by the Global Forum in October 2015 and amended in December 2020, and the Schedule of Reviews.

The evaluation is based on information available to the assessment team including the exchange of information arrangements signed, laws and regulations in force or effective as of 19 August 2022, Barbados' EOIR practice in respect of EOI requests made and received during the three year period from 1 July 2018 to 30 June 2021, Barbados' responses to the EOIR questionnaire, inputs from partner jurisdictions, as well as information provided by Barbados' authorities during the on-site visit that took place from 28 to 30 March 2022 in Bridgetown, Barbados.

### List of laws, regulations and other materials received

#### ***Commercial and Corporate Laws and Regulations***

- Companies Act and Regulations
- Societies with Restricted Liability Act and Regulations
- Societies with Restricted Liability (Amendment) Act
- International Business Companies Act and Regulations
- International Business Companies (Repeal) Act
- Limited Partnerships Act
- Limited Partnerships (Amendment) Act
- Partnership Act
- Private Trust Companies Act
- Registration of Business Names Act
- Foundations Act
- Foundations (Repeal) Act

***Financial Sector Laws and Regulations***

- Financial Institutions Act
- Financial Institutions (Amendment) Act
- Foreign Currency Permits Act
- International Financial Services Act
- International Corporate and Trust Service Providers Act
- International Trusts Act
- Exempt Insurance Act
- Insurance Act
- Insurance Amendment Act
- Trustees Act
- International Trusts Act
- Trusts (Miscellaneous Provisions) Act
- Securities Act
- Mutual Funds Act

***Taxation Laws and Regulations***

- 1968 Income Tax Act and 1969 Income Tax Regulations
- Income Tax (Exchange of Information) Regulations

***Anti-Money Laundering/Counter-Terrorism Financing Laws and Regulations***

- Money Laundering and Financing of Terrorism (Prevention and Control) Act (AML Act)
- Central Bank of Barbados Anti-Money Laundering/Combating Terrorist Financing guideline for Financial Institutions Licensed under FIA and the International Financial Services Act, Cap. 325 (CBB AML guidelines)
- Financial Services Commission Anti-Money Laundering/Combating Terrorist Financing guideline for Financial Institutions Regulated by the Financial Services Commission (FSC AML guidelines)

- International Business Department guideline for the Detection and Prevention of Money Laundering and Financing of Terrorism and Proliferation in Barbados for Licensees and Registrants under the Corporate and Trust Service Providers Act, the International Business Companies Act, the Societies With Restricted Liability Act, the Private Trust Companies Act, the Foundations Act, and the International Trusts Act (IBD AML guidelines)

### **Authorities interviewed during on-site visit**

- Barbados Revenue Authority
- Ministry of Industry, International Business, Commerce and Small Business
- Development
- Ministry of Finance
- Corporate Affairs and Intellectual Property Office
- Central Bank of Barbados
- Financial Intelligence Unit
- Financial Services Commission
- International Business Association
- Banker's Association
- Bar Association

### **Current and previous reviews**

This report provides the outcomes of the sixth peer review of Barbados' implementation of the EOIR standard conducted by the Global Forum.

Barbados previously underwent EOIR peer reviews in 2011, 2012, 2014 and 2016 conducted according to the Terms of Reference (ToR) approved by the Global Forum in February 2010 (2010 ToR) and the Methodology used in the first round of reviews. The 2011 Report evaluated Barbados' legal and regulatory framework and concluded that elements crucial for the implementation of the standard were not in place. Barbados took measures to address the 2011 Report recommendations which were reviewed in the 2012 supplementary review. Barbados' legal and regulatory framework as well as its implementation in practice were initially reviewed in 2014 and then in the supplementary review in 2016.

The 2020 Report presented the first review of Barbados against the 2016 Terms of Reference and concluded that Barbados is overall Partially Compliant with the international standard. The present Supplementary Report concludes that Barbados is overall Largely Compliant.

Information on each of Barbados' reviews is provided in the table below.

### Summary of reviews

Review	Assessment team	Period under review	Legal framework as of	Date of adoption by Global Forum
Round 1 Phase 1	Ms Monica Bhatia, from the Income Tax Department of India; Mr Jesper Leth Vestergaard, from the Ministry of Taxation of Denmark; Ms Gwenaëlle Le Coustumer from the Secretariat of the Global Forum	n.a.	October 2010	January 2011
Round 1 Supplementary to Phase 1	Ms Monica Bhatia, from the Income Tax Department of India; Ms Merete Helle Hansen, from the Ministry of Taxation of Denmark; Ms Gwenaëlle Le Coustumer from the Secretariat of the Global Forum	n.a.	January 2012	February 2012
Round 1 Phase 2	Mr Ram Mohan Singh, from the Income Tax Department of India; Ms Merete Helle Hansen, from the Ministry of Taxation of Denmark; Ms Gwenaëlle Le Coustumer from the Secretariat of the Global Forum	July 2009 to June 2012	10 February 2014	April 2014
Round 1 Supplementary to Phase 2	Ms Vandana Ramachandran, from Ministry of Finance of India; Ms Flor Nieto Velázquez, from the Tax Administration Service of Mexico; Ms Kathleen Kao and Ms Renata Teixeira from the Secretariat of the Global Forum	July 2012 to June 2015	19 August 2016	September 2016
Round 2	Ms Sapna Patel, Internal Revenue Service, United States; Mr Arnaud Saverot, Ministry of Economy and Finance, France; and Mr Radovan Zidek from the Secretariat of the Global Forum	July 2015 to June 2018	20 December 2019	March 2020
Round 2 Supplementary	Mr James Marshall, from Her Majesty's Revenue and Customs of United Kingdom; Mr Thomas Bernier from the Direction Générale des Finances Publiques of France; Mr Hakim Hamadi and Mr Raynald Vial from the Secretariat of the Global Forum	July 2018 to June 2021	19 August 2022	7 November 2022

## Annex 4: Barbados' response to the review report<sup>12</sup>

Over the past two (2) years, the Government of Barbados has devoted significant time and resources to enhance the deficiencies highlighted in the 2020 Report that had assessed Barbados' legal and regulatory framework as of December 20, 2019 and the practical application of that framework as overall Partially Compliant.

While Barbados' legal and regulatory framework was deemed to be in place in the 2020 Report, much focus has been placed on addressing the effectiveness of internal practices, in particular those related to the exchange of information with EOI partners. Over the review period, the EOI Unit with deliberate, disciplined and consistent efforts, systematically ensured effective exchange through improved communication relative to the quality and timeliness of exchange with partners. This was enabled through the use of electronic means to improve communication and a commitment to observe the EOI Manual as the standard against which performance must be measured.

Barbados also continued to make firm strides as it relates to the supervision of entities' compliance with beneficial ownership and accounting requirements. While the current Report retains recommendations on supervisory and enforcement measures and the availability of beneficial ownership and accounting information, the Government remains committed to the process of transparency and will continue to ensure that supervisory and compliance actions continue to improve to meet the standards as agreed.

Overall, Barbados is pleased with the overall improved rating of Largely Compliant and is ready to continue to work closely with the Global Forum over the coming months to reach Compliant status in the EOIR standard. As part of this process, the Barbados Government looks forward to working in particular with the capacity building and technical assistance programme and in so doing hopes also to lend specific perspective as it relates to the balance that must be achieved in ensuring that small island developing states are effectively able to benefit from the implementation of such standards.

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12. This Annex presents the Jurisdiction's response to the review report and shall not be deemed to represent the Global Forum's views.

GLOBAL FORUM ON TRANSPARENCY AND EXCHANGE  
OF INFORMATION FOR TAX PURPOSES

**Peer Review Report on the Exchange  
of Information on Request BARBADOS 2022  
(Second Round, Supplementary Report)**

The Global Forum on Transparency and Exchange of Information for Tax Purposes is a multilateral framework for tax transparency and information sharing, within which over 160 jurisdictions participate on an equal footing.

The Global Forum monitors and peer reviews the implementation of international standard of exchange of information on request (EOIR) and automatic exchange of information. The EOIR provides for international exchange on request of foreseeably relevant information for the administration or enforcement of the domestic tax laws of a requesting party. All Global Forum members have agreed to have their implementation of the EOIR standard be assessed by peer review. In addition, non-members that are relevant to the Global Forum's work are also subject to review. The legal and regulatory framework of each jurisdiction is assessed as is the implementation of the EOIR framework in practice. The final result is a rating for each of the essential elements and an overall rating.

The first round of reviews was conducted from 2010 to 2016. The Global Forum has agreed that all members and relevant non-members should be subject to a second round of review starting in 2016, to ensure continued compliance with and implementation of the EOIR standard. Whereas the first round of reviews was generally conducted as separate reviews for Phase 1 (review of the legal framework) and Phase 2 (review of EOIR in practice), the EOIR reviews commencing in 2016 combine both Phase 1 and Phase 2 aspects into one review. Final review reports are published and reviewed jurisdictions are expected to follow up on any recommendations made. The ultimate goal is to help jurisdictions to effectively implement the international standards of transparency and exchange of information for tax purposes.

This publication contains the 2022 Second Round Supplementary Peer Review on the Exchange of Information on Request for Barbados.



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