

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



Peer Review Report on the Exchange of Information
on Request

BARBADOS

2020 (Second Round)

Global Forum on Transparency and Exchange of Information for Tax Purposes: Barbados 2020 (Second Round)

PEER REVIEW REPORT ON THE EXCHANGE
OF INFORMATION ON REQUEST

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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 and <http://dx.doi.org/10.1787/2219469x>.

Abbreviations and acronyms

AML	Anti-Money Laundering
AML/CFT	Anti-Money Laundering/Countering the Financing of Terrorism
AMLA	Anti-Money Laundering Authority
BRA	Barbados Revenue Authority
CAIPO	Corporate Affairs and Intellectual Property Office
CARICOM	Caribbean Community
CBB	Central Bank of Barbados
CDD	Customer Due Diligence
DTC	Double Tax Convention
EOI	Exchange of Information
EOIR	Exchange of Information on Request
FATF	Financial Action Task Force
FSC	Financial Services Commission
Global Forum	Global Forum on Transparency and Exchange of Information for Tax Purposes
ITA	Income Tax Act
Model DTC	OECD Model Tax Convention on Income and on Capital
Multilateral Convention	The Multilateral Convention on Mutual Administrative Assistance in Tax Matters, as amended
IBD	International Business Department
SRL	Society with Restricted Liability

Standard	International standard on transparency and exchange of information for tax purposes, as set out in the 2016 Terms of Reference
CTSP	Corporate and Trust Service Provider
TIEA	Tax Information Exchange Agreement
2016 Methodology	2016 Methodology for peer reviews and non-member reviews, as approved by the Global Forum on 29-30 October 2015.
2016 Terms of Reference (ToR)	Terms of Reference related to Exchange of Information on Request (EOIR), as approved by the Global Forum on 29-30 October 2015.

Executive summary

1. This report analyses the implementation of the international standard of transparency and exchange of information on request in Barbados. It assesses both the legal and regulatory framework as of 20 December 2019 and its operation in practice, in particular in respect of EOI requests received and sent during the review period from 1 July 2015 to 30 June 2018. This second round EOIR peer review report concludes that Barbados is overall **Partially Compliant** with the international standard.

2. During the first round of EOIR peer reviews, Barbados was reviewed four times. Barbados' legal and regulatory framework was first evaluated in 2011 where it was concluded that essential elements of the 2010 ToR concerning exchange of information instruments were not in place and Barbados' moving to the second phase of the first round review was conditioned by Barbados addressing them. Barbados took measures to address the recommendations promptly as was acknowledged in the 2012 supplementary report. The second phase of Barbados first round review was firstly carried out in 2014 and also evaluated Barbados' implementation of the legal and regulatory framework in practice. The review concluded with the overall rating of Partially Compliant. Finally, Barbados' progress in implementation of the 2010 ToR was reviewed in the second phase supplementary review carried out in 2016. The phase 2 supplementary review concluded with Barbados overall rating being upgraded to Largely Compliant (see also Annex 3).

3. The following table compares the results from the latest first round review and the second round review of Barbados' implementation of the EOIR standard.

Element	First Round Report (2016)	Second Round Report (2020)
A.1 Availability of ownership and identity information	LC	PC
A.2 Availability of accounting information	PC	PC
A.3 Availability of banking information	C	C
B.1 Access to information	LC	LC
B.2 Rights and Safeguards	C	C
C.1 EOIR Mechanisms	C	C
C.2 Network of EOIR Mechanisms	C	C
C.3 Confidentiality	C	C
C.4 Rights and Safeguards	C	C
C.5 Quality and timeliness of responses	PC	PC
OVERALL RATING	LC	PC

C = Compliant; LC = Largely Compliant; PC = Partially Compliant; NC = Non-Compliant

Progress made since previous review

4. The 2016 Report identified two areas for improvement in Barbados' legal and regulatory framework. Since then both of these issues have been addressed by Barbados. The 2016 Report recommended improvement in seven areas concerning practical implementation of the legal and regulatory framework. However, these have not been materially addressed during the period under review.

5. As already concluded in the 2016 Report, Barbados' legal and regulatory framework is to a large extent in line with the standard and this continues to be the case also against the new requirements of the standard under the 2016 ToR, including concerning the availability of beneficial ownership information. In January 2019, Barbados introduced beneficial ownership obligations covering all companies which add an important additional source of beneficial ownership information to the already existing AML/CFT regime covering mainly the international business sector. Barbados has also strengthened accounting obligations of licensed trustees and abolished the possibility to create foundations under Barbados' law in response to the 2016 Report's recommendations.

6. Nevertheless, challenges remain in areas of practical implementation of the relevant rules as already identified in the 2016 Report. This remains a concern mainly in respect of ensuring practical availability of ownership and accounting information and concerning effective exchange of information with Barbados' EOI partners.

Key recommendation(s)

7. The key issues raised by this report remain generally the same as in the 2016 Report. The areas where improvement is needed are primarily concerning practical implementation of the rules ensuring the availability of ownership and accounting information. The importance for improvement in supervision and enforcement is further heightened in respect of the availability of beneficial ownership information.

8. Barbados should also improve co-operation with its EOI partners so that the requested information is exchanged in all cases in an effective manner.

Overall rating

9. Barbados' legal and regulatory framework is overall in line with the standard, including concerning the availability of beneficial ownership information. However, ensuring practical implementation of the relevant rules remains a challenge, in particular regarding the availability of ownership and accounting information. Barbados has in place broad access powers which allow obtaining all types of relevant information in line with the standard. Taxpayers' rights and safeguards under Barbados' law seem compatible with effective exchange of information. Barbados is a Party to the Multilateral Convention and its treaty network is broad providing for exchange of information in line with the standard. Barbados EOIR practice is rather limited. Nevertheless, improvement in the effective exchange of information is needed, as was also pointed out by peers. Over the review period Barbados received 27 requests of which six were responded to within 90 days.

10. As described above, improvement is recommended in respect of certain areas covered under elements A.1 (availability of ownership information), A.2 (availability of accounting information) and C.5 (exchange of information practice) which are rated as Partially Compliant, and in respect of element B.1 (access powers) which is rated as Largely Compliant. All other elements are rated as Compliant.

11. In view of the above, Barbados is overall rated as Partially Compliant with the international standard of exchange of information on request.

12. This report was approved at the PRG meeting on 25-28 February 2020 and was adopted by the Global Forum on 27 March 2020. A follow-up report on the steps undertaken by Barbados to address the recommendations made in this report should be provided to the PRG no later than 30 June 2021 and thereafter in accordance with the procedure set out under the 2016 Methodology.

Summary of determinations, ratings and recommendations

Determination	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>)		
The legal and regulatory framework is in place.		
EOIR rating: Partially Compliant	Although penalties for non-compliance with 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 ownership information.
	The Ministry in charge of International Business does 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.	Barbados should implement a regular and comprehensive system of oversight to ensure compliance by all relevant international entities and arrangements with obligations to maintain legal and beneficial ownership information under Barbadian law.
	Although beneficial ownership information is required to be available in respect of companies and partnerships, the relevant obligations are not properly supervised. Mainly, the obligation to maintain beneficial ownership under the Companies Act covers all companies but it is recent and not yet implemented in practice.	Barbados should implement obligations to maintain beneficial ownership information so that beneficial ownership, as defined under the standard, is available in respect of all companies and partnerships.
Jurisdictions should ensure that reliable accounting records are kept for all relevant entities and arrangements (<i>ToR A.2</i>)		
The legal and regulatory framework is in place.		

Determination	Factors underlying recommendations	Recommendations
EOIR rating: Partially Compliant	Barbados does not have a regular system of oversight in place with respect to international entities. Although the tax authority routinely audits domestic entities, less than 30% of the entities are registered with the tax authority and no IBCs were audited.	Barbados is recommended to ensure that there is adequate oversight of the compliance of domestic and international 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 record-keeping requirements.
Banking information and beneficial ownership information should be available for all account-holders (<i>ToR A.3</i>)		
The legal and regulatory framework is in place.		
EOIR rating: Compliant		
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>)		
The legal and regulatory framework is in place.		
EOIR rating: Largely Compliant	Barbados experienced significant delays in responding to some requests for banking and accounting over the review period although these delays do not appear to stem from deficiencies in the legal framework for Barbados' access powers. In those cases, compulsory powers were not used.	Barbados is 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.

Determination	Factors underlying recommendations	Recommendations
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>)		
The legal and regulatory framework is in place.		
EOIR rating: Compliant		
Exchange of information mechanisms should provide for effective exchange of information (<i>ToR C.1</i>)		
The legal and regulatory framework is in place.		
EOIR rating: Compliant		
The jurisdictions' network of information exchange mechanisms should cover all relevant partners (<i>ToR C.2</i>)		
The legal and regulatory framework is in place.		
EOIR rating: Compliant		
The jurisdictions' mechanisms for exchange of information should have adequate provisions to ensure the confidentiality of information received (<i>ToR C.3</i>)		
The legal and regulatory framework is in place.		
EOIR rating: Compliant		
The exchange of information mechanisms should respect the rights and safeguards of taxpayers and third parties (<i>ToR C.4</i>)		
The legal and regulatory framework is in place.		
EOIR rating: Compliant		
The jurisdiction should request and provide information under its network of agreements in an effective manner (<i>ToR C.5</i>)		

Determination	Factors underlying recommendations	Recommendations
Legal and regulatory framework:	This element involves issues of practice. Accordingly, no determination on the legal and regulatory framework has been made.	
EOIR rating: Partially Compliant	During the periods under review, Barbados has not regularly provided status updates to its EOI partners within 90 days when the competent authority was unable to provide a substantive response or when further information from the requesting jurisdiction was needed.	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.
	Barbados has experienced some difficulties during the review periods to answer EOI requests in a timely manner due to a variety of reasons, unrelated to the specific type of information requested.	Barbados should ensure that answers to EOI requests are made in a timely manner in all cases.
	Several peers pointed out the provision of only partial responses and lack of Barbados responsiveness to follow-up communication seeking to clarify the provided information. It appears that the issue is mainly caused by communication lapses related to insufficient monitoring of processing of requests and the lack of prioritisation of effective communication with the requesting jurisdiction.	Barbados should improve communication with its EOI partners so that they are properly informed about the EOI case.

Overview of Barbados

13. This overview provides some basic information about Barbados that serves as context for understanding the analysis in the main body of the report. This is not intended to be a comprehensive overview of Barbados' legal, commercial or regulatory systems.

Legal system

14. Barbados is an island jurisdiction situated in the Caribbean region of North America with a population of about 280 000 people.

15. Barbados is an independent state and member of the Commonwealth. Barbados is a constitutional monarchy with a parliamentary democracy modelled on the British Westminster system. Queen Elizabeth II is the head of State and is represented locally by a Governor-General while the Prime Minister of Barbados is the head of the government. The court system is composed of Magistrate's Courts, which are courts of summary jurisdiction in civil, family and criminal matters and the Supreme Court, which consists of the High Court and the Court of Appeal. The Court of Appeal hears appeals from the decisions of the High Court; and the Caribbean Court of Justice is the island's final appellate court. Appeals concerning tax matters are primarily subject to the High Court's jurisdiction.

16. The Barbados legal system is largely based on English common law. The Constitution of Barbados is the supreme law. Double tax conventions and tax information exchange agreements have the value of laws in Barbados.

Tax system

17. Barbados' tax system comprises several types of direct and indirect taxes. Main tax revenue is generated by corporate and individual income taxes and VAT. Barbados preserves an attractive tax environment with internationally competitive tax rates.

18. Corporate tax applies to companies and societies with restricted liability (SRLs). The tax residency is determined by the corporation's place of management and control. Companies resident in Barbados are taxed on income earned from all sources, whether generated within or outside of Barbados, less expenses incurred for the purpose of producing assessable income. Non-resident companies are generally only taxed on income derived from sources and operations conducted within Barbados. During the review period, corporate tax rates depended on the type of activities carried out by the corporation and differed from 30% for regular companies down to 2.5% for grandfathered international business companies and other corporations involved in Barbados' international sector. Capital gains are not taxable in Barbados. Effective January 2019, adjustments were made to the corporate tax framework including introduction of tax rates based on taxable income level.

19. Partnerships are treated as transparent entities for tax purposes, which means that their profits are taxed directly in the hands of each partner.

20. A trust (other than a unit trust) is deemed to be a separate entity for income tax purposes. The trustee is deemed to be an individual owning the property of the trust and entitled to all of the income therefrom for the purposes of the Income Tax Act (ITA). A trust that is resident in Barbados is taxed on its worldwide income but its foreign income will only be taxed when remitted or deemed remitted to Barbados. However, several tax exemptions apply, e.g. an international trust is deemed to be non-resident in Barbados for tax purposes, and therefore, will be subject to tax only on its Barbados source income. The income from a unit trust registered in Barbados is deemed to be income from dividends. A dividend is subject to withholding tax at the time of distribution.

21. The administration of taxes is the responsibility of the Barbados Revenue Authority (BRA). The BRA is also delegated as the Competent Authority for exchanging information for tax purposes under Barbados' EOI instruments and carries out negotiations of Barbados' EOI instruments.

Financial services sector

22. 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.

23. As of 31 December 2018, Barbados had five commercial banks (with assets of USD 6.4 billion) and 24 international banks (with assets of

USD 38.5 billion).¹ As of 31 December 2018, total assets of the Central Bank’s licensees were approximately 540% of Barbados’ GDP. The banking sector is dominated by large Canadian-parented foreign banks which are regulated by the Office of the Superintendent of Financial Institutions Canada (OSFI). A Memorandum of Understanding is in place between the Central Bank and OSFI that has allowed for the sharing of information. All banks must be licensed by the Central Bank of Barbados (CBB) which also regulates the banking sector and is responsible for its supervision.

24. Financial institutions other than banks include insurance companies, pension funds, mutual funds and securities traders such as securities companies, investment advisers or dealers. As of December 2018, there were about 300 insurance companies and insurance intermediaries, 260 pension funds and 25 mutual funds. As at June 2018 assets of entities in these sectors amounted to approximately USD 5.59 billion, an estimated 104% of Barbados’ GDP. These financial institutions must be licensed by the Financial Services Commission (FSC). The FSC is also responsible for their regulation and supervision.

25. Other service providers relevant for the availability of information under the international standard are mainly corporate and trust service providers (CTSPs), lawyers and accountants. As of December 2018, there were 645 lawyers, 83 CTSPs and 83 accountants licensed in Barbados. The International Business Department (IBD) is the competent authority in respect of the licensing, regulation and supervision of CTSPs and lawyers and accountants acting as corporate and trust service providers.

26. Financial institutions and certain non-financial businesses and professions (including CTSPs, lawyers and accountants) are subject to AML/CFT obligations under the AML Act. Further, the CBB, FSC, IBD and the Anti-Money Laundering Authority (AMLA) have issued AML/CFT guidelines for licensees and registrants, which fall under their respective purview. These Guidelines are enforceable means and provide guidance to the licensees and registrants regarding their obligations.

27. Compliance of the Barbados financial sector with the AML/CFT standard is reviewed by the Caribbean Financial Action Task Force (CFATF – GAFIC). The latest Mutual Evaluation Report of Barbados’ compliance with the AML/CFT standard was published in 2018 with the cut-off date of December 2016. The report concluded (among other) that Barbados’ system is generally effective in ensuring access to basic ownership information on legal persons. However, the system is not as effective in respect of beneficial ownership information. It further noted that supervisors were not applying the

1. International banks are banks providing services in foreign currencies and are regulated under the International Financial Services Act.

full range of available sanctions for varying degrees of non-compliance with AML/CFT requirements and that sanctions which had been applied were not considered proportionate and dissuasive and were therefore not considered effective. Accordingly, Immediate Outcome 5 concerning the implementation of rules ensuring availability of beneficial ownership information in respect of legal persons and arrangements was rated Moderate. Barbados' compliance with FATF's recommendations 10 (Customer Due Diligence) and 25 (Transparency and beneficial ownership of legal arrangements) was rated Largely Compliant, and with recommendation 24 (Transparency and beneficial ownership of legal persons) Partially Compliant.

28. The complete mutual evaluation report has been published and is available at (<https://www.cfatf-gafic.org/cfatf-documents/mutual-evaluation-reports/barbados-1/9145-barbados-4th-round-mer/file>).

Recent developments

29. In November and December 2019, Barbados enacted several legislative amendments to strengthen its compliance with the EOIR standard. These changes mainly include:

- the repeal of the Foundations Act that provided for the creation of foundations under Barbados law
- an amendment of the Companies Act to require foreign companies to retain the services of a CTSP in Barbados
- an amendment of the Limited Partnership Act and obligations of CTSPs to strengthen the availability of beneficial ownership information on partnerships.

30. Barbados also amended its laws to abandon a regime governing the international business sector and introduced unified rules for international and domestic entities and arrangements. Effective 1 January 2019, the following legislative amendments were made affecting a number of legal entities and arrangements:

- The IBC Act was repealed. The majority of IBCs which were legally entitled to do so, opted to be grandfathered until June 2021. The remaining IBCs automatically became domestic limited liability companies (see further Section A.1.1).
- The SRL Act was amended removing all provisions related to the International SRL (ISRLs). Most ISRLs opted to be grandfathered until June 2021 and the remaining ISRLs automatically became SRLs (see further Section A.1.1).

- The International Financial Services Act (IFSA Act) was repealed. Grandfathered IFSA licensees are prohibited from engaging in any new lines of business for the duration of the regime which will expire in June 2021.
- The International Trusts Act was repealed by way of the enactment of the Trusts (Miscellaneous Provisions) Act 2018-49. No grandfathering provisions were put in place (see further Section A.1.4).
- The Foreign Currency Permits Act was introduced. The Act provides for the possibility to apply for a Foreign Currency Permit for any entity that earns all its income in foreign currency. All entities holding a valid Foreign Currency Permit are specified entities for the purpose of the Corporate and Trust Service Providers Act and must engage a CTSP.
- The Exempt Insurance Act was repealed by Insurance (Amendment) Act. All insurance entities are now regulated under the Insurance Act.

31. Barbados has implemented a comprehensive suite of AML/CFT legislation and regulations as part of its anti-money laundering and countering the financing of terrorism regime. The most relevant for the present review is the issuance and subsequent amendments of the AML/CFT Guidelines issued by the CBB, FSC and the IBD in 2016. The revised AML Guidelines further detail provisions of the AML Act concerning customer due diligence and know your customer/client obligations, including requirements to identify beneficial owners of the obliged persons' customers.

32. The National Risk Assessment was completed in January 2019 where the inherent threats and vulnerabilities of the AML/CFT regime were identified and assessed. Barbados has started implementing various mitigation strategies in relation to the threats/vulnerabilities identified. In addition, the AML/CFT Supervisors Committee was established in 2019.

33. The IBD has begun the process of assessing the inherent risk associated with compliance with the AML/CFT requirements. In October 2019, seven consultants were contracted by the IBD to carry out a risk assessment and monitoring of CTSPs together with four members of IBD staff. The IBD's on-site inspections commenced in October 2019. The IBD plans that by mid-2020 all of the CTSPs would have undergone an inspection. All CTSPs visited will be provided with a comprehensive report with recommended actions and timelines for their implementation. CTSPs deemed to be higher risk will be revisited within a 2-3 month period of their initial visit to monitor the implementation of the recommended action(s) more closely. The IBD has also started developing tools to facilitate its supervisory role (e.g. supervision methodologies and an IT database) and has begun a restructuring which is

planned to be implemented by February 2020. This will also involve creating a compliance section within the IBD mandated to ensure the CTSPs' compliance with beneficial ownership record keeping requirements.

34. Apart from EOIR, Barbados engages in the Automatic Exchange of Information (AEOI). Barbados started exchanges of information under the Common Reporting Standard (CRS) in 2018 on the basis of the Multilateral Competent Authority Agreement (MCAA). Barbados also engages in exchange of information pursuant to the Foreign Account Tax Compliance Act (FATCA), Country-by-Country Reporting requirements (CbCR) and spontaneous exchange of information (including on tax rulings) and is a member of the OECD BEPS Inclusive Framework.

Part A: Availability of information

35. 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 bank 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.

36. The 2016 Report concluded that Barbados' legal and regulatory framework was in place to ensure the availability of legal ownership information but that the availability of ownership information in respect of foundations needed improvement. Accordingly, Barbados was recommended to address this gap. As there have been no foundations created under Barbados law and Barbados has recently abolished the possibility to create any new foundations, the recommendation has been addressed.

37. The practical implementation of obligations to maintain legal ownership information is supervised mainly through filing obligations with the Registrar or through supervision of licensed entities and their service providers. However, supervisory measures are carried out only to a limited extent. The 2016 Report concluded that neither monetary nor non-monetary penalties (such as striking off) were applied in practice and Barbados was recommended to ensure that all entities comply with the requirements to maintain ownership information. Further, the 2016 Report concluded that there was no system of monitoring compliance with ownership and identity information keeping requirements in respect of international entities and trusts, and Barbados was recommended to implement a system of oversight to ensure their compliance with obligations to maintain ownership and identity information. There has been no significant change in Barbados' practice and therefore both recommendations remain to be addressed.

38. Under the 2016 ToR, beneficial ownership information on relevant entities and arrangements is required to be available. The main sources of

beneficial ownership information are obligations under the Companies Act and obligations on AML obliged persons. Beneficial ownership information is required to be available in respect of all companies, partnerships and trusts in line with the standard. All companies must identify their beneficial owners as well as maintain updated information regarding the identity of beneficial owners. Beneficial ownership information on partnerships is required to be primarily available with the service provider required to be engaged by the partners or the partnership. Providing trustee services is subject to AML obligations according to which trustees must identify beneficial owners of trusts in line with the standard.

39. Practical availability of beneficial ownership information is not adequately ensured. Currently there is no supervision of the companies' obligation to maintain beneficial ownership information under the Companies Act. Supervision of trust and corporate service providers' obligations to identify beneficial owners of their customers is the responsibility of the IBD. However, supervision performed by the IBD is not adequate. Consequently, Barbados is recommended to address these gaps.

40. During the review period, Barbados received 12 requests that asked for ownership information. None of these requests related to information on partnerships, trusts or foundations. The requested information typically related to legal ownership and did not concern beneficial ownership as defined under the standard. According to Barbados, there was no case over the review period where it failed to provide the requested information because the information was not available. No concerns related to the availability of ownership information in Barbados were indicated by peers.

41. The new table of determinations and ratings is as follows:

Legal and Regulatory Framework		
Determination: In place		
Practical implementation of the standard		
	Underlying Factor	Recommendations
Deficiencies identified	Although penalties for non-compliance with 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 ownership information.

Deficiencies identified	The Ministry in charge of International Business does 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.	Barbados should implement a regular and comprehensive system of oversight to ensure compliance by all relevant international entities and arrangements with obligations to maintain legal and beneficial ownership information under Barbadian law.
	Although beneficial ownership information is required to be available in respect of companies and partnerships, the relevant obligations are not properly supervised. Mainly, the obligation to maintain beneficial ownership under the Companies Act covers all companies but it is recent and not yet implemented in practice.	Barbados should implement obligations to maintain beneficial ownership information so that beneficial ownership, as defined under the standard, is available in respect of all companies and partnerships.
Rating: Partially Compliant		

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

42. As described in the 2016 Report, Barbados' law provides for the creation of three types of companies, i.e. public and private companies with limited liability (LCs) incorporated under the Companies Act and societies with restricted liability (SRLs) organised under the Societies with Restricted Liability Act (SRL Act).

43. As of August 2019, there were about 25 500 LCs and about 3 700 SRLs registered in Barbados. Until December 2018, registered companies could apply to be licensed with the International Business Division (IBD) as international business companies (IBCs), in case of LCs, or international SRLs (ISRLs) in case of SRLs. Out of all LCs about 2 500 were licenced as IBCs. Out of all SRLs about 400 were licensed as ISRLs. Companies licensed as international companies (IBCs and ISRLs) could not carry out business in Barbados but were licensed to carry out international transactions in foreign currencies. In addition to international companies, Barbados law provides for further licensing regimes depending on the type of activities to be carried out by the company such as licensing under the Private Trust Company Act, Financial Institutions Act or Insurance Act. The registration obligations under

the Companies Act or SRL Act apply in respect of these companies regardless of their licensing regime. Where the licensing regime adds registration, ownership or other obligations relevant for the availability of ownership information these are described in the report.

44. The 2016 Report concluded that legal ownership information in respect of companies is required to be available in line with the standard and this continues to be the case. The 2016 Report further concluded that enforcement measures (such as striking off) were not adequately applied and that the IBD had no supervisory system to ensure international businesses comply with the requirements to keep ownership information. These issues remain to be addressed.

45. The main sources of beneficial ownership information on companies are the obligation to maintain beneficial ownership information under the Companies Act and beneficial ownership information maintained by AML obliged persons required to be engaged by companies doing international business and companies with annual revenues over BBD 1 million (USD 500 000) which are not financial institutions. These obligations ensure that beneficial ownership information must be available in respect of all companies. However, these obligations are rather recent and are not sufficiently supervised in practice.

46. The following table² shows a summary of the legal requirements to maintain legal and beneficial ownership information in respect of companies.

Type	Company law	Tax law	AML law
LCs	Legal – all	Legal – none	Legal – some
	Beneficial – all	Beneficial – none	Beneficial – some
SRLs	Legal – all	Legal – none	Legal – some
	Beneficial – all	Beneficial – none	Beneficial – some
IBCs	Legal – all	Legal – none	Legal – all
	Beneficial – all	Beneficial – none	Beneficial – all
ISRLs	Legal – all	Legal – none	Legal – all
	Beneficial – all	Beneficial – none	Beneficial – all
Foreign companies	Legal – all	Legal – none	Legal – all
	Beneficial – all	Beneficial – none	Beneficial – all

2. The table shows each type of company and whether the various rules applicable require availability of information for “all” such entities, “some” or “none”. “All” in this context means that every company of this type is required to maintain ownership information in line with the standard and that there are sanctions and appropriate retention periods. “Some” in this context means that a company will be required to maintain a portion of this information under applicable law.

Legal ownership and identity information requirements

47. As described in the 2016 Report, the main source of legal ownership information is the obligation of companies to maintain a register of their shareholders/members. Further, companies licensed to carry out international business (i.e. IBCs, ISRLs and companies holding a Foreign Currency Permit) must provide identification of their legal owners within their licensing application to the IBD and must engage an AML obligated corporate service provider (CTSP) who will maintain information on their ownership and control structure pursuant to his/her CDD obligations. In addition, SRLs and ISRLs have to provide identification of their founders upon registration with the Registrar. However, this information may not be updated if there are changes in their legal ownership. Finally, companies that are financial institutions have to disclose their ownership structure to the respective regulators (i.e. CBB or FSC). Information on persons using nominee shareholders is available pursuant to nominees' AML obligations.

48. In December 2019, Barbados enacted an amendment to the Companies Act which requires foreign companies carrying out an undertaking in Barbados³ to engage a CTSP in Barbados upon their registration with the Registrar and subsequently (s. 392A(1) Companies Act). The CTSP is required pursuant to CDD obligations to identify the beneficial owners of the foreign company and understand its ownership and control structure (see further section Identification of beneficial owners by AML obliged service providers). Only foreign companies that are financial institutions under the Financial Institutions Act or the Financial Services Commission Act are exempted from this obligation. Nevertheless, they are required to disclose their ownership structure upon registration or licensing as a financial institution. In addition, foreign companies carrying out an undertaking in Barbados must maintain an up-to-date register of shareholders including records of beneficial owners (s. 170(2) Companies Act). The amendment came into force on 3 December 2019. Foreign companies registered after the coming into force of the amendment must comply with the requirement. Foreign companies already registered in Barbados have to comply with the obligation within 180 days of the coming into force of the amendment. The amendment

3. The definition of “carrying out an undertaking in Barbados” is rather broad and covers a foreign company if: “(a) it holds title to any land in Barbados or has an interest in any such land; (b) it maintains an office, warehouse or place of business in Barbados; (c) it is licensed or registered or required to be licensed or registered under any law of Barbados that entitles it to do business or to sell shares or debentures of its own issue; (d) it is the holder of a certificate of registration issued under the Road Traffic Act respecting a public service vehicle; or (e) in any other manner it carries on any undertaking in Barbados” (s. 324 Companies Act).

addressed an uncertainty concerning the availability of ownership information on foreign companies as ownership information was not required to be available in Barbados in all cases. Its implementation is to be ensured by the same supervisory and enforcement measures as in respect of other ownership information keeping requirements (see below).

49. As mentioned above, the main source of legal ownership information is from companies themselves. Companies are required to keep their records (including register of shareholders) at the registered office of the company in Barbados (s. 170 Companies Act). If a company ceases to exist, company records must be kept by a person who has been granted custody of the documents for six years following the date of the company's dissolution (ss. 381 and 383 of the Companies Act). A company cannot be dissolved unless the company or the court has appointed a person to take custody of the documents and records of the company (s. 371(3A) of the Companies Act). A civil, criminal or administrative action or proceeding may be brought against the company within two years after its dissolution as if the company had not been dissolved which further facilitates availability of companies' records after it ceases to exist (s. 384 Companies Act). Similar retention requirements apply in respect of SRLs under the SRL Act. These retention requirements cover also struck-off companies. Ownership information on companies licensed to carry out international business (i.e. IBCs, ISRLs or companies with Foreign Currency Permit) remains available with corporate service providers and to a certain extent with the IBD for at least five years after termination of the business relationship, regardless whether the entity ceases to exist during the five year period (e.g. s. 18 AML Act). Ownership information also remains available with government or regulatory authorities regardless whether the entity ceases to exist where it has been filed. The above rules ensure that legal ownership information on companies is required to be available in line with the standard regardless whether the company ceases to exist.

50. The referred Companies Act and SRL Act requirements were strengthened in December 2019 to require appointment of a person in custody of the documents in all cases. As these amendments are very recent, their impact in practice remains to be seen. Nevertheless, monitoring and practical implementation of retention requirements is to be ensured by the same supervisory and enforcement measures as in respect of other ownership information requirements (see below).

51. As described in the 2016 Report, there are sanctions in place in cases of failure to keep and provide the required information. Sanctions vary from the application of a fine to striking off companies from the Register (e.g. ss. 430-435 and s. 412 Companies Act).

Implementation of obligations to keep legal ownership information in practice

52. The main source of information on companies in practice is the information kept by the entities themselves and information filed with the Registrar. However, information with the Registrar does not include updated legal ownership information as this is not required to be provided. Entities' obligations to keep ownership information are supervised only to a limited extent. This is done mainly indirectly through filing obligations with the Registrar or through supervision of licensed entities and their service providers.

53. The 2016 Report concluded that although penalties for non-compliance with filing obligations had been introduced into Barbadian law, neither monetary nor non-monetary penalties (such as striking off) were applied in the period under review and Barbados was recommended to ensure that all entities comply with their requirements to maintain ownership information. Since then there has been no significant change in the supervision of companies' obligations and therefore the recommendation remains to be addressed.

54. CAIPO⁴ maintains that, as a public registry and not an enforcement body, its oversight responsibilities are limited to ensuring that entities comply with their registration and filing requirements. As such, CAIPO does not monitor or supervise entities' obligations under the law to maintain records. Nevertheless, all companies are required under the Companies Act to file annual returns with the Registrar unless they are licensed companies carrying out international business, financial services or other licensed activities subject to supervision by the IBD, CBB or FSC. Out of about 26 000 companies required to file annual returns, about 11 000 comply with their filing requirements. Although the number of filers is slightly increasing over the last three years, more than half of the registered companies did not file their annual returns. It is not clear what proportion of the non-filers are inactive companies. The Registrar applied fines in respect of about 730 of non-filers in 2016 which came forward to regularise their filing situation. Further enforcement processes were delayed by a fine's waiver applicable since February 2018 until April 2019 that prohibited recovery of applied fines and application of new fines. So far no company has been struck-off from the Register due to its non-compliance with the Companies Act requirements.

4. The Corporate Affairs and Intellectual Property Office (CAIPO) is a department of the Ministry of International Business and Industry. The office performs several functions including the registration and/or incorporation of companies, limited partnerships, charities, trade unions or newspapers. CAIPO is also responsible for maintaining the various registers relating to these functions. CAIPO currently administers and/or has responsibilities for over 40 enactments and international agreements and conventions.

Nevertheless, striking off for non-compliance has started with regard to charitable and non-profit organisations.⁵ A proposal for the creation of a Compliance Unit in CAIPO is under consideration to enhance supervision and enforcement of obligations of domestic as well as foreign companies registered in Barbados.

55. Supervision of companies licensed by the IBD to carry out international business and of their service providers is under the responsibility of the IBD. The 2016 Report concluded that there was no system of monitoring compliance with ownership and identity information keeping requirements in respect of international entities, and Barbados was recommended to implement a system of oversight to ensure compliance with obligations to maintain ownership information. As in the case of supervision of companies carrying out domestic business, there has been no significant change in Barbados' practice and therefore the recommendation remains to be fully addressed.

56. The IBD has devoted one officer to carry out compliance checks including on-site inspections of licensed companies and service providers. In 2016, two on-site inspections at the places of two corporate service providers were carried out jointly by the IBD and the FSC. The findings relative to section 18 (Duty to Keep Records) of the AML Act revealed that both corporate service providers were partially compliant with their record keeping duties. The reports revealed that for the most part records were maintained in accordance with the law, however, issues were encountered mainly concerning retrospective due diligence on existing clients. No sanctions were applied. However, the IBD and the FSC held two consultations in 2018 and 2019 covering (among other) service providers' CDD obligations. The IBD is currently developing an internal guidance on a risk-based approach to supervision. For that purpose, questionnaires were sent to service providers in July 2019, which will inform the risk analysis. After the on-site visit by the assessment team, seven consultants were contracted by the IBD to carry out risk assessment and monitoring of CTSPs together with four other members of the staff. From October to December 2019 the IBD carried out 13 on-site inspections of CTSPs. Outcomes of these inspections are being finalised.

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5. A charity is defined as “any institution (corporate or not) which is established for charitable objects or purposes, and which is intended to and does operate for the public benefit, and is subject to the control of the High Court in the exercise of its jurisdiction with respect to charities”. Charities are registered at CAIPO pursuant to the Charities Act. A non-profit organisation is a company without shares that operates for a specified purpose that is not intended to make individual commercial gains for its members. Non-profit organisations tend to be created in order to formalise a club, professional association or other organisation with specific public benefit objectives. These organisations are incorporated at CAIPO and are governed by the Companies Act.

57. Supervision of companies providing financial services regulated by the CBB or the FSC appears to be adequate (see further section on the availability of beneficial ownership information and Section A.3).

Beneficial ownership information

58. Under the 2016 ToR, beneficial ownership on companies should be available. The following sections of the report deal with the requirements to identify beneficial owners of companies and their implementation in practice.

Requirements to identify beneficial owners of companies

59. The sources of beneficial ownership information on companies are the obligation to maintain beneficial ownership information under the Companies Act and AML obligations on service providers, if engaged by a company in Barbados. Obligations to maintain beneficial ownership information cover all domestic and foreign companies registered in Barbados and the required beneficial ownership information is in line with the standard.

Identification of beneficial owners under the Companies Act

60. 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 (s. 170(2) Companies Act). The obligation to identify beneficial owners as understood under the standard has been in effect since May 2019 and covers all pre-existing and new companies (including SRLs).

61. 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” (s. 448(e) Companies Act).

62. 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. Nevertheless, further details concerning the application of the cascade approach in cases where beneficial ownership is exercised through means other than ownership interest are not explicitly provided and it is also not clear by what measures companies should identify (and verify) their

beneficial owners and what are the responsibilities of the company. Barbados should therefore further develop beneficial ownership requirements under the Companies Act to ensure that beneficial owners, as defined under the standard, are always identified (see Annex 1). Nevertheless, it is noted that the full assessment of the adequacy of current rules and their further elaboration will be part of the practical implementation, which has not yet fully started (see further section Implementation of obligations to keep beneficial ownership information in practice).

63. The same retention rules apply in respect of beneficial ownership information as described regarding legal ownership information. These rules require that beneficial ownership information on companies remains available regardless of whether the company ceases to exist.

64. Sanctions are in place in cases of companies' non-compliance with their beneficial ownership information keeping obligations. These sanctions include fines and potential strike off from the Register (ss. 412 and 435 Companies Act).

Identification of beneficial owners by AML obliged service providers

65. Companies licensed to carry out international business (i.e. IBCs, ISRLs and companies holding a Foreign Currency Permit), companies with annual revenues above BBD 1 million (USD 500 000) which are not financial institutions, and foreign companies carrying out an undertaking in Barbados must engage a CTSP in Barbados on an ongoing basis (s. 392A(1) Companies Act). CTSPs as well as other relevant non-financial professions (e.g. lawyers and accountants) and financial institutions are AML obligated persons under the AML Act and are required to carry out CDD measures (First and Second Schedule of the AML Act). The required CDD measures include identification and verification of beneficial owners of their customers (s. 15(4) AML Act).

66. CTSPs are licensed and regulated by the IBD. The IBD issued AML guidelines providing further details in respect of the obligations under the AML Act. IBD AML Guidelines (as well as guidelines issued by other AML regulators) are binding and enforceable. As the AML Act does not contain a definition of beneficial owner, further specification is contained in the IBD AML Guidelines. Beneficial ownership requirements under the IBD AML Guidelines are similar to those under the CBB AML Guidelines covering banks. The obligated CTSP must identify beneficial owners defined as “the natural person(s) who ultimately owns or controls a customer and/or the natural person on whose behalf a transaction is being conducted. It also includes those persons who exercise ultimate effective control over a legal person or arrangement. 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” (s.32 IBD AML Guidelines). In respect of corporate customers, the CTSP must apply cascading aspects of the beneficial ownership identification in line with the standard (see further Section A.3).

67. The IBD AML Guidelines provide rules for reduced CDD and for introduced business. Reduced CDD can be performed only in respect of customers who are licensed entities in Barbados (such as financial institutions licensed under IFSA or FIA), the Government of Barbados or a statutory body (s.13 IBD AML Guidelines). A licensee may rely on other regulated third parties to introduce new business but ultimately the licensee remains responsible for customer identification and verification. Further, the licensee should (among other) have a written agreement that clearly outlines the respective responsibilities of the two parties and obtain copies of the due diligence documentation provided to the introducer prior to the commencement of the business relationship (s.13.1 IBD AML Guidelines). These rules are in line with the standard.

68. AML obligated persons must carry out due diligence on an ongoing basis and keep the CDD documentation updated (s.16 AML Act). The IBD AML Guidelines specify that once verification has been completed further verification checks are periodically needed when transactions are undertaken. The file of each customer must show the steps taken and the evidence obtained in the process of verification and subsequent checks (s.13.4 IBD AML Guidelines).

69. CDD records must be kept for a period of no less than five years from the termination of the business arrangement or from the transaction, where the transaction is an occasional transaction (s.18 AML Act).

70. The AML Act contains various enforcement measures to ensure compliance with its requirements. These measures include administrative actions such as issuance of warnings or reprimands, suspension of activities, suspension or revocation of licenses but also financial penalties and in severe cases imprisonment for up to two years (ss.33-36 and 43-47 AML Act).

71. In addition to beneficial ownership information available with CTSPs, companies may engage other AML obligated service providers in Barbados and in that case certain beneficial ownership information will be available with these service providers. The same CDD obligations apply in respect of domestic as well as foreign companies where they engage an AML service provider in Barbados. This will typically be banks (see further Section A.3), lawyers or accountants. However, no figures are currently available on the number of companies that have a bank account in Barbados or that engage a lawyer or an accountant therein.

72. Lawyers and accountants are covered under the AML Act and must carry out CDD obligations in respect of their clients. AMLA issued AML Guidelines for lawyers and accountants which specify an obligation to identify beneficial owners of their clients. The definition of the beneficial owner follows that contained in the CBB AML Guidelines for banks (see Section A.3).

Implementation of obligations to keep beneficial ownership information in practice

73. All domestic companies and foreign companies registered in Barbados are required to maintain beneficial ownership information under the Companies Act. The obligation to maintain beneficial ownership as understood under the standard was introduced in March 2019 and came into effect in May 2019. The new obligation covers all companies incorporated prior to its coming into effect as well as all new or newly registered companies. Currently there is no supervision of this obligation. It is understood that its supervision will be primarily under the responsibility of CAIPO. However, there are currently no resources allocated to this task, although a proposal for the creation of a Compliance Unit in CAIPO is under consideration. As was already described in respect of legal ownership information, there is only limited supervision (if any) of information required to be kept by companies in general.

74. Supervision of CTSPs' CDD obligations (including the availability of beneficial ownership information) is under the responsibility of the IBD. As already described in respect of legal ownership information, supervision performed by the IBD is not adequate. The IBD has devoted one officer to carry out compliance checks including on-site inspections of licensed companies and service providers and it carried out two on-site inspections over the review period (covering about 2% out of 83 licensed CTSPs). Based on the inspections' findings the IBD concluded that both corporate service providers were partially compliant with their record keeping duties. Nevertheless, no sanctions were applied over the current or previous review period. The IBD only very recently started to work on further strengthening its supervisory regime including carrying out more frequent on-site inspections (see further section on Recent developments).

75. There is currently no supervision and enforcement of lawyers' and accountants' CDD obligations if they are not acting as trust or corporate service providers (e.g. when providing certain legal or accounting services while not acting as directors or shareholders of the company). Barbados should therefore take measures to address this concern (see Annex 1). Barbados has already started taking steps to do so and works on the creation of a compliance unit in the AMLA and related legislative proposals.

76. Considering the above, there is a lack of supervision of beneficial ownership keeping requirements in Barbados. The obligation to maintain beneficial ownership under the Companies Act covers all companies but it is recent and not yet implemented in practice. Beneficial ownership information keeping requirements pursuant to AML rules cover all companies licensed to carry out international business. Nevertheless, supervision of these obligations is limited. Barbados is therefore recommended to implement obligations to maintain beneficial ownership information so that beneficial ownership, as defined under the standard, is available in respect of all companies.

77. Supervision of companies providing financial services regulated by the CBB or the FSC appears adequate. The FSC supervises entities and individuals operating in the insurance and securities sector, credit unions, mutual funds or pension plans which are likely of limited relevance for the availability of beneficial ownership on companies under the reviewed standard. The FSC carries out supervisory measures similar to the supervision by the CBB (see further Section A.3). These supervisory measures include reporting obligations, off-site analysis as well as on-site inspections carried out by a specialised department.

A.1.2. Bearer shares

78. The 2016 Report concluded that no company can issue bearer shares or bearer share certificates, pursuant to section 29(2) of the Companies Act and no issue concerning bearer shares was identified. There has been no change in the relevant rules.

A.1.3. Partnerships

79. Barbados law provides for two types of partnerships: limited and general partnerships. As of August 2019, 22 limited partnerships were registered in Barbados. The number of general partnerships is not readily available as they are registered as firms together with sole proprietors. Nevertheless, based on the latest available figure from 2016 their number is estimated to be less than one hundred.

Identity of partner information

80. The 2016 Report concluded that information on the identity of partners in limited and general partnerships is available in line with the standard. There has been no change in the relevant rules since then.

81. The main sources of information in respect of partnerships are filing requirements with the Registrar and with the tax authority. Identity information of all partners in a partnership is available with the Registrar. The

identity of partners in a limited partnership (legal owners), including ongoing changes, is a matter of public record. No registration procedure exists for creating a general partnership as general partnerships are not legal entities. However, where a general partnership carries out business in Barbados it is required to register under the Registration of Business Names Act and provide identity information on its partners including any subsequent changes to the Registrar. Partnerships are taxed at the level of partners. Nevertheless, partnerships having taxable income in Barbados must file with the BRA an information return, including identity information of all the partners in that income year. Finally, the full list of all partners is available also with the partnership as it is necessary to determine the share of profit of each partner.

82. Identification of partners remains available based on filing requirements with the Registrar and with the tax authority. In both cases the filed information is kept for more than five years since the period to which the information relates and regardless whether the partnership ceases to exist.

83. As described in the 2016 Report, sanctions are applicable in case of non-compliance under the tax law as well as under the Limited Partnership Act and the Registration of Business Names Act.

84. Partnerships' compliance with registration and filing requirements is supervised in the same way as in respect of companies (see further Section A.1.1 and A.3). Therefore the same conclusions as under Section A.1.1 apply.

Beneficial ownership information requirements

85. The main source of beneficial ownership information on partnerships is requirements on service providers under the AML law.

86. Where a partnership engages an AML obliged service provider, the service provider must carry out CDD measures and identify beneficial owners of the partnership. The service provider must apply the same measures as described in respect of companies and other types of customers (see further Section A.1.1 and A.3).

87. In December 2019, Barbados amended the Companies Act and the Limited Partnership Act so that beneficial ownership on partnerships is required to be available in line with the standard. The source of beneficial ownership information on partnerships depends on the type of partners in the partnership. As described above, the identity of all partners is available with the Registrar and with the tax authority. Where partners are not individuals but domestic entities or arrangements, beneficial ownership information on these entities or arrangements will be available in Barbados pursuant to the rules applicable to these entities and arrangements. Mainly, beneficial

ownership of domestic companies is required to be available with these companies (see further Section A.1.1). 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 Act⁶ and is required to register in Barbados and engage a CTSP (see further Section A.1.1). Finally, 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.

88. The amended rules came into force on 3 December 2019. Partnerships and external companies registered after coming into force of the amendment must comply with the requirement. Partnerships and external companies already registered in Barbados have to comply with the obligation within 180 days of the coming into force of the amendment. Implementation of the new rules is to be ensured by the same supervisory and enforcement measures as in respect of other ownership information requirements (see below)

89. When identifying beneficial owners of a partnership, CTSPs are bound by the definition of beneficial owners in the IBD AML Guidelines. The definition in the IBD AML Guidelines largely mirrors the definition contained in the CBB AML Guidelines (see further Section A.3). CTSPs must among others identify each partner, controller and authorised signatories of the partnership (ss.32 and 39 IBD AML Guidelines).

90. In addition, beneficial ownership information will be available with a service provider if engaged by the partnership in Barbados pursuant to the service provider’s CDD obligations. Based on the information from the Barbados authorities, it is understood that partnerships are likely to engage a service provider in Barbados (e.g. to open a bank account) as they typically carry out business activities therein and about half of domestic partnerships have only domestic partners (either individuals or companies). Further, as described above, where a partnership has a foreign partner who is not an individual, a CTSP must be engaged. Considering this and the low number of partnerships in Barbados, it is understood that the number of partnerships without a service provider engaged in Barbados is very low (if any).

91. To conclude, beneficial ownership requirements in respect of partnerships appear in line with the standard. The information will be available

6. An external company is a firm or other body of persons, whether incorporated or unincorporated, that is formed under the laws of a country other than Barbados (s.252(2) Companies Act).

primarily with the service provider required to be engaged by the partners or the partnership on an ongoing basis. Nevertheless, these rules are largely very recent and their adequacy can be fully assessed only in light of their practical implementation.

Implementation of obligations to keep beneficial ownership information in practice

92. Implementation of the rules concerning the availability of beneficial ownership information on partnerships is supervised in the same way as in the case of companies. Therefore the same conclusions apply and Barbados is recommended to address the identified concerns.

93. As discussed in Section A.1.1, supervision of CTSPs performed by the IBD is not adequate and Barbados is recommended to take measures to address this gap. Supervision of third party service providers is appropriate in respect of financial institutions under the supervision of the CBB (see further Section A.3).

A.1.4. Trusts

94. As a common law jurisdiction, Barbados recognises the concept of trusts. Trusts can be created under Barbadian law pursuant to statutory acts regulating different types of trusts and under the common law.

95. Trusts are generally not required to be registered with the exception of trusts providing financial services or where realising taxable income in Barbados. As of August 2019, there were about 600 trusts registered with the tax authority.

Beneficial ownership information

96. The 2016 Report concluded that AML regulations are the primary source of the legal obligations of trustees and service providers to maintain information on settlors and beneficiaries. In addition to AML obligations, in Barbados, all trustees are governed by common law requirements according to which trustees must know the identities of settlors and beneficiaries. Finally, certain information on beneficiaries must be available for tax purposes as trusts are generally deemed to be a separate person for tax purposes and in order to deduct payments made to its beneficiaries the trustee has to provide their identities to the tax authority. Consequently, the 2016 Report concluded that the above requirements require the identification of the settlor, trustee and beneficiaries of trusts in line with the standard and no recommendation was made. There has been no change in the relevant rules since then.

97. All persons acting as professional trustees are AML obligated service providers under the AML Act and required to carry out CDD measures in respect of their customers (Second Schedule of the AML Act). Provision of trust services is regulated and supervised by the IBD. Generally, the same CDD rules apply as in respect to other entities or arrangements (see further Section A.1.1).

98. Under the IBD AML Guidelines service providers (CTSPs) must, at a minimum, obtain (among other requirements):

- identity of the trustee(s), settlor(s), protector(s)/controller(s) or similar person holding power to appoint or remove the trustee and where possible the names or classes of beneficiaries
- identity of person(s) with powers to add beneficiaries where applicable, identity of person providing the funds, if not the ultimate settlor
- any other natural person exercising effective control over the trust (including through a chain of control/ownership) (s. 71(d) IBD AML Guidelines).

99. Further, beneficial ownership information on trusts must be available with AML obliged persons engaged by a trust in Barbados. This will typically be a bank or a financial intermediary. However, there is no requirement for a trust created under Barbados law or foreign trusts administered in Barbados to engage a third party service provider in Barbados.

100. The 2016 Report identified a potential gap concerning trusts which have a non-professional trustee and do not engage an AML obliged person in Barbados and Barbados was recommended to monitor it. Situations where a non-professional trustee can be in place are normally where a private individual manages a family trust. According to the Barbados authorities cases where a trust is managed on a non-professional basis are rare as the settlor prefers legal certainty and quality of services provided by a professional trustee. This was confirmed also in exchange of information practice over the review period as there was no request related to a trust managed by a non-professional trustee. Therefore the monitoring recommendation is considered addressed.

101. To conclude, identification of beneficial owners of domestic and foreign trusts administered in Barbados is required to be available in line with the standard. This is mainly based on the AML requirements of trustees specified under the IBD AML Guidelines.

102. Implementation of the rules concerning availability of beneficial ownership information on trusts is supervised in the same way as in the case of other entities or arrangements. Therefore, conclusions made in Sections A.1.1 and A.1.3 apply.

A.1.5. Foundations

103. In November 2019, Barbados repealed the Foundations Act. Consequently, no foundations can be created under Barbados' law.

104. The now repealed Foundations Act had entered into force in January 2016. Prior to that no foundations could be created under Barbados law. Although Barbados law provided for creation of foundations since January 2016 until November 2019, there have been no foundations created in Barbados.

105. The 2016 Report concluded that information on individual beneficiaries of domestic foundations may not be available in all cases and Barbados was recommended to address this gap. Since there have been no domestic foundations created and Barbados has abolished the possibility to create any new foundations, the recommendation has been addressed.

A.2. Accounting records

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

106. The main sources of accounting record keeping obligations in Barbados are commercial and tax law. The 2016 Report concluded that Barbados' legal and regulatory framework requires the availability of accounting information in line with the standard with the exception of trusts deriving no benefit or income in Barbados and thus not subject to accounting or record-keeping obligations in the Income Tax Act. Since then Barbados has taken measures addressing this recommendation.

107. Supervision of accounting record keeping obligations is mainly the responsibility of the tax authority and of the IBD in respect of entities licensed to carry out international business. The 2016 Report concluded that Barbados did not have a regular system of oversight in place with respect to international entities and that although sanctions exist, no sanctions were applied for any violation of record-keeping obligations. Consequently, Barbados was recommended to address both findings. There has been no significant change in Barbados' practices during the review period and therefore the recommendations remain valid.

108. During the review period, Barbados received 13 requests that asked for accounting information. All of these requests related to information on companies. According to the Barbados authorities, there was no case over the review period where it failed to provide the requested information because the information was not available. However, in some cases delays were reported by Barbados' EOI partners when receiving the requested accounting information. These concerns are covered in sections B.1 and C.5.

109. The new table of determinations and ratings is as follows:

Legal and Regulatory Framework		
Determination: In place		
Practical implementation of the standard		
	Underlying Factor	Recommendations
Deficiencies identified	Barbados does not have a regular system of oversight in place with respect to international entities. Although the tax authority routinely audits domestic entities, less than 30% of the entities are registered with the tax authority and no IBCs have been audited.	Barbados is recommended to ensure that there is adequate oversight of the compliance of domestic and international 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 record-keeping requirements.
Rating: Partially Compliant		

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

110. The 2016 Report concluded that Barbados' legal and regulatory framework requires the availability of accounting information in line with the standard with the exception of trusts deriving no benefit or income in Barbados and thus not subject to accounting or record-keeping obligations in the Income Tax Act. Since then Barbados has taken measures addressing this recommendation.

111. The main sources of accounting obligations in Barbados are commercial and tax law. Under Barbados' commercial law, all domestic and foreign companies have obligations to prepare and maintain "adequate accounting records" (s. 172 CA). Companies must also prepare financial statements (s. 147 CA). These provisions are supplemented by provisions in the Income Tax Act providing specific guidance on the nature of books and records to be kept and the period such records are required to be retained.

112. The 2016 Report concluded that trusts were not always subject to accounting requirements in line with the international standard as not all trusts are subject to the Income Tax Act. The book-keeping obligations contained in the Income Tax Act would apply to trusts within its ambit (i.e. trusts created under Barbadian law where the trustee is resident in Barbados or trusts generating income in or deriving profit from Barbados). However, international and offshore trusts deriving no benefit or income in Barbados were not considered taxpayers in Barbados and thus were not subject to accounting or record-keeping obligations in the Income Tax Act. As a result, Barbados was recommended to address this gap. Since then Barbados has amended the IBD AML regulations covering (among other) all professional trustees and licensed trusts. The amendment came into force in December 2016. Under section 17 of the IBD AML Guidelines licensees and registrants 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. Section 18 details contents of accounting records to be kept and provides a description with examples of underlying documentation to be maintained. The amendment addresses the identified gap and therefore the recommendation is deleted.

113. The 2016 ToR require that accounting records must remain available regardless whether the entity or arrangement cases to exist. Barbados' law contains several retention requirements:

- The tax law – every person required to keep records and books must retain such records or books (including keep vouchers or other records necessary to verify such records), for a minimum period of five years after the end of the relevant tax year and until written permission for their disposal is obtained from the Commissioner (s. 75(4) ITA). Further, the statute of limitation is generally nine years after which tax cannot be re-assessed (s. 54(1) ITA). It is therefore ensured that accounting records must be kept for at least five years and records necessary for tax assessment such as accounting records are likely to be in practice kept for nine years.
- The Companies Act – if a company ceases to exist, company records must be kept by a person who has been granted custody of the documents for six years following the date of the company's dissolution (ss.381 and 383 of the Companies Act). A company cannot be dissolved unless the company or the court has appointed a person to take custody of the documents and records of the company (s. 371(3A) of the Companies Act). Similar requirements apply for companies under the SRL Act (ss.34 and 35 SRL Act).
- The IBD AML Guidelines – the accounting records are required to be kept for a period of not less than five years after the end of the

period to which they relate (s. 17 IBD AML Guidelines). These rules are mostly relevant for the availability of accounting information in respect of trusts (or other entities and arrangements) operated by licensed trustees.

114. In addition to accounting information kept by entities or arrangements, certain accounting information remains available with government authorities due to accounting filing obligations. Companies with a gross revenue that, or assets the value of which, exceeds BBD 4 million (USD 2 million) must file their financial statements with the Registrar. Companies licensed to carry out international business have a similar obligation to submit their financial statements to the IBD. Finally, certain accounting information is available with the tax authority based on tax return filing obligations. Information filed with government authorities remains at their disposal for at least five years since the information is filed regardless of whether the entity or arrangement to which the information relates ceases to exist.

115. To conclude, Barbados' law contains several retention requirements ensuring the availability of accounting records for at least five years since the end of the period to which the records relate and regardless whether the entity or arrangements ceases to exist. As the retention requirements under the Companies Act and SRL Act were only recently strengthened, their impact in practice remains to be seen. Their implementation in practice is to be ensured by the same supervisory and enforcement measures as in respect of other accounting obligations (see below).

116. As concluded in the 2016 Report there are sanctions in place in cases of failure to keep accounting records under various laws. Notably, under the Income Tax Act, failing to keep or retain records or books of account is an offence subject upon summary conviction to a fine between BBD 10 and BBD 10 000 (USD 5 and USD 5 000) (s. 79 ITA).

Implementation of accounting record keeping requirements in practice

117. Implementation of accounting record keeping obligations is mainly the responsibility of the tax authority (BRA), and of the IBD in respect of entities licensed to carry out international business.

118. The 2016 Report concluded that Barbados did not have a regular system of oversight in place with respect to international entities. Although the tax authority routinely audited domestic entities, no IBCs were audited in the three years under review. Further, the 2016 Report concluded that although sanctions exist, no sanctions were applied for any violation of record-keeping obligations. Consequently, Barbados was recommended to address both findings. There has been no significant change in Barbados' practices during the review period and therefore the recommendations remain valid.

119. The BRA has in place a system for the monitoring of tax returns and tax audits. Filed tax returns are checked for inconsistencies and irregularities which trigger further follow-up verifications typically involving requesting further information from the taxpayer such as certain transaction records. Although the corporate income tax filing rate is above 80% of obligated taxpayers, out of about 29 000 entities registered in Barbados only about 8 000 are tax registered. The vast majority of the 29 000 entities are companies. Only entities with taxable income in Barbados are required to register with the BRA. It is therefore assumed that entities that are not tax registered do not have any taxable income in Barbados. The BRA carries out various types of tax audits. About 70 officers are allocated to carry out these activities. During all types of tax audits accounting information (or certain parts of it) is always checked. The BRA carried out 88 comprehensive tax audits in 2016, 93 in 2017 and 103 in 2018, covering about 1% of taxpayers annually. 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 addition to comprehensive audits, the BRA carries out topical audits and desk audits focused on certain aspects of the taxpayer's tax liability. However, these audits focus on tax registered entities representing only less than 30% of the entities registered in Barbados, none of these audits concerned a company licensed to carry out international business and no sanctions for record keeping requirements were applied over the review period despite deficiencies identified in a few cases.

120. As already described in Section A.1.1, supervision performed by the IBD is not adequate. The IBD has devoted one full time officer to carry out compliance checks including on-site inspections of licensed companies and service providers and carried out two on-site inspections over the review period (covering about 2% of 83 licensed CTSPs). Based on the inspections' findings the IBD concluded that both corporate service providers were partially compliant with their record keeping duties. Nevertheless, no sanctions were applied over the current or previous review period. The IBD only very recently started to work on further strengthening its supervisory regime including carrying out more frequent on-site inspections.

A.3. Banking information

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

121. In terms of banking information, the 2016 Report concluded that banks' record keeping requirements and their implementation in practice were in line with the standard. This continues to be the case.

122. All banks in Barbados are financial institutions covered by AML obligations and required to carry out CDD measures which include identification and verification of beneficial owners of account-holders in line with the standard. The obtained CDD information must be kept for at least five years from the end of the business relationship and non-compliance is subject to administrative fines and in severe cases criminal penalties.

123. Supervisory activities carried out by Barbados are adequate to ensure practical availability of beneficial ownership information in line with the standard. Banks' compliance with the AML/CFT record keeping obligations is supervised by the CBB. The supervisory regime includes a combination of off-site audits and on-site inspections. The frequency of on-site inspections seems adequate. Inspection of sample CDD files include the way how beneficial owners are identified and documented. The instances where shortcomings were identified related to banks' policies and procedures but did not concern the identification of beneficial owners in the individual cases.

124. Availability of banking information in Barbados was also confirmed in EOI practice. During the review period, Barbados received 10 requests related to banking information. There was no case where the information was not provided because the information was not available with the bank. In certain cases delays were encountered by Barbados EOI partners when receiving the requested banking information. These requests typically related to old banking records required to be gathered manually. The lengthy response times pointed out by peers are further covered in sections B.1 and C.5.

125. The table of determinations and ratings remains as follows:

Legal and Regulatory Framework
Determination: In Place
Practical implementation of the standard
Rating: Compliant

A.3.1. Record-keeping requirements

126. The 2016 Report concluded that banks' record keeping requirements and their implementation in practice are in line with the standard. There has been no change in the relevant rules or practices concerning record keeping since then.

127. As described above in Section A.1.1, all banks are subject to AML obligations. These obligations include keeping business transaction records and CDD obligations. Business transaction records must include, among others: (a) the identification records of all the persons who are a party to the transaction; (b) a description of the transaction sufficient to identify its

purpose and method of execution; (c) the details of any account used for the transaction, including bank, branch and sort code; and (d) the total value of that transaction (s.2 AML Act). Transaction records are required to be kept for at least five years since the end of the business arrangement or the transaction, where the transaction is an occasional transaction (s. 18(2) AML Act). In case of non-compliance with banks' record keeping requirements various enforcement measures apply. These measures include fines, suspension of activities and in severe cases imprisonment for up to two years (ss.33-36 and 43-47 AML Act).

128. In addition to the requirements under the AML law, banks are subject to licensing requirements with the CBB under which they are required to keep and retain (among other items) accounting records and business papers (ss.43 and 45 Financial Institutions Act).

129. Implementation of record-keeping requirements is supervised by the CBB together with obligations to identify beneficial owners described below.

Beneficial ownership information on account-holders

130. All banks in Barbados are financial institutions covered by AML obligations and required to carry out CDD measures, which include identification and verification of the beneficial owners of account-holders (ss.2 and 15 AML Act).

131. The CBB issued binding AML guidelines to provide further details concerning banks AML obligations. Pursuant to the CBB AML Guidelines, the bank should identify the customer and all those who exercise control over the account or business arrangement. A customer includes a beneficial owner. Beneficial owner is defined as “the natural person(s) who ultimately owns or controls a customer and/or the natural person on whose behalf a transaction is being conducted. It also includes those persons who exercise ultimate effective control over a legal person or arrangement. 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”. Further, banks should take reasonable measures to understand the ownership and control structure of the customer (s. 7.0 CBB AML Guidelines). The Barbados authorities confirm that the extent of measures to verify the identity of the beneficial owner must correspond to the risk factors of the case, nevertheless, the identity of the beneficial owner must always be established.

132. In respect of corporate customers the CBB AML Guidelines specify that identity information on the beneficial owners of the entity should extend to identifying those natural person(s) who ultimately own and control the entity and should include anyone who is giving instructions to the licensee

to act on behalf of the company with the exception of the company which is publicly listed on a recognised stock exchange and not subject to effective control by a small group of individuals. If the entity is not exempted, identity should be sought on persons with a minimum of 10% shareholding of the entity. In addition to persons with controlling ownership interest, banks must always identify the entity's directors and officers who exercise effective control over the business and are in a position to override internal procedures/control mechanisms and, in the case of bank accounts, the signatories to the account (s. 7.2 CBB AML Guidelines). Further, the guideline clarifies that there may be doubt as to the natural person(s) with controlling ownership interest; or there is no natural person(s) exerting control through ownership interests. In such cases, the licensee should identify those natural person(s) exercising control of the legal person or legal arrangement through other means (s. 7.0 CBB AML Guidelines).

133. In respect of trusts (and similar legal arrangements) the CBB AML Guidelines require that the bank must obtain (at the minimum) the identity of the trustee(s), settlor(s), protector(s)/controller(s) or similar person holding power to appoint or remove the trustee and where possible the names or classes of beneficiaries; the identity of person(s) with powers to add beneficiaries, where applicable, the identity of the person providing the funds, if not the ultimate settlor; and the identity of any other natural person exercising effective control over the trust (including through a chain of control/ownership) (s. 7.4.1 CBB AML Guidelines).

134. The CBB AML Guidelines do not specifically refer to foundations. However, according to the Barbados authorities the beneficial ownership requirements for trusts should be applied where foundations are functionally similar to trusts (i.e. are created as wealth management vehicles). According to their view, this approach follows from the application of general definition of the beneficial owner and ownership identification requirements contained in the CBB AML Guidelines. As there is no further guidance or practice to confirm this approach Barbados is recommended to monitor that, where an account holder is a foundation, all beneficial owners are identified in line with the standard (see Annex 1).

135. In respect of partnerships the CBB AML Guidelines add that the bank must identify each partner, immediate family members with ownership control over the partnership, controllers and authorised signatories (s. 7.3 CBB AML Guidelines). Doubts may arise whether identified partners can be legal entities or arrangements. Nevertheless, read in conjunction with the definition of beneficial owner contained in section 7.0 of the Guideline, the specification concerning beneficial owners of partnerships appears in line with the standard.

136. In effecting the due diligence process, banks must, whenever possible, require prospective customers to be interviewed in person. In verifying customer identity, banks use independent official or other reliable source documents, data or information to verify the identity of the beneficial owner prior to opening the account or establishing the business relationship. Banks should not accept funds from prospective customers unless the necessary verification has been completed. In exceptional circumstances, where it would be essential not to interrupt the normal conduct of business (e.g. non face-to-face business and securities transactions), verification may be completed after establishment of the business relationship. However, in these exceptional cases a reasonable timeline for completing the verification process should be established (s. 7.0 CBB AML Guidelines).

137. The CBB AML Guidelines provide the same rules for reduced CDD and introduced business as contained in the IBD AML Guidelines. These rules are in line with the standard (see further Section A.1.1).

138. Banks are required to monitor account activity throughout the existence of the business relationship. The obtained CDD information must be kept up to date. The updating process should be risk-based, to ensure that all existing customer records are current and valid and conform to any new requirements. In addition, existing records must be always reviewed if there is a material change in how the account is operated or if there are doubts about previously obtained customer identification data (s. 7.0 CBB AML Guidelines).

139. As already described, banks must retain information obtained pursuant to CDD requirements for at least five years from the end of the business relationship (s. 18 AML Act). Non-compliance with these requirements is subject to various enforcement measures including administrative fines or revocation of licenses (see further above and Section A.1.1).

Implementation of obligations to keep beneficial ownership information in practice

140. Banks' compliance with the AML/CFT record keeping obligations is supervised by the CBB. The supervisory regime includes a combination of off-site reporting and on-site inspections as well as desk based analysis of inspection findings and overall risks faced by the regulated sector. About four persons are devoted to AML supervision in the CBB's Supervision Department.

141. The same supervisory measures continue to be applied as described in the 2016 Report. Banks are subject to AML/CFT oversight based on their risk profiles generated from ongoing review of inherent risk and the quality of risk management. The Central Bank's inspection programme consists

of desk-based reviews and on-site examinations. The first stage is a desk review, which will determine the scope of the supervision. On-going desktop reviews are based on quantitative and qualitative information (e.g. in the form of returns or self-assessments). On-site inspections of compliance with CDD obligations include checks of sample files to assess whether proper identification as prescribed under the law is on record including the record of steps how the beneficial owner was identified. The team will also verify the frequency with which such files are kept current.

142. After the on-site inspection, the team will gather all of its findings into a report, detailing the deficiencies and the date by which such deficiencies must be rectified. In general, the entity will be asked to follow an Action Plan, which will aim to resolve issues identified within a month of the inspection. Other measures to ensure compliance include supervisory letters requiring specific actions, restrictions or conditions on activities, or follow-up on-site inspections. In the period under review, the Central Bank did not apply any monetary sanctions as remedial action had proven to be effective. Nevertheless, enforcement measures have been applied in a few instances in previous periods. Areas for improvement were identified in the oversight framework, including banks' policies and procedures relating to CDD and KYC but did not relate to the identification of beneficial owners in the checked cases.

143. Out of 29 banks licensed in Barbados, 21 banks were subject to on-site inspections in the period 2015-18. Inspections are carried out in cycles covering all banks. The new inspection cycle started in 2016.

Part B: Access to information

144. 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).

145. As concluded in the 2016 Report, the Competent Authority has broad access powers to obtain all types of relevant information including ownership, accounting and banking information from any person in order to comply with obligations under Barbados’ EOI instruments. These access powers can be used regardless of domestic tax interest and also in cases where information is requested for criminal tax purposes. In the case of failure to provide the requested information, the Competent Authority has adequate powers to compel the production of information. Finally, secrecy provisions contained in Barbados’ law are compatible with effective exchange of information.

146. In most cases only partial information is at the disposal of the tax authority or other government authorities and the complete information has to be gathered through use of access powers. There was no case reported during the current period under review where the requested information would not be provided due to lack of scope of access powers. 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. The issue was already pointed out in the 2016 Report. However, there has been no change in Barbados’ practice since then and therefore Barbados is recommended to address it.

147. The table of determinations and ratings therefore remains as follows:

Legal and Regulatory Framework		
Determination: In place		
Practical implementation of the standard		
	Underlying Factor	Recommendation
Deficiencies identified	Barbados experienced significant delays in responding to some requests for banking and accounting information over the review period although these delays do not appear to stem from deficiencies in the legal framework for Barbados' access powers. In those cases, compulsory powers were not used.	Barbados is 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.
Rating: Largely Compliant		

***B.1.1. Ownership, identity and bank information and
B.1.2. Accounting records***

148. The tax administration has broad access powers to obtain all types of relevant information including ownership, accounting and banking information from any person within Barbados jurisdiction pursuant to a valid EOI request.

149. The 2016 Report concluded that appropriate access powers are in place for EOI purposes. There has been no change in the relevant rules since then.

150. The Competent Authority's access powers for exchange of information purposes are provided in the ITA. The Competent Authority's statutory powers apply irrespective of whom information is to be obtained from or the nature of the information sought. Section 76 of the ITA gives the competent authority the right to require from any person any information in the form of a return of income or a return of information or otherwise, and production of any books, letters, accounts, invoices, statements or other documents within a reasonable period of time stipulated in the request. This power applies to all entities in Barbados, whether liable to taxes or not, and does not include any specific identification requirements of the person(s) from whom the information is sought

Access to information in practice

151. In practice, the main sources of information for the Competent Authority are:

- Banks in respect of banking information – banks submit the requested information upon a request of the Competent Authority. The Competent Authority sends a letter to the bank requesting for the information to be provided within 30 days (as is the case for other types of information). No specific identifiers are required to be provided to banks as long as they uniquely identify the person whose banking information is requested. This can be done also through the provision of the bank account number.
- Governmental authorities – when the information is in the hands of another governmental authority, a representative of this authority is requested by a letter or e-mail to provide the requested information within 30 days. This typically concerns the Registrar of companies where registration information such as address or identification of directors or other representatives of the company is requested.
- Information in the hands of the tax authority – the information already available with the tax authority is obtained directly from the respective tax department. The tax database contains basic information that can be used for the identification of taxpayers and to gather information regarding their addresses, residency, TIN, etc. Further information can be obtained from the taxpayer’s file with the BRA. The tax file contains among other basic accounting information regarding entities and arrangements filing their tax returns.
- The taxpayer – the Competent Authority sends a letter to the taxpayer requesting for the information to be provided within 30 days. Information typically requested from the taxpayer is accounting information such as invoices, contracts and further information on specified transactions.
- Third parties such as service providers – as in other cases the information is requested by the Competent Authority through a letter under section 76 of the ITA with a 30-day period to respond. The information requested from service providers typically relates to accounting or ownership information.

152. EOI requests typically relate to a taxpayer that is resident in the requesting jurisdiction and that has presence in Barbados through ownership of assets in Barbados, a Barbados entity or has a bank account in Barbados. Most of the received requests concern banking and accounting information. Therefore, in most cases only partial information is at the disposal of the tax

authority or other government authorities and the complete information has to be gathered through use of other access powers described above.

153. Over the review period Barbados did not receive any EOI request specifically referring to beneficial ownership information. Where information is requested on directors and representatives of an entity or arrangement, or concerning its ownership structure the information is typically obtained from the Registrar or the entity. There are no specific rules governing the tax authority's power to access beneficial ownership information (or information maintained for AML/CFT purposes) and section 76 of the ITA is applied. Accessibility of beneficial ownership information kept pursuant to AML/CFT obligations for exchange of information purposes was also confirmed by representatives of the banking sector.

154. The procedure for obtaining information remains the same regardless of whether the information is requested in criminal or civil tax matters.

155. There was no case reported during the current period under review where the requested information would not be provided due to lack of scope of access powers. No concerns in this respect were indicated by peers either. Nevertheless, in a few cases only partial information was provided and in some cases the response to the requesting jurisdiction was provided a considerable time after receipt of the request (see further sections B.1.4 and C.5).

B.1.3. Use of information gathering measures absent domestic tax interest

156. The concept of “domestic tax interest” describes a situation where a contracting party can only provide information to another contracting party if it has an interest in the requested information for its own tax purposes.

157. The 2016 Report concluded that the Competent Authority can use its access powers regardless of domestic interest. There has been no change in the applicable rules since the first round review. The legal basis for the use of domestic access powers also in cases where there is no domestic tax interest is section 76 read together with section 83 of the ITA, which gives the force of law to Barbados EOI agreements (as agreements “with respect to the avoidance of double taxation, the prevention of fiscal evasion or other matters relating to the taxation of income”).

158. The majority of EOI requests received by Barbados request information in which Barbados has no domestic tax interest. Barbados' ability to provide information regardless of domestic tax interest has been confirmed over the current and previous review periods as there was no case where the domestic tax interest would prevent accessing and providing the requested information. This was also confirmed by peers.

B.1.4. Effective enforcement provisions to compel the production of information

159. Jurisdictions should have in place effective enforcement provisions to compel the production of information.

160. As concluded in the 2016 Report, Barbados has in place effective enforcement provisions to compel the production of information. There has been no change in these provisions since then. Section 76 of the ITA gives the BRA the power to enter premises to audit and seize documents, and the power to question a person. If a person fails to comply with a request for information, then he/she can be fined or in severe cases imprisoned for up to six months (s. 79 ITA).

161. The 2016 Report concluded that Barbados experienced significant delays in responding to some requests for banking and ownership information and that in those cases, compulsory powers were not used. Consequently, 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. There has been no change in Barbados practices since then.

162. In practice, the information holder is requested through a letter issued under section 76 of the ITA to provide the requested information within 30 days. If the information is not provided, the deadline may be extended for another 15 days. However, there is no enforcement to produce the complete response within the prescribed deadlines as no enforcement measures were applied over the current and previous review periods despite significant delays in obtaining the requested information in some cases. There does not appear to be a particular reason why enforcement is not applied. The hesitance to use compulsory and enforcement measures is likely linked to the workload of officials handling these cases and established practice. During the current period under review only 14 out of 27 received requests were responded within a year despite the requested information not requiring complex gathering measures and typically involving only one taxpayer. In several cases where complete information was not provided or was provided after more than a year the requested information was banking information held by banks (see further Section C.5). Delays with receiving the requested banking and accounting information were also pointed out by peers. As the issues pointed out in the 2016 Report still persist, the recommendation is kept and Barbados is recommended to take measures to address it.

B.1.5. Secrecy provisions

163. The 2016 Report concluded that secrecy provisions contained in Barbados' law are in line with the standard. There has been no change in these rules since then.

164. Barbados law contains a number of secrecy provisions in various pieces of legislation, primarily in the banking law and trust acts. Nevertheless, for the purposes of exchange of information in tax matters, these secrecy rules are overridden by specific provisions contained in these acts.

165. Protection of information subject to legal professional privilege is guaranteed, among other, under section 77 of the ITA. The scope of the protected information appears in line with the standard as was already concluded in the first round reviews.

166. Compatibility of secrecy provisions with effective exchange of information was also confirmed during the current period under review as there was no case where banking, professional or other secrecy prevented obtaining the requested information. Accordingly, no concerns in this respect were reported by peers either (see also Section C.4).

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.

B.2.1. Rights and safeguards should not unduly prevent or delay effective exchange of information

167. Rights and safeguards contained in Barbados' law remain compatible with effective exchange of information and their application in practice does not unduly prevent or delay exchange of information. There has been no change in Barbados laws or practice in this respect since the 2016 Report.

168. As described in the first round reports on Barbados, Barbados' law does not require notification of the taxpayer subject of the request either prior to exchanging the information or at a later stage.

169. The taxpayer can file an objection to the tax Commissioner or subsequently to the Income Tax Appeal Board (sections 58 and 59 ITA). According to the Barbados authorities, this possibility is rather limited in exchange of information cases as these typically do not raise a question of tax assessment in Barbados and a notice requesting information under section 76 of the ITA as such cannot be subject to administrative objection.

170. The taxpayer subject of the request or the information holder can appeal to a court to seek a judicial review of the tax authority's actions. During the current period under review no EOI case was challenged in court. In 2012, a taxpayer went to court to challenge a notice related to an EOI request received in 2010. In this case, although an injunction was granted to the taxpayer, the Crown was able to successfully challenge the granting of the injunction. As a result, the interim injunction was discharged. Nevertheless, the taxpayer subsequently filed for another injunction related to a second claim in 2014. The taxpayer is seeking to restrain the tax authority from conducting a review of the company's records at its office in Barbados or with any financial institution in Barbados and from exchanging the information with any third party in Barbados or otherwise. As the EOI request was under challenge, the information could not be provided to the requesting authority. The court case is still ongoing and it is currently pending with the Supreme Court. Considering the long period for which the court proceedings are ongoing and that the appeal prevented exchanging the information, as was also pointed out by the peer, 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 (see Annex 1). It is, however, noted that the referred court case has been the only one and does not represent a systemic issue unduly delaying exchange of information.

171. The table of determinations and ratings remains unchanged as follows:

Legal and Regulatory Framework
Determination: In place
Practical implementation of the standard
Rating: Compliant

Part C: Exchanging information

172. Part C evaluates the effectiveness of Barbados' EOI in practice by reviewing its network of EOI mechanisms – whether these EOI mechanisms cover all its relevant partners, whether there were adequate provisions to ensure the confidentiality of information received, whether it respects the rights and safeguards of taxpayers and third parties and whether Barbados could 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.

173. The 2016 Report concluded that Barbados' network of EOI relationships was in line with the standard and provided for effective exchange of information.

174. Barbados has a broad network of 140 EOI relationships which are all in line with the standard and in force in Barbados.

175. In practice, Barbados continues to apply EOI instruments in line with the standard. Over the review period Barbados did not decline any EOI request because of deficiency in the EOI instrument or its incorrect application in practice. Accordingly, peers were satisfied with Barbados' application of its EOI instruments over the review period. Except for a few cases covered in C.5 where not all requested information was provided or which were pending, no specific concerns were reported.

176. The table of determinations and ratings remains unchanged as follows:

Legal and Regulatory Framework
Determination: In place
Practical implementation of the standard
Rating: Compliant

C.1.1. Foreseeably relevant standard

177. Exchange of information mechanisms should allow for EOI on request where it is foreseeably relevant to the administration and enforcement of the domestic tax laws of the requesting jurisdiction.

178. All of Barbados' EOI relationships allow for exchange of information in line with the standard of foreseeable relevance. This is the case also for a DTC with Cyprus and a Protocol to the DTC with Mauritius signed since the 2016 Report.

179. In 2011 Barbados brought into force a unilateral instrument intended to allow EOIR in line with the standard with all its EOI partners even in cases where the respective EOI instrument was not in line with the standard.⁷ The 2016 Report concluded that as the unilateral mechanism appeared to be defective, the unilateral mechanism will need to be repealed to avoid potential confusion in the future. The unilateral instrument has not been used during the current or previous periods under review and does not appear to pose a problem in practice. Further, all of Barbados' EOI relationships are now in line with the standard either through a bilateral or multilateral instrument. Therefore although the unilateral instrument appears obsolete it does not negatively impact Barbados' exchange of information.

180. Concerning the practical application of the foreseeable relevance standard, the 2016 Report concluded that Barbados applies the foreseeable relevance criterion in line with the standard. This continues to be the case also during the current period under review. Barbados did not decline any EOI request because of lack of foreseeable relevance. In a few cases where a clarification was needed, telephone calls were made to the requesting jurisdiction and clarifications were provided during the telephone call and subsequently recorded in the EOI file. The clarifications were typically sought to identify the requested information. However, no statistics in this respect are available. No issues concerning Barbados' application of the foreseeable relevance criterion were raised by peers.

7. Section 3 of the Income Tax (Exchange of Information) Regulations, 2011 provides: "Where a double taxation agreement between Barbados and another country or territory to which section 83(2) of the [Income Tax] Act refers: a) no longer meets the international standard in respect of the exchange of information provision in the agreement; b) excludes certain international business entities from the benefits of its provisions resulting in the exclusion of those entities from the application of the exchange of information provision in the agreement; or c) has been initialled or signed by the parties to that agreement but the parties have not yet concluded that process of ratification of the agreement, Barbados shall unilaterally exchange information under those agreements in accordance with that international standard."

181. None of Barbados' EOI instruments preclude making or receiving group requests. In practice, Barbados has not received any group request. Nevertheless, Barbados' authorities confirm that the OECD Commentary to Model Article 26 will be applied (as is the case also in handling other EOI requests) and such group requests will be handled in accordance with the usual procedure. It is also noted that Barbados' access powers are broad (see further Section B.1.1) and their use does not require prior notification of the taxpayers subject of the request (see further Section B.2).

C.1.2. Provide for exchange of information in respect of all persons

182. All of Barbados' EOI relationships allow for EOI with respect to all persons.

183. In practice, no issues restricting exchange of information in respect of persons on whom the information is requested or of the holder of the information have been indicated by Barbados' authorities or peers.

C.1.3. Obligation to exchange all types of information

184. All of Barbados' EOI instruments allow for the exchange of all types of information including banking information. Out of Barbados' 34 bilateral partners, Botswana, Cuba and Venezuela are not signatories to the Multilateral Convention. The DTC with Botswana was amended through a protocol signed in September 2014 and it now includes Model Article 26(5). Therefore, a restriction in the bilateral treaties with Cuba and Venezuela may impact effective exchange of information with these two partners. However, this is not a concern in practice as Barbados powers to access and provide the relevant information are not constraint by a reciprocity requirement and Barbados will provide the requested banking information regardless of whether the treaty partner can provide such information reciprocally. It is also noted that Barbados has contacted Venezuela to negotiate a protocol to the existing DTC and that Barbados EOI relationship with Cuba appears of limited relevance considering among other that no exchange of information has taken place between the two jurisdictions.

185. In addition to bilateral EOI instruments, Barbados can exchange information with Caribbean Community (CARICOM) members under the CARICOM Tax Treaty.⁸ The CARICOM treaty was signed by Barbados in June 1995 and does not include Model Article 26(5). Out of 10 Barbados' EOI partners under the CARICOM treaty, Barbados can exchange information with nine partners

8. Signatories of the CARICOM Tax Treaty are: Antigua and Barbuda, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, St. Kitts and Nevis, St. Lucia, St. Vincent and Grenadines and Trinidad andTobago.

under the Multilateral Convention. Absence of Model Article 26(5) may impact effective exchange of information with Guyana. However, as pointed out above, Barbados will provide the requested banking information regardless of whether the treaty partner can provide such information reciprocally and therefore the possible restriction is not a concern in practice. Notwithstanding this, Barbados has contacted the CARICOM Secretariat to amend Article 24 of the treaty providing for exchange of information, and the proposal is under consideration.

186. Barbados' ability to provide all types of information in line with the standard was also confirmed in practice. Over the review period, Barbados did not decline a request because the information was held by a bank, other financial institution, nominees or persons acting in an agency or fiduciary capacity or because the information related to an ownership interest as was also confirmed by peers.

C.1.4. Absence of domestic tax interest

187. All of Barbados' EOI instruments allow for the exchange of information regardless of domestic tax interest.

188. In practice, most requests Barbados receives relate to foreign persons who are not taxpayers in Barbados. Nevertheless, no issues or difficulties were reported by Barbados or peers regarding the application of access powers employed solely for EOI purposes.

C.1.5. Absence of dual criminality principles

189. None of Barbados' EOI instruments contains restrictions limiting EOI based on dual criminality principle.

190. There has been also no case during the review period where Barbados declined a request because of a dual criminality requirement as has been confirmed by peers.

C.1.6. Exchange information relating to both civil and criminal tax matters

191. All of Barbados' EOI instruments provide for exchange of information in both civil and criminal tax matters.

192. The same procedure applies regardless of whether the information is requested for civil or criminal tax purposes. In practice, there has been no case where Barbados declined a request because it related to a criminal tax matter. However, a significant delay in receiving a response to a request in a criminal tax matter was reported by a peer. The reasons for the delay do not seem to be related to the fact that the request was made in criminal matter as the delay appears to be caused by issues impacting timeliness of Barbados' responses in general (see further Section C.5).

C.1.7. Provide information in specific form requested

193. As concluded in the 2016 Report, there are no restrictions in Barbados' EOI instruments that would prevent Barbados from providing information in a specific form, as long as this is consistent with Barbados' domestic law and its administrative practices.

194. In practice, Barbados provides information in the requested form in line with the standard. This was also confirmed by peers.

C.1.8. Signed agreements should be in force

195. Barbados has a broad EOI network covering 140 jurisdictions through 35 bilateral agreements, the Multilateral Convention and the CARICOM treaty. All of these EOI instruments are in force in Barbados, including the Multilateral Convention.⁹

196. Barbados does not have an alternative EOI instrument with 15 jurisdictions which are signatories to the Multilateral Convention but which have not yet brought the Convention into force¹⁰. Consequently, Barbados is not able to exchange information with these jurisdictions until they bring the Multilateral Convention into force.

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

EOI mechanisms

Total EOI relationships, including bilateral and multilateral or regional mechanisms	140
In force	125
In line with the standard	125
Not in line with the standard	0
Signed but not in force	15
In line with the standard	15
Not in line with the standard	0
Among which – mechanisms not complemented by the Multilateral Convention	4
In force	4
In line with the standard	4

9. Barbados signed the Multilateral Convention on 28 October 2015 and the Convention entered into force on 1 November 2016 in Barbados.

10. These 15 jurisdictions are Armenia, Benin, Bosnia and Herzegovina, Burkina Faso, Cabo Verde, Gabon, Kenya, Liberia, Mauritania, Mongolia, Montenegro, Republic of North Macedonia, Oman, Paraguay and Philippines.

C.1.9. Be given effect through domestic law

198. Barbados has in place domestic legislation necessary to comply with the terms of its EOI instruments (including the Multilateral Convention). As described in the 2016 Report, Barbados' EOI agreements become part of domestic law after their ratification in Barbados.

199. Effective implementation of EOI agreements in domestic law has been confirmed in practice as there was no case encountered where Barbados was not able to obtain and provide the requested information due to unclear or limited effect of an EOI agreement in Barbados' law. Also, no issue in this regard was reported by peers.

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

The jurisdiction's network of information exchange mechanisms should cover all relevant partners.

200. Barbados has an extensive EOI network covering a total of 140 jurisdictions through 31 DTCs, 4 TIEAs, the Multilateral Convention and the CARICOM treaty. Barbados' EOI network encompasses a wide range of counterparties, including all of its major trading partners, all the G20 members and all OECD members.

201. The 2016 Report did not identify any issue in respect of the scope of Barbados' EOI network or its negotiation policy.

202. Since the 2016 Report, Barbados' treaty network has been broadened from 113 jurisdictions to 140. This is mainly through an increase in the number of jurisdictions participating in the Multilateral Convention.

203. Barbados' willingness to enter into EOI agreements without insisting on additional conditions was confirmed by peers as no jurisdiction has indicated that Barbados had refused to enter into or delayed negotiations of an EOI agreement.

204. 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 a relationship Barbados should continue to conclude EOI agreements with any new relevant partner who would so require (see Annex 1).

205. The new table of determinations and ratings is as follows:

Legal and Regulatory Framework
Determination: In place
Practical implementation of the standard
Rating: Compliant

C.3. Confidentiality

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

206. The 2016 Report concluded that all of Barbados' EOI agreements have confidentiality provisions in line with the standard. This is still the case. There are adequate confidentiality provisions protecting tax information also in Barbados' domestic tax law. These provisions apply to information exchanged under Barbados' EOI instruments unless the respective EOI instrument stipulates different rules.

207. While gathering the information, the Competent Authority's notices to information holders do not contain information going beyond the information necessary to obtain the information. A Barbados taxpayer is allowed to consult information forming the basis of his/her tax assessment in Barbados. However, the EOI request (or other information related to it) typically is not part of the basis of a tax assessment in Barbados and the taxpayers' files do not include EOI requests.

208. Barbados has implemented a number of practical measures which ensure confidentiality of exchanged information. These include practical measures at the level of the Competent Authority such as keeping all received confidential information in a locked cabinet, to which only the authorised personnel involved in EOI has access on a need-to-know basis. Accordingly, no case of breach of confidentiality has been encountered in the EOI context and no such case or concerns have been reported by peers either.

209. The table of determinations and ratings is as follows:

Legal and Regulatory Framework
Determination: In place
Practical implementation of the standard
Rating: Compliant

C.3.1. Information received: disclosure, use and safeguards

210. The 2016 Report concluded that Barbados' EOI instruments have confidentiality provisions in line with Article 26(2) of the OECD Model Tax Convention and therefore ensure confidentiality of exchanged information in line with the standard. This continues to be the case.

211. The 2016 Terms of Reference clarified that, although it remains the rule that information exchanged cannot be used for purposes other than tax purposes, an exception applies where the EOI agreement provides for the

authority supplying the information to authorise the use of information for purposes other than tax purposes in accordance with their respective domestic laws (see further para 12.3 of the 2012 update to OECD Commentary to Model DTC). Barbados' bilateral EOI treaties do not include language allowing use of the exchanged information for other than tax purposes. Such wording is contained in the Multilateral Convention to which Barbados is a Party.

212. As concluded in the 2016 Report, there are adequate confidentiality provisions protecting tax information contained in Barbados' domestic laws which are supported by sanctions applicable in the case of breach of these obligations. There has been no change in these rules since then. All the staff members of the BRA, including the persons in charge of EOI, are subject to the professional secrecy (tax secrecy) embodied in section 51 of the ITA.

213. In order to obtain the information the Competent Authority sends a notice to the information holder requesting the provision of information. These notices include reference to the Barbados domestic law pursuant to which the information is requested (i.e. section 76 of the ITA) and a description of the requested information. The notices do not refer to the fact that the information is requested pursuant to an EOI request and do not contain reference to an EOI agreement under which the information is requested as the same powers and procedure are used as in domestic cases.

214. A Barbados taxpayer is allowed to consult information forming the basis of his/her tax assessment in Barbados. According to Barbados authorities, the taxpayer subject to the EOI request or the information holder are not in a position to request inspection of the EOI request (or other information related to it) as typically it is not part of the basis of a tax assessment in Barbados. Further, the taxpayers' files do not include EOI requests as these are kept centrally in the Competent Authority's archive accessible only by EOI officials on a need to know basis.

215. As described in Section B.2, the taxpayer can file an objection to the tax Commissioner or subsequently to the Income Tax Appeal Board concerning his/her tax assessment in Barbados and action of the BRA (including of the Competent Authority) can be appealed to a court by the taxpayer or the information holder. There are currently no rules governing what information will be disclosed to the taxpayer upon filing an administrative objection. However, these cases are expected to be very rare, if any, in the exchange of information context because the taxpayer is not notified of the EOI request. Accordingly, there has been no such case reported by Barbados authorities. Disclosure of information during court proceedings is subject to the Supreme Court rules and will depend on the Court's decision in the particular case.

216. The rules or practices described above are in line with the standard. Nevertheless there are no explicit rules covering EOI information (either in the laws or regulations or in the EOI Manual) and there is limited experience with application of the confidentiality standard where disclosure of information is requested by the taxpayer, information holder, the court or other third parties. This is a concern in particular with regard to the disclosure of EOI request letters during court proceedings. Barbados is therefore recommended to monitor confidentiality of EOI information so that any breach of the confidentiality standard is prevented (see Annex 1).

Practical measures to ensure confidentiality of the information received

217. As concluded in the 2016 Report, the Competent Authority has in place policies and procedures to ensure confidentiality of the exchanged information. Nevertheless the report noted that on one occasion a taxpayer was notified about the existence of an EOI request when it was so written in the subject line of the notice letter requiring production of information despite there was no such requirement. Consequently, Barbados was recommended to monitor its EOI procedures and practices with an eye to ensuring confidentiality.

218. Barbados has implemented a number of practical measures to ensure confidentiality of exchanged information. When an EOI request is received, it is registered and filed in a locked cabinet within the Competent Authority offices. Received documents have their own reference numbers and are kept separate from other tax files. EOI hardcopies are marked with a reference to confidentiality and that the information is furnished under the provisions of a tax treaty and its use and disclosure are governed by the provisions of such treaty. The EOI request letter and supporting documents are kept only in the EOI Unit and are not shared outside of the Unit. Access to the premises of the BRA is secured by a badge and security personnel. Confidential information is transmitted to the requesting jurisdiction by registered mail.

219. Under the terms and conditions of staff employment, prospective employees must provide character references, academic documentation, a Police Certificate of Character and an employment history for verification by the BRA prior to receiving an offer of employment. Employees must take an Oath, and sign a confidentiality agreement concerning protected information they learned during their employment at the BRA. The BRA employees are trained for confidentiality requirements under the ITA. With respect to work-spaces, employees of the BRA are required to keep their work spaces clean in accordance with a clean desk policy pursuant to the Barbados Revenue Authority Information Security Manual. All documents are locked away. Once an employee is no longer associated with the BRA all access will be terminated. The security swipe card must be returned to the Authority, his network

and email accounts will be disabled and subsequently deleted. Contractors doing work on behalf of the BRA must have a confidentiality agreement within the contract which must be signed.

220. No case of breach of the confidentiality obligation in respect of the exchanged information has been encountered by the Barbados authorities and no such case or concern in this respect has been indicated by peers. The 2016 Report noted that although all of Barbados' policies regarding confidentiality appear to be in place, during the restructuring of the Inland Revenue Department to the BRA, several EOI requests were lost in the move from the old premises to the new premises. As this was an isolated incident, and as the files were never lost outside of the Revenue Department, this occurrence was not viewed as indicative of the BRA's confidentiality practices overall. However, Barbados was recommended to continue efforts to locate such files as well as to ensure that, in the future, should EOI files need to be relocated, proper measures to protect their confidentiality are applied. The lost requests have not been found but no further EOI requests were reported lost or misplaced. Nevertheless, as pointed out above, there are no explicit rules covering confidentiality of EOI information and there is limited experience with the application of the confidentiality standard where disclosure of information is requested by the taxpayer, information holder, the court or other third parties, Barbados is therefore recommended to monitor confidentiality of EOI information so that any breach of the confidentiality standard is prevented (see Annex 1).

C.3.2. Confidentiality of other information

221. The confidentiality provisions in Barbados' EOI agreements and domestic law do not draw a distinction between information received in response to requests and information forming part of the requests themselves. As such, these provisions apply equally to all requests for information, background documents to such requests, and any other documents reflecting such information, including communications between the requesting and requested jurisdictions and communications relating to the request that occur within the tax authorities of either jurisdiction.

222. In practice, the Competent Authority maintains confidentiality with respect to all communications with other competent authorities. This confidentiality is observed without regard to whether the information is in written form or communicated orally.

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.

C.4.1. Exceptions to requirement to provide information

223. The 2016 Report concluded that Barbados' legal framework and practices concerning rights and safeguards of taxpayers and third parties are in line with the standard. There has been no change in this area reported since then.

224. All of Barbados' EOI relations allow for an exception to the obligation to provide the requested information akin to the exemption in article 26(3) of the OECD Model Tax Convention . As discussed in Section B.1.5, the scope of protection of information covered by this exception in Barbados' domestic law is consistent with the international standard.

225. In practice, there was no case during the period under review where a person refused to provide the requested information because of professional privilege. Barbados also did not decline to provide the requested information during the period under review because it was covered by legal professional privilege or any other professional secret and no peer indicated any issue in this respect.

226. The table of determinations and ratings remains as follows:

Legal and Regulatory Framework
Determination: In place
Practical implementation of the standard
Rating: Compliant

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.

227. In order for EOI to be effective, jurisdictions should request and provide information under their networks of EOI mechanisms in an effective manner. In particular:

- Responding to requests: Jurisdictions should be able to respond to requests within 90 days of receipt by providing the information requested or providing an update on the status of the request.

- Organisational processes and resources: Jurisdictions should have appropriate organisational processes and resources in place to ensure the quality of requests and quality and timeliness of responses.
- Restrictive conditions: EOI assistance should not be subject to unreasonable, disproportionate, or unduly restrictive conditions.

229. The 2016 Report concluded that Barbados had not regularly provided status updates to its EOI partners within 90 days when the competent authority was unable to provide a substantive response or when further information from the requesting jurisdiction was needed and that Barbados had experienced some difficulties to answer EOI requests in a timely manner. Consequently, Barbados was recommended to address these two issues.

229. The issues identified in the 2016 Report remain to a large extent unaddressed and have impacted Barbados exchange of information also during the current period under review. In addition, several peers pointed to the fact that partial responses were provided in some cases and to Barbados' lack of responsiveness to follow-up communication. Based on information reported by peers, the requesting jurisdiction is in some cases not appropriately informed what is a partial or a final response and Barbados provides only limited responses (if any) to follow-up questions from the requesting jurisdiction. Barbados is therefore recommended to improve communication with its EOI partners.

230. The table of determinations and ratings is as follows:

Legal and Regulatory Framework		
This element involves issues of practice. Accordingly, no determination has been made.		
Practical Implementation of the standard		
	Underlying Factor	Recommendation
Deficiencies identified	During the periods under review, Barbados has not regularly provided status updates to its EOI partners within 90 days when the competent authority was unable to provide a substantive response or when further information from the requesting jurisdiction was needed.	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.

Practical Implementation of the standard		
	Underlying Factor	Recommendation
	Barbados has experienced some difficulties during the review periods to answer EOI requests in a timely manner due to a variety of reasons, unrelated to the specific type of information requested.	Barbados should ensure that answers to EOI requests are made in a timely manner in all cases.
	Several peers pointed out the provision of only partial responses and lack of Barbados responsiveness to follow-up communication seeking to clarify the provided information. It appears that the issue is mainly caused by communication lapses related to insufficient monitoring of processing of requests and the lack of prioritisation of effective communication with the requesting jurisdiction.	Barbados should improve communication with its EOI partners so that they are properly informed about the EOI case.
Rating: Partially Compliant		

C.5.1. Timeliness of responses to requests for information

231. Over the period under review (1 July 2015 to 30 June 2018), Barbados received a total of 27 requests for information. 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 impacting the effectiveness of Barbados' exchange of information practice during the review period.

		July 2015- June 2016		July 2016- June 2017		July 2017- June 2018		Total	
		Num.	%	Num.	%	Num.	%	Num.	%
Total number of requests received	[A+B+C+D+E]	3	100	13	100	11	100	27	100
Full response: ≤ 90 days		1	33	1	8	4	36	6	22
≤ 180 days (cumulative)		1	33	6	46	5	45	12	44
≤ 1 year (cumulative)	[A]	1	33	7	54	6	55	14	52
> 1 year	[B]	0	0	2	15	3	27	5	18
Declined for valid reasons	[C]	0	0	0	0	0	0	0	0
Status update provided within 90 days (for outstanding cases with full information not provided within 90 days, responses provided > 90 days)		1	50	6	50	5	71	12	57
Requests withdrawn by requesting jurisdiction	[D]	1	33	1	8	2	18	4	15
Failure to obtain and provide information requested		0	0	0	0	0	0	0	0
Requests still pending at date of review	[E]	1	33	3	23	0	0	4	15

Notes: a. Requests are counted as per the number of request letters, i.e. an incoming request is counted as one even if it seeks information relating to multiple taxpayers, seeks different types of information or requires that information be obtained from multiple sources.

b. 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.

232. The proportion of requests responded within 90 days and within 180 days has risen since the last period under review despite significant increase in the number of received requests. At the time of the 2016 Report, Barbados received 11 requests during the review period (i.e. July 2012 till June 2015) out of which one was responded within 90 days (9%) and three within 180 days (27%).

233. During the review period Barbados did not decline any received EOI request as all received requests were considered valid and were processed.

234. Four received requests were withdrawn by the requesting partner. One request related to banking information. The requesting partner requested to process the request without informing the bank or any other third party. Barbados responded that the information is held by the bank and therefore the bank will have to be informed. As it was not possible to obtain the information without notifying the bank, the requesting partner withdrew the request. In three other cases accounting and other types of information was requested. In the three cases Barbados was informed that the request is withdrawn as the domestic investigation had been closed.

235. Out of the 27 requests received over the review period, four were pending as of November 2019. All four requests were pending for more than two years. One of these is pending further information from the requesting jurisdiction. In the remaining three cases parts of the requested information were obtained from the information holder and were either exchanged or are in the EOI file waiting for completion.

236. Although it is acknowledged that the provision of the requested information may be delayed due to valid reasons such as complexity of the case, the length of Barbados' response times does not fully correspond with effective exchange of information and should be improved. Lengthy response times were also pointed out by peers as they negatively impacted effective exchange information with Barbados and led to closure of the case. Long response times do not seem to be caused primarily by the complexity of the requested information as lengthy response times were reported by peers in cases where simple banking or accounting information was requested. Although the requested information was in some cases for old periods the requested information did not require a complex gathering process and did not involve multiple taxpayers. The lengthy response times seem to be mainly caused by insufficient tracking of progress and monitoring of internal processing deadlines of EOI requests and insufficient follow-up with information holders where deadlines prescribed by the EOI officer are not respected (see also Section B.1.4). The lengthy response times by information holders also impact the EOI officers' willingness to request information from them in other cases. This results in further delays where there is no alternative source of the requested information. The timeliness issue was already identified in the 2016 Report and remains to be fully addressed. Barbados is therefore recommended to ensure that answers to EOI requests are made in a timely manner in all cases.

237. During the period under review Barbados provided status updates in about half of the cases where required under the standard. The provision of status updates within 90 days is contained in the EOI Manual. However, it is not always complied with in practice as was confirmed by peers. This is likely attributable to the workload of the EOI personnel, insufficient monitoring of processing deadlines and the lack of prioritisation of effective communication with the requesting jurisdiction in some cases. As in respect of timeliness of responses, the provision of status updates was already subject to a recommendation in the 2016 Report but remains to be addressed. Barbados is therefore recommended to systematically provide status updates in line with the standard.

C.5.2. Organisational processes and resources

238. The 2016 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 2016 Report. Nevertheless, several organisational changes have taken place which were caused by broader changes in the BRA for reasons not related to EOI.

Incoming requests

239. 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 BRA. The International Taxation Unit (ITU) of the BRA deals with all EOI requests, matters relative to the Foreign Account Tax Compliance Act (FATCA) and CRS and other international taxation matters such as implementation of OECD BEPS' action points. There are three staff members handling EOI requests in practice (Audit Senior International Taxation Unit, Auditor and Legal Officer) supervised by the Manager of Tax Policy and Planning and the Senior Manager of Tax Policy and Planning and Governance Department.

240. The ITU is responsible for processing all EOI requests, including their registration, validation and obtaining of the requested information. The procedural steps for handling incoming EOI requests remain the same as described in the Phase 2 report and 2016 Report.

241. The system used during the period under review to track requests is both a manual and an Excel spreadsheet. Upon receipt of a request, it is stamped as confidential and the date of receipt of the request, its reference number and description of the request along with the name of the requesting jurisdiction are recorded into the Excel spreadsheet. There are currently no automatic reminders of the deadlines and the progress of requests is monitored manually largely outside of the Excel spreadsheet.

242. Several peers pointed to the provision of partial responses only and to the lack of Barbados' responsiveness to follow-up communication. It appears that the issue is mainly caused by communication lapses related to insufficient monitoring of processing of requests and the lack of prioritisation of effective communication with the requesting jurisdiction. Based on information reported by peers, the requesting jurisdiction is in some cases not appropriately informed what is a partial or a final response and due to long response times it may close its domestic investigation before receiving the final pieces of information from Barbados. This is typically coupled with Barbados' limited responsiveness to follow-up questions from the requesting

jurisdiction asking for clarification of the exchanged information or current status of the request in Barbados. The reported issues do not appear to be caused by the unavailability of the requested information or lack of access powers but seem to represent primarily a communication issue. Barbados is therefore recommended to improve communication with its EOI partners so that they are properly informed about the EOI case.

243. In-house training is provided to the ITU by BRA staff members, and overseas consultants provide additional specialised training in EOI. When new persons join the unit an explanation of EOI, how requests are treated and the policies that they are required to adhere to (e.g. clean desk policy) are taught. They are also given a detailed explanation of the confidential nature of the EOI information. Online training is provided via videos, tutorials and web seminars.

Outgoing requests

244. The 2016 ToR cover also requirements to ensure the quality of requests made by the assessed jurisdiction.

245. During the review period, Barbados sent one EOI request to another jurisdiction. The EOI request has been responded by the requested jurisdiction without a need for clarification.

246. Outgoing requests are handled by the ITU, i.e. the same staff is responsible for sending outgoing EOI requests as well as handling incoming requests. Requests for information can be triggered by a tax auditor dealing with the assessment or audit of taxpayers. In co-operation with the ITU, the auditor has to provide the necessary information for sending a request. The ITU uses the GF EOI Manual checklist for preparing an EOI request. It checks whether all necessary information has been provided and whether the conditions for sending a request are met following the procedures specified in the ITU's EOI Manual. Requests are sent via postal mail.

Communication tools

247. Barbados processes requests received in English. If the request is in another language, the requesting competent authority will be asked to translate the request.

248. During the review period, Barbados generally sent responses to EOIR requests through postal mail. Encrypted email was used only in a few cases, in addition to communication of the response through post. This was also confirmed by peers. Nevertheless, communication through electronic means would facilitate more timely and secure communication and may reduce issues experienced by peers concerning Barbados' lack of

communication and delays in some of Barbados' responses. Barbados should therefore endeavour to further broaden the use of electronic means to facilitate effective communication (see Annex 1).

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

249. There are no factors or issues identified that could unreasonably, disproportionately or unduly restrict effective EOI in Barbados.

Annex 1: List of in-text recommendations

The assessment team or the PRG 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, there may be a concern that the circumstances may change and the relevance of the issue may increase. In these cases, a recommendation may be made; however, such recommendations should not be placed in the same box as more substantive recommendations. Rather, these recommendations can be mentioned in the text of the report. A list of such recommendations is presented below.

- Section A.1.1: Barbados should further develop beneficial ownership requirements under the Companies Act to ensure that beneficial owners, as defined under the standard, are always identified (paragraph 62).
- Section A.1.1: Barbados should put in place supervision of lawyers and accountants obligations to identify beneficial owners of their customers (paragraph 75).
- 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 134).
- Section B.2: 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 (paragraph 170).
- Section C.2: Barbados should conclude EOI agreements with any new relevant partner who would so require (paragraph 204).
- Section C.3: Barbados should monitor confidentiality of EOI information so that any breach of the confidentiality standard is prevented (paragraphs 216 and 220).
- Section C.5.2: Barbados should endeavour to further broaden the use of electronic means to facilitate effective communication (paragraph 248).

Annex 2: List of Barbados' EOI mechanisms

Bilateral international agreements for the exchange of information

EOI partner	Type of agreement	Date signed	Date entered into force
Austria	DTC	27-Feb-06	01-Apr-07
Bahrain	DTC	03-Dec-12	26-Jul-13
Botswana	DTC (+Protocol)	23-Feb-05	12-Aug-05
Canada	DTC (+Protocol)	22-Jan-80	22-Dec-80
China (People's Rep.)	DTC (+Protocol)	15-May-00	27-Oct-00
Cuba	DTC	17-Jun-99	16-Mar-00
Cyprus ¹¹	DTC	03-May-17	11-Sep-17
Czech Republic	DTC	26-Oct-11	06-Jun-12
Denmark	TIEA	03-Nov-11	14-Jun-12
Faroe Islands	TIEA	03-Nov-11	25-Jun-13
Finland	DTC (+Protocol)	15-Jun-89	20-Aug-92
Greenland	DTC	03-Nov-11	02-May-12
Iceland	DTC	03-Nov-11	24-Feb-12
Italy	DTC	24-Aug-15	17-Oct-17

11. Note by Turkey: 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. Turkey recognises the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of the United Nations, Turkey 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 Turkey. The information in this document relates to the area under the effective control of the Government of the Republic of Cyprus.

EOI partner	Type of agreement	Date signed	Date entered into force
Luxembourg	DTC	01-Dec-09	08-Aug-11
Malta	DTC (+Protocol)	05-Dec-01	19-Jun-02
Mauritius	DTC (+Protocol)	28-Sep-04	28-Jan-05
Mexico	DTC	07-Apr-08	16-Jan-09
Netherlands	DTC (+Protocol)	28-Nov-06	12-Jul-07
Norway	DTC (+Protocol)	15-Nov-90	03-Jul-91
Panama	DTC	21-Jun-10	18-Feb-11
Portugal	DTC	22-Oct-10	06-Oct-17
Qatar	DTC	06-Dec-12	05-Jun-13
San Marino	DTC	14-Dec-12	06-Aug-13
Seychelles	DTC	19-Oct-07	21-Apr-08
Spain	DTC	01-Dec-10	14-Oct-11
South Africa	TIEA	17-Sep-13	19-Jan-15
Singapore	DTC	15-Jul-13	25-Apr-14
Sweden	DTC (+Protocol)	01-Jul-91	01-Dec-91
Switzerland ¹²	DTC		26-Aug-63
Venezuela	DTC	11-Nov-98	17-Jan-2001
United Arab Emirates	DTC	22-Sep-14	18-Feb-16
United Kingdom	DTC	26-Apr-12	19-Dec-12
United States	DTC (+Protocols)	31-Dec-84	28-Feb-86
United States	TIEA	03-Nov-84	03-Nov-84

Multilateral international agreements providing for the exchange of information

Convention on Mutual Administrative Assistance in Tax Matters (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)¹³. The Multilateral Convention is the most comprehensive multilateral instrument available for all forms of

12. Extension of the DTC of 30 September 1954 between United Kingdom and Switzerland by exchange of notes of 20/26 August 1963.
13. The amendments to the 1988 Convention were embodied into two separate instruments achieving the same purpose: the amended Convention which

tax co-operation to tackle tax evasion and avoidance, a top priority for all jurisdictions.

The 1988 Convention was amended to respond to the call of the G20 at its April 2009 London Summit to align it to the international 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.

As of 6 December 2019, the amended Convention is in force in respect of the following jurisdictions: Albania, Andorra, Anguilla (extension by the United Kingdom), Antigua and Barbuda, Argentina, Aruba (extension by the Netherlands), Australia, Austria, Azerbaijan, Bahamas, Bahrain, Barbados, Belgium, Belize, Bermuda (extension by the United Kingdom), Brazil, British Virgin Islands (extension by the United Kingdom), Brunei Darussalam, Bulgaria, Cameroon, Canada, Cayman Islands (extension by the United Kingdom), Chile, China (People's Republic of), Colombia, Cook Islands, Costa Rica, Croatia, Curaçao (extension by the Netherlands), Cyprus, Czech Republic, Denmark, Dominica, Dominican Republic, Ecuador, El Salvador, Estonia, 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 the People's Republic of China), Hungary, Iceland, India, Indonesia, Ireland, Isle of Man (extension by the United Kingdom), Israel, Italy, Jamaica, Japan, Jersey (extension by the United Kingdom), Kazakhstan, Korea, Kuwait, Latvia, Lebanon, Liechtenstein, Lithuania, Luxembourg, Macau (China) (extension by the People's Republic of China), Malaysia, Malta, Marshall Islands, Mauritius, Mexico, Moldova, Monaco, Montserrat (extension by the United Kingdom), Morocco, Nauru, Netherlands, New Zealand, Nigeria, Niue, Norway, Pakistan, Panama, 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, Tunisia, Turkey, Turks and Caicos Islands (extension by the United Kingdom), Uganda, Ukraine, United Arab Emirates, United Kingdom, Uruguay and Vanuatu.

integrates the amendments into a consolidated text, and the Protocol amending the 1988 Convention which sets out the amendments separately.

In addition, the following are the jurisdictions that have signed the Multilateral Convention, but where it is not yet in force: Armenia, Benin, Bosnia and Herzegovina, Burkina Faso, Cabo Verde, Gabon, Kenya, Liberia, Mauritania, Mongolia, Montenegro, Republic of North Macedonia, Oman, Paraguay, Philippines and 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); St. Lucia (signed: 6 July 1994, in effect: 1 January 1996); St. Kitts and Nevis (signed: 6 July 1994, in effect: 1 January 1998); St. 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, conducted in accordance with the 2016 Methodology for peer reviews and non-member reviews, as approved by the Global Forum in October 2015 and the 2016-21 Schedule of Reviews.

This evaluation is based on the 2016 ToR, and has been prepared using the 2016 Methodology. 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 at 20 December 2019, Barbados' EOIR practice in respect of EOI requests made and received during the three year period from 1 July 2015 to 30 June 2018, Barbados' responses to the EOIR questionnaire, information supplied by partner jurisdictions, as well as information provided by Barbados during the on-site visit that took place from 20 to 22 August 2019 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 (FIA)
Financial Institutions (Amendment) Act
Foreign Currency Permits Act
International Financial Services Act (IFSA)
International Corporate and Trust Service Providers Act (the ICTSPA)
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 IFSA (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 (Registrar)

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 fifth peer review of Barbados's 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 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 current 2020 Report presents the first review of Barbados against 2016 ToR.

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

Review	Assessment team	Period under review	Legal framework as of (date)	Date of adoption by Global Forum
2011 Report	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
2012 Report	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
2014 Report	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	February 2014	April 2014
2016 Report	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	August 2016	September 2016
2020 Report	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	December 2019	March 2020

Annex 4: Barbados' response to the review report¹⁴

It is acknowledged that in the period under review, as Barbados meandered through a quagmire of economic recession and its attendant challenges, certain elements were not given the attention that they deserved. Other social responsibilities had to be prioritised in order to ensure the reasonable health, safety and viability of Barbados and its citizens.

Under element A1, on the availability of ownership and identity information, Barbados was deemed to be Partially Compliant, primarily as it concerns the oversight of compliance with related legal obligations.

Under A2, relative to the maintenance of reliable accounting records, Barbados was also rated Partially Compliant on account of a lack of adequate oversight in relation to compliance and enforcement of effective measures.

Under C5, which deals with the quality of exchange of information, Barbados was also deemed Partially Compliant as a result of issues with respect to timeliness of responses.

Under all the other essential elements, Barbados was rated as Compliant and Largely Compliant.

Notwithstanding that fact, Barbados has set about, with great dispatch, to comprehensively remedy all the deficiencies in a very detailed and deliberate manner. These include the operationalization of an onsite examination programme designed to evaluate the inherent risk posed by the Corporate and Trust Service Provider sector and the entities to which they provide services as well as to monitor their compliance with record-keeping requirements under the relevant legislative enactments. This required high-level commitment to the process and resulted in organizational restructuring of the regulator and the engagement of additional human resources to effectively carry out these functions.

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

The Barbados Revenue Authority has also undertaken a review of its internal processes in relation to the effectiveness of its communication with EOI partners, with the objective of ensuring that the quality of communication is much improved. The EOI Unit's revised manual is now being used as a standard against which the EOI Unit's performance will be evaluated. It is noteworthy, that the Minister of International Business has also set up a Committee, which will meet monthly in order to closely monitor the performance of the EOI Unit and especially to ensure that the requested information, or an update, is provided to the requesting state within 90 days, as required by Treaty.

It is important to note that Barbados' legal and regulatory framework was deemed to be in place for each of the Essential Elements. This means that there were no material deficiencies noted. Instead, the deficiencies identified, addressed the lack of effectiveness in practice.

However, in December 2019, in order to improve certain aspects of its legal and regulatory framework in the context of satisfactorily meeting the Global Forum EOIR standard, Barbados also made comprehensive and substantial changes to three pieces of legislation: the Companies Act, the Corporate and Trust Service Providers Act and the Partnerships Act. The Foundations Act has also been repealed.

The Government of Barbados remains committed to the work of the Global Forum relative to international co-operation in the area of taxation. Accordingly, Barbados is working towards the full implementation of the EOIR standard and will redouble efforts particularly relative to the continued structured monitoring of entities' compliance with related legal obligations and the Competent Authority's improved performance relative to the quality of information exchange. These efforts will be detailed in the upcoming follow-up report. It is Barbados' intention to demonstrate that significant improvements have been made to prove practical implementation of the relevant rules which would enhance Barbados' eligibility for a Supplementary Review.

Government of Barbados

March 4, 2020

GLOBAL FORUM ON TRANSPARENCY AND EXCHANGE
OF INFORMATION FOR TAX PURPOSES

**Peer Review Report on the Exchange of Information
on Request BARBADOS 2020 (Second Round)**

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 report contains the 2020 Peer Review Report on the Exchange of Information on Request of Barbados.



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