



The mission of BIBA is to work with the Government towards the development of the international business sector in the interest of its members and the Barbados economy

President's Message



Dear Members,

The first few months of the new administrative year were busy ones for us. Several meetings were held with relevant government bodies as we prioritised the issues that were most relevant to our sector. I invite you to read on in this newsletter to learn more.

Not only have we opened channels of dialogue with the Minister of International Business to keep the fire burning under the targets he promised that his Ministry would achieve when he first adopted the office in April; but we also took the opportunity in

July to engage the Minister of Finance's attention on a 17-point action plan that BIBA believes would not only allow Barbados to maintain its current international business, but also generate new business in these challenging times.

Our committees continue to engage on the matters of interest to our members, including the Canada Revenue Agency's increased scrutiny of Canadian banks resident in Barbados; the direction being taken by the Government on an intergovernmental agreement with the United States relative to the Foreign Account Tax Compliance Act (FATCA); and continuing to ensure that the relevant authorities implement right-sized regulatory measures that enable and not stifle the way international business is undertaken in Barbados, while still protecting our international reputation.

Mr. Ryle Weeks

BIBA President 2013 – 2014

Executive Director's Report



Henderson Holmes, Executive Director

National Service Sector Development Strategy

I attended a meeting held by the Barbados Coalition of Service Industries (BCSI) Steering Committee Report on July 3 to review the Inception Report of the Barbados Services Sector Development Strategy and agree on a plan of action.

This is a Commonwealth Secretariat-assisted initiative, for which government's adoption was emphasised as key to its success.

Meeting FSAP Team

I was part of the BIBA team comprising the president, directors Andrew Alleyne and

Chris Evans, as well as Insurance Committee member Vinton Hampden, which met with the representatives of the visiting Financial Stability Assessment Programme (FSAP) on July 12. Their major questions to us were, what is the role of BIBA, what is our assessment of the FSC, what are Barbados's unique qualities as a captive domicile, and our assessment of the growth potential of the captive insurance industry in Barbados.

Meeting with Minister of International Business

A BIBA team comprising the president, the 1st VP, and the Executive Director, met with the Minister of International Business at his invitation on July 18. Also present at the meeting were Ms. Gail Francis-Vaughn, the PS, Ministry of International Business, Mr Kaeron Venner, Director of International Business in the said ministry and, Mr. Ricardo Knight, Chair of the JPWG. The substantive matters discussed and information gathered were as follows:

- Cabinet agreed that Barbados would sign a Model 1 reciprocal FATCA agreement;

- The efforts to address the matter of the Canadian Revenue Agency's (CRA's) policy position regarding family offices in Barbados was advanced to the stage where a letter was received from the Canadian Minister of National Revenue to the effect that a meeting should be convened between technical teams of the CRA and the Barbados Inland Revenue Department. BIBA will be following up on progress in this regard.

- The amendments to the Companies Act were with the Chief Parliamentary Counsel for drafting;

- The Minister continued to encourage support by the international business private sector for Invest Barbados in its promotion of the island. We advised him that some of BIBA members were actively promoting Barbados in the overseas markets on their own initiative and were always happy to partner with Invest Barbados in the marketplace;

- The BIBA Secretariat would arrange for the Minister to visit with some international business entities on a scheduled basis over time.

Meeting of the Sub-committee of the Social Partnership Meeting

I attended a meeting of the Sub-committee of the Social Partnership held at the Hilton on July 26 and chaired by the Hon. Esther Byer-Suckoo, Minister of Labour & Social Security. Also in attendance were the Prime Minister, the ministers of Finance and International Business, other members of the Cabinet, public servants, other private sector representatives, and labour representatives.

The meeting provided those present with a preview of what the Minister of Finance was considering as measures to reduce the country's deficit. The initiatives proposed to raise revenue and lower expenditure presented were as follows:

Revenue

- Reduction of discretionary waivers by at least 50%;

- Removal of the reverse tax credit;
- Increase in the greening levy;
- Additional 5% tax on persons earning gross income of \$100K or more (levied on the gross);
- \$4 tax on mobile phone usage.
- No supplementary provisions to government ministries /departments;
- Consolidation of statutory entities and government departments; a small technical unit had reportedly already started this work.

The Minister suggested that these measures would raise \$77 million over the remainder of this financial year, and \$121 million over the financial year 2014–2015, for a total of \$198 million by the end of the 2014-2015 financial year.

If implemented, these measures were expected to reduce expenditure by \$75.4 million by the end of this financial year, \$153.4 million for the financial year 2014-2015, for a total of \$228 million by the end of the next financial year.

Expenditure

- Reduction of \$121.8 million from temporary posts;
- Reduction in transfer to statutory corporations;
- Reduction in expenditure on goods and services;
- Reduction in the amount of \$29 million allocated for acting allowances and substitutes;
- Strict control on overtime;

BIBA Proposals to the Minister of Finance

As is customary, BIBA had a meeting with the Minister of Finance, Christopher Sinckler, as one of the private sector organisations consulted in his preparation for the delivery of the annual national Budget.

BIBA took this opportunity to present to the Minister, 17 recommendations that were geared toward retaining existing international businesses registered in Barbados and attracting new entities. In summary, these recommendations were:

To maintain existing businesses:

1. Allow foreign currency earning credits for all services that earn foreign exchange, including inter-company financing
2. Remove the responsibility for regulating international business entities from the purview of the Ministry of International Business and place the responsibility with the Financial Services Commission
3. Set minimum standards for the time frame in which it takes to incorporate an international business entity and introduce an express option where

applications can be fast-tracked for an increased fee.

4. Provide multi-year licenses for IBCs and SRLs requiring only an annual renewal instead of a new license each year.
5. Expedite the remittance of long-outstanding corporate tax refunds by the Inland Revenue Department to eligible companies; and for those companies that are owed, allow them to offset future tax liabilities against the refund amounts due to them.
6. Expedite the long-outstanding Value Added Tax returns due to eligible companies.

To attract new business:

1. Establish with haste a reliable process for creating and amending relevant legislation. Also undertake a holistic review with a view to amending the following pieces of existing and proposed legislation as per the changes previously requested by BIBA:
 - a. Money Laundering and Financing of Terrorism (Prevention and Control) Act, 2010,

- b. International Corporate and Trust Service Providers Act
 - c. Private Trust Companies Act
 - d. Foundations Act
 - e. Limited Liability Partnership legislation
 - f. International Financial Services Act
 - g. Societies for Restricted Liability Act
2. Increase the level of resources devoted to investment promotion and provide full government support to Invest Barbados in its facilitation of inward investment
 3. Re-assign the responsibility for Invest Barbados to the Ministry of International Business
 4. Vigorously implement e-government platforms for relevant business facilitation agencies
 5. Encourage commercial banks in Barbados to facilitate merchant accounts to enable robust e-commerce
 6. Apply to the Hong Kong Stock Exchange (HKSE) for Barbados to be an approved jurisdiction to facilitate companies resident in Barbados raising capital through listing on the HKSE.
 7. Put the necessary measures in place to facilitate the establishment of the Barbados Stock Exchange's international securities market and trading floor.
 8. Standardise the application process and turn-around time for registering businesses with the Corporate Affairs and Intellectual Property Office; as well as allow senior lawyers in good standing to be notaries public.
 9. Improve the service standards and turnaround time of the Immigration Department
 10. Reform the legal justice system to ensure that judgements are laid in less than six months or the appropriate penalties are levied against offending judges; and that mediation and arbitration mechanisms have to be put in place for Barbados to be recognised as an Alternative Dispute Resolution jurisdiction.
 11. Remove the restrictions preventing companies that manage IBCs from being licensed as IBCs.

BIBA Committees

Updates

Provision of Regulatory Guidelines templates for members

Based on proposals received from three consultants, a sub-committee of the Banking and Insurance Committee selected Freedom Financial International to provide regulatory guidelines gap analyses templates for the banking and insurance sectors in response to the Central Bank of Barbados's (CBB) Corporate Governance Guideline and the Financial Services Commission's guidelines.

With regard to the CBB's Corporate Governance Guideline, the Committee requested and achieved a filing extension from the Central Bank to August 30, 2013.

FATCA

In July, Cabinet approved the Task Force's recommendation that Barbados engage in negotiations with the IRS to sign a reciprocal Model 1 Inter-Governmental Agreement

The IRS delayed the opening of the Foreign Financial Institutions registration portal to August 19. This will be a soft launch with formal registrations commencing January 1, through April 25, 2014.

The IRS registration website is:

https://www.deloitte.com/view/en_LU/lu/industries/invest-hedge-funds/61d1d562ec1ff310VgnVCM1000003256f70aRCRD.htm#.UfbN3Kx2Fp4