

KEY FACTS
INTERNATIONAL BUSINESS COMPANIES

Since 1965, when it first enacted legislation for international business companies, Barbados has permitted companies that do not trade locally to establish a presence on the island. The original legislation has undergone periodic amendment and the current statute is the International Business Companies Act (IBC Act) which was enacted in 1991.

KEY FEATURES OF THE IBC ACT

- International Business Companies (IBCs) benefit from significantly reduced tax rates which can be as low as a quarter of 1% (0.25%) on profits in excess of US\$15 million. (IBCs can negotiate for higher tax rates, with the Ministry of Finance, in circumstances where that would be advantageous for the company.)
- IBCs may also take credit for foreign taxes paid, provided the credit does not reduce the Barbados tax rate to less than 0.25%.
- Dividends paid by an IBC are exempt from tax if paid to another IBC or to a person not resident in Barbados.
- Interest, rent, management fees or royalties paid by an IBC to another IBC, or person not resident in Barbados, are also exempt from withholding tax.
- No tax or duty is levied upon the transfer of shares of an IBC by a non-resident person or other IBC to another non-resident person or IBC.
- Duty-free importation of plant and equipment for business purposes is also allowed for IBCs.
- IBCs are exempt from exchange control regulations and books and records can be maintained in any currency.
- IBCs can also provide services to other IBCs or companies operating under similar "incentive" legislation.
- Barbados also has an extensive list of investment and tax treaties with many jurisdictions which enhances the use of an IBC in tax planning.
- The Act provides for inward and outward re-domiciliation.

ESTABLISHING AN IBC

To operate as an IBC, an application must be made for a business licence to the Ministry of Industry, International Business, Commerce and Small Business Development. This application should be made as soon as possible after the incorporation of a company.

To apply for an IBC licence the following information must be provided to the Ministry:

- Company name
- Date of incorporation

KEY FACTS

- Copy of Articles of Incorporation
- Address of registered office
- Name and address of shareholder(s) and ultimate beneficial owner(s)
- Profile/resume and passport copy of each director, shareholder and ultimate beneficial owner(s) in English. (Please note, this information is treated as confidential by the Ministry and is not for public inspection.)
- Detailed description of the business to be carried on by the IBC and the jurisdictions involved
- Declaration to the Ministry that the company qualifies to be recognised as an IBC
- Application for an IBC licence must be accompanied by the licence fee of US\$500 and a non-refundable application fee of US\$125

RESTRICTIONS

An IBC must satisfy the following restrictions:

- It must not carry on a trade in buying or selling goods and services in or originating in Barbados.
- The selling of services, that originate in Barbados, by the IBC, must be for non-residents.
- Manufactured products must be exclusively for export outside of Barbados.

OUR SERVICES

- Supervising the incorporation of the IBC
- Application for and renewal of the IBC licence
- Arranging for the appointment of a Barbados auditor
- Serving as the registered agent in Barbados
- Holding of shareholders' and directors' meetings
- Maintaining the stock register
- Preparing annual minutes of shareholders' and directors' meetings
- Maintenance of the company records
- Filing all required Barbados elections, reports and returns
- Additional services, which go beyond the normal administration and maintenance of an IBC, can be provided on request. Such services can be provided on a continuing or ad-hoc basis.
- Under the Barbados Companies Act, a Secretary must be appointed. The appointment of other officers (President, Treasurer) is optional. To ensure compliance with local law we recommend the appointment of Trident Corporate Services (Barbados) Limited as Secretary or Assistant Secretary.

Please contact any Trident Trust office worldwide for further information about our services and fees. Office contact details are included on the following page.

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