

## CHAPTER 91A

### TAX ON REMITTANCES

1983-22

This Act came into operation on 1st April, 1982.

#### **Amended by:**

*1985-27*

#### **Law Revision Orders**

*The following Law Revision Order or Orders authorized the insertion and removal of pages as the case may be under the Law Revision Act Cap.2 now repealed:*

1985

1987

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#### **Guide to symbols in historical notes:**

- indicates an amendment made by an Act

/ indicates an amendment made by statutory instrument



## **CHAPTER 91A**

### **TAX ON REMITTANCES 1983-22**

#### *Arrangement of Sections*

#### **CITATION**

1. Short title

#### **INTERPRETATION**

2. Definitions

#### **IMPOSITION OF TAX**

3. Tax on remittances
4. Remittances by individuals to non-registered insurers
5. Power of Supervisor to recommend
6. Supervisor of Insurance to determine tax
7. Notification of refusal to recommend
8. Request for review
9. Rate of tax
10. Applicant to pre-pay tax
11. Refund of tax

- 12. Commissions payable to agents or brokers
- 13. Classes of insurance exempted

MISCELLANEOUS

- 14. Non-application

SCHEDULE

**BARBADOS****TAX ON REMITTANCES  
1983-22**

*An Act to provide for the imposition of a tax on certain remittances from Barbados and for related purposes.*

[Commencement: 1st April, 1982]

**CITATION****Short title**

1. This Act may be cited as the *Tax on Remittances Act*.

**INTERPRETATION****Definitions**

- 2.(1) In this Act,  
“Minister” means the Minister responsible for Finance;  
“prescribed rate” means the rate of tax set out in the Schedule;  
“surplus funds” means any amounts that are in excess of the amounts required by the *Insurance Act*, Cap. 310 to be invested in securities or assets in Barbados.

- (2) The following terms:
- (a) “foreign company”;
  - (b) “general insurance business”;
  - (c) “long-term insurance business”; and
  - (d) “registered insurer”,

shall be construed for the purposes of this Act in accordance with the meanings given to those terms by the *Insurance Act*, Cap. 310.

### IMPOSITION OF TAX

#### **Tax on remittances**

**3.(1)** Every person who is granted permission to make remittances under this Act shall pay a tax to the Commissioner of Inland Revenue in accordance with this Act.

- (2) Subsection (1) shall not apply to the grant of permission for
- (a) a remittance in respect of property not situated in Barbados;
  - (b) a remittance in respect of a risk not arising within Barbados;
  - (c) a remittance by any person not permanently resident in Barbados; or
  - (d) a remittance in respect of an insurance contract entered into while the applicant was resident outside Barbados.

#### **Remittances by individuals to non-registered insurers**

- 4.** A person who desires
- (a) to enter into an insurance contract with a non-registered insurer;
  - (b) to remit insurance premiums under a contract of insurance with a non-registered insurer;
- [1985-27]

- (c) to remit pension contributions to persons administering pension funds outside Barbados; or
- (d) to remit surplus funds to a foreign company,

shall submit an application in the approved form for permission to do so to the Supervisor of Insurance for transmission to the Central Bank.

#### **Power of Supervisor to recommend**

**5.** On the receipt of an application under section 4 the Supervisor may recommend, subject to the approval of the Central Bank, that permission be granted for sums to be remitted to a non-registered insurer or foreign company, if he is satisfied

- (a) in the case of an insurance contract,
  - (i) that it is not possible for the applicant to obtain similar protection at a comparable cost from a registered insurer, or
  - (ii) that it would cause hardship to the applicant if permission for the sums to be remitted were refused; or
- (b) in the case of an application by
  - (i) an insurance company,
  - (ii) an agent or sub-agent of a foreign company carrying on general insurance business, or
  - (iii) a broker to remit premiums to a foreign company carrying on general insurance business,

that the company, agent, sub-agent or broker has complied with the requirements of the *Insurance Act*, Cap. 310.

**Supervisor of Insurance to determine tax**

6. Where the Supervisor of Insurance recommends an application under section 4 for the approval of the Central Bank, he shall record on the application the tax payable on the sums to be remitted in accordance with the prescribed rate.

**Notification of refusal to recommend**

7. Where the Supervisor is satisfied that an application ought not to be recommended for the approval of the Central Bank, he shall so notify the applicant within 7 days of the date of that decision.

**Request for review**

8.(1) A person who is notified of the decision of the Supervisor of Insurance not to recommend an application for the approval of the Central Bank may within 30 days of that notification request the Supervisor by memorandum, setting out the grounds for the request, to refer the matter for review by the Minister.

(2) Where the Supervisor is requested to refer a matter for review by the Minister, he shall forthwith comply with that request, and section 141(3) to (6) of the *Insurance Act*, Cap. 310, applies *mutatis mutandis* to the matter.

**Rate of tax**

9.(1) The tax to be charged on remittances under this Act shall be at the rate prescribed in the Schedule.

(2) The Minister may by order subject to negative resolution amend the Schedule.

**Applicant to pre-pay tax**

10. Where an application is recommended under this Act for approval of the Central Bank, the Bank may require the applicant to pay the tax recorded on the application to the Commissioner of Inland Revenue prior to granting approval for the remittance, and the applicant shall comply with that requirement.



**Refund of tax**

**11.** On the certificate of the Central Bank, the Commissioner of Inland Revenue shall refund any tax paid by a person under this Act in respect of any sums not subsequently remitted pursuant to the approval granted by the Central Bank.

**Commissions payable to agents or brokers**

**12.(1)** Subject to section 13, where in respect of

- (a) the quarter ending in June, September and December, 1982; or
- (b) the quarter ending in March, June, September and December in any subsequent year,

an insurance company, agent, sub-agent or broker has accepted insurance or re-insurance premiums during any such quarter on behalf of an insurer carrying on general insurance business in Barbados, that insurance company, agent, sub-agent or broker shall

- (i) not later than such date as the Supervisor of Insurance may specify by notice published in the *Official Gazette* in respect of the year 1982;
- (ii) within 30 days of the end of a quarter in any subsequent year,

submit to the Supervisor of Insurance in the approved form the details relating to the category of risks represented by those premiums and the rate of commission paid or to be paid in respect of their acceptance.

(2) An insurance company, agent, sub-agent or broker that is entitled to be paid a commission of less than 15 percent of the premiums accepted on behalf of an insurer carrying on general insurance business in Barbados shall

- (a) deduct or withhold an amount equal to 15 percent of the gross premiums accepted;
- (b) present a return of the amounts so deducted or withheld for certification by the Supervisor of Insurance; and

- (c) pay the amounts so certified to the Commissioner of Inland Revenue within 15 days of the date of certification.
- (3) A person who fails to comply with this section shall, in addition to the amounts required to be paid, pay to the Commissioner of Inland Revenue a penalty equal to 5 percent of the amounts certified for payment to the Commissioner.
- (4) The Minister may by order subject to negative resolution vary the rates prescribed by this section.

**Classes of insurance exempted**

**13.** Section 12 shall not apply to the following classes of insurance business:

- (a) cane fire insurance;
- (b) pedal cycle insurance;
- (c) employers' liability insurance;
- (d) motor vehicle insurance;
- (e) aviation, hull and liability insurance;
- (f) professional indemnity insurance.

**MISCELLANEOUS****Non-application**

**14.** Nothing in this Act applies to the association of underwriters known as Lloyds of London.

**SCHEDULE***(Section 9)*

<i>Remittances</i>	<i>Rate of tax on the amounts remitted</i>
1. Remittances to a non-resident insurer carrying on general insurance business other than health plans.....	20 percent
2. Remittances to a non-resident insurer carrying on long-term insurance business including health.....	15 percent
3. Remittances to a non-resident person administering pension funds.....	6 percent
4. Surplus funds by	
(a) a foreign company carrying on long-term insurance business.....	15 percent
(b) a foreign company carrying on general insurance business.....	10 percent

*[1985-27]*