



Barbados Employers'
Confederation

Key Fiscal Measures: The New Upper Income Tax Band

In the Mini Budget presented to Barbadians on Monday, June 11th 2018 by our Prime Minister, a new **Upper Income Tax Band** was introduced. The relevant details are outlined below:

1. What is the Upper Income Tax Band?

The **Upper Income Tax Band** is a new deficit recovery measure introduced at a rate of **40%**. The new measure is said to be one created to improve the progressive nature of the Barbadian tax system and to create equity in tax contributions. This new tax band has been identified as a part of the first phase of The Barbados Economic Recovery and Transformation Plan.

2. Who will this tax band affect?

The new income tax band of 40% will affect those persons whose annual income is \$75,001 and greater.

3. Will this new tax band affect anyone else?

No. A key point to note however is that the break down of the current tax rate remains the same with this addition. Therefore, the first \$25,000 remains tax free while income of \$25,001 to \$60,000 and \$60,001 to \$75,000 will continue to attract a tax rate of **16% and 33.5% respectively**.

4. When will the change take effect?

This measure will take effect **Wednesday, August 1st 2018**.

Things you should note:

1. Employers should ensure that those persons whose incomes are subjected to this new tax should be adjusted to reflect this change for the upcoming pay cycle in August whether weekly, bi-weekly or monthly paid.

2. It has been stated that once the debt-to-GDP reduces to the target set, there is anticipation of returning to the previous rates.

3. Employers please ensure the necessary documentation on this tax band is shared with your team members especially those who are affected by this new measure as of August 1st.

4. The Barbados Revenue Authority can be contacted for further questions on this tax at 535-8347.

Members, contact us if you require further assistance
Tel: 435-4753 or Email: becon@barbadosemployers.com

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