



4th Floor, Weymouth Corporate Centre, Roebuck Street, Bridgetown, Barbados, BB11080  
Tel: (246) 535-8600 | Fax: (246) 535-8641 | Email: bramail@bra.gov.bb

## POLICY NOTE

P&F No. 002/2022

Policy & Forecasting

Budgetary Proposals and Financial Statement 2022

### Pandemic Contribution Levy -Individuals

The Pandemic Contribution Levy on individuals will be levied on income from sources in Barbados including income from a business, office, employment, rents, dividends, interest and director's remuneration/fees. Please note that this list is not exhaustive.

Pension income, benefits in kind, interest on Government of Barbados Bonds and foreign sourced dividend income are excluded.

Effective April 1, 2022 the levy will be charged on **employed** and **self-employed** income of individuals. This levy is payable in addition to the individual's income tax obligations and **is not deductible for tax purposes**.

The rate of the levy is 1% and its imposition ends on March 31, 2023. The expiration of the levy does not extinguish the obligation to pay past sums and therefore sums subsisting after the expiration continues as a liability until the amount due and owing is fully satisfied.

Please, however, note that the levy is not applicable to

- a. a trust; or
- b. an individual who has been granted a Barbados Welcome Stamp visa under the *Remote Employment Act, 2020 (Act 2020-23)*.

The Barbados Revenue Authority is responsible for the collection of the levy and the administration and enforcement of any law enacted to facilitate the same. Payment of the levy can be made in the form of cash, cheque, debit card, credit card or via online payment services. Persons are therefore encouraged to utilise online payment facilities.

### Employment Income

#### Scope

A Pandemic Contribution Levy will be charged on individuals employed in Barbados with income of \$6 250 or more per month during the period April 1, 2022 to March 31, 2023.

Note that Specially Qualified Individuals are also subject to this levy based on their income less applicable concessions.

### Method of Calculation

The levy is calculated monthly on income of \$6 250 and over.

### Payment of the Levy

Every employer or any person paying remuneration (i.e. salaries, wages, emoluments *et cetera*) will be required to deduct or withhold from those payments the amount attributable to the levy. As such, employers will be required to remit the sums deducted or withheld **on or before the 15<sup>th</sup> day of the following month for the previous month.**

- (i) For example, payments for the month of April 2022 will be due on May 15, 2022. Thereafter, payment continues on the 15<sup>th</sup> day of every month until April 15, 2023. The sums deducted or withheld are held in trust until they are paid to the Authority. In this instance, payments will be treated as received once remitted to the Barbados Revenue Authority.

**The aforementioned may not reflect the overall obligation of an employed individual. Thus, the individual's other sources of income must be reported when filing and where there is an increase in the income base such individuals will be required to pay any additional sums due in respect of the levy.**

### Example for the Deduction of the Levy for Employers

#### *Example 1*

The table below shows calculations of the levy for three (3) payroll periods where the employee earns, for example, \$6,300 per month.

The rate of levy, the number of deductions and the total levy payable by the employees are also illustrated.

Payroll Period	Income \$	Levy Deducted	No. of Deductions	Levy Payable per MTH
Monthly	6,300.00	63.00	1	63.00
Bi-weekly	3,150.00	31.50	2	63.00
Weekly	1,575.00	15.75	4	63.00

### Example 2

The table below shows calculations of the levy for an individual who earns both employment income of \$6,300 monthly and rental income of \$2,500 monthly.

The rate of levy, the number of deductions and the total levy payable by the employees are also illustrated.

Payroll Period	Income \$	Levy Payable by Monthly Deduction	Levy payable upon filing
Monthly Employment income	6,300.00	63.00	-
Monthly Rental Income	2,500.00	-	$\$2,500 \times 12 = \$30,000 \times 1\% = 300.00$
<b>Total levy paid (annual)</b>	-	\$756.00	\$300.00

### Administration

Every employer or any person paying remuneration will be required to prepare and submit a **Return of Deductions** relating to the employment details of each employee subject to this levy. As such, a Return of Deductions must be filed on the prescribed payment dates, during the period May 2022 to April 2023.

**Employed individuals** are also required to file a Pandemic Contribution Levy Return on or before April 30, 2023.

### Penalties and Interest

Where applicable, if an employer or an employed individual

- a. fails to deduct; or
- b. pays after the prescribed payment date; or
- c. fails to deliver the return

a **penalty** of \$500 will be imposed in each instance, in addition to **interest at the rate of 1%** calculated for each month during which any part of that amount was not paid on the largest amount of levy and penalty that was due and unpaid at any time in that month.

### Self-employed Income

#### Scope

A Pandemic Contribution Levy will be charged on the income of self-employed individuals whose income in Barbados is \$75 000 or over for the period April 1, 2022 to March 31, 2023.

#### Calculation

A levy rate of 1% is chargeable on income of \$75 000 or over.

#### Payment of the Levy

The levy is due and payable on or before March 31, 2023.

### **Administration**

Self-employed individuals will be required to file a Pandemic Contribution Levy Return on April 30, 2023.

### **Penalties and Interest**

Where a self-employed person

- a. fails to pay; or
- b. pays after the prescribed payment date; or
- c. fails to deliver the return

a **penalty** of \$500 will be imposed in each instance, in addition to **interest at the rate of 1%** calculated for each month during which any part of that amount was not paid on the largest amount of levy and penalty that was due and unpaid at any time in that month.

### **Policy and Forecasting**

**March 31, 2022**