



BUYING & SELLING

PROPERTIES IN BARBADOS

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ATTORNEYS

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OWNERSHIP OPTIONS

There are no restrictions as to who may own property in Barbados. Property may be owned by one or more individuals, by a Barbados company or legal entity, by a trust, or by an overseas company which must be registered in Barbados as an external company.

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COSTS ASSOCIATED WITH THE SALE AND PURCHASE OF A PROPERTY

VENDOR'S COSTS

Property Transfer Tax for land only
2.5% of the Purchase Price.

Property Transfer Tax for house and land - First USD\$75,000 exempt 2.5% on the excess.

Stamp Duty
1% of the Purchase Price

Legal fees
Charged on a legislated minimum sliding scale, being approximately 1.5% to 3% of the Purchase Price (plus 17.5% VAT)

Land Surveyor's fee
Approximately USD\$1,250.00 (plus 17.5%VAT)

PURCHASER'S COSTS

Legal fees – charged on a legislated minimum sliding scale, being approximately 1.5% to 3% of the Purchase Price (plus 17.5% VAT).

Ownership Structure Costs – if an off shore corporate structure is used, set up cost is approximately USD\$6,500.00 with annual maintenance, inclusive of tax filings being approximately USD\$7,000.00. If a local structure is used, set up cost is approximately USD\$2,500.00 with annual maintenance, inclusive of tax filings being approximately USD\$3,000.00.



TAX & STAMP DUTY

Property transfer tax and stamp duty are only payable (by the vendor) in the context of real estate sales where there is a conveyance of property in Barbados.

Where the property is ultimately owned by a company incorporated outside of Barbados the shares in that company may be sold, in which case property transfer tax and stamp duty are not payable in Barbados.

When purchasing property in Barbados there are various options in terms of ownership structure that may be used depending on the short and longer term objectives of the purchaser.

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LONG TERM RESIDENTIAL USE

If your objective is to reside in the property long term, direct ownership would be the least costly and simplest option.

This option avoids the incorporation and registration costs associated with owning through a domestic or offshore company, as well as the annual maintenance fees payable by companies in Barbados and offshore.



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TERM FLIP

SHORT OR MEDIUM

If your objective is to flip a property, ownership via an external/offshore company structure would be the most efficient option as it avoids property transfer tax and stamp duty which would otherwise be payable on the sale of the property in Barbados.

This especially applies if your goal is to significantly improve the value of the property after purchase.

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RENTAL INVESTMENT

If you are purchasing property for rental income, you could consider whether owning via a local company or offshore structure would be the most efficient option as this would reduce the tax payable on rental income.

Rental income is taxed at a special rate of 15% for Barbadian tax residents) but non-residents are subject to a 25% withholding tax that is credited against the taxpayer's final income tax liability.

Companies, whether local or external are not subject to the withholding tax and are taxed at a maximum rate of 9% of net taxable income.

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EXCHANGE CONTROL

Any overseas party selling or purchasing property in their individual capacity requires the prior approval of the Exchange Control Authority. This is routine and granted within the timeframe of a standard conveyance of property.

Funds which are brought into Barbados to purchase property must be registered with the Central Bank of Barbados so that on the sale of the property the sale proceeds may be transferred outside of Barbados. It is important to note that on purchasing foreign currency to remit proceeds of the sale of a property outside of Barbados, there is a 2% foreign exchange tax.

There are, however, no exchange controls on the movement of US dollars. If you sell in US dollars, you can therefore remit the funds out of Barbados the same day the transaction closes, without reference to the Central Bank. There would also be no need to incur the 2% FX tax.

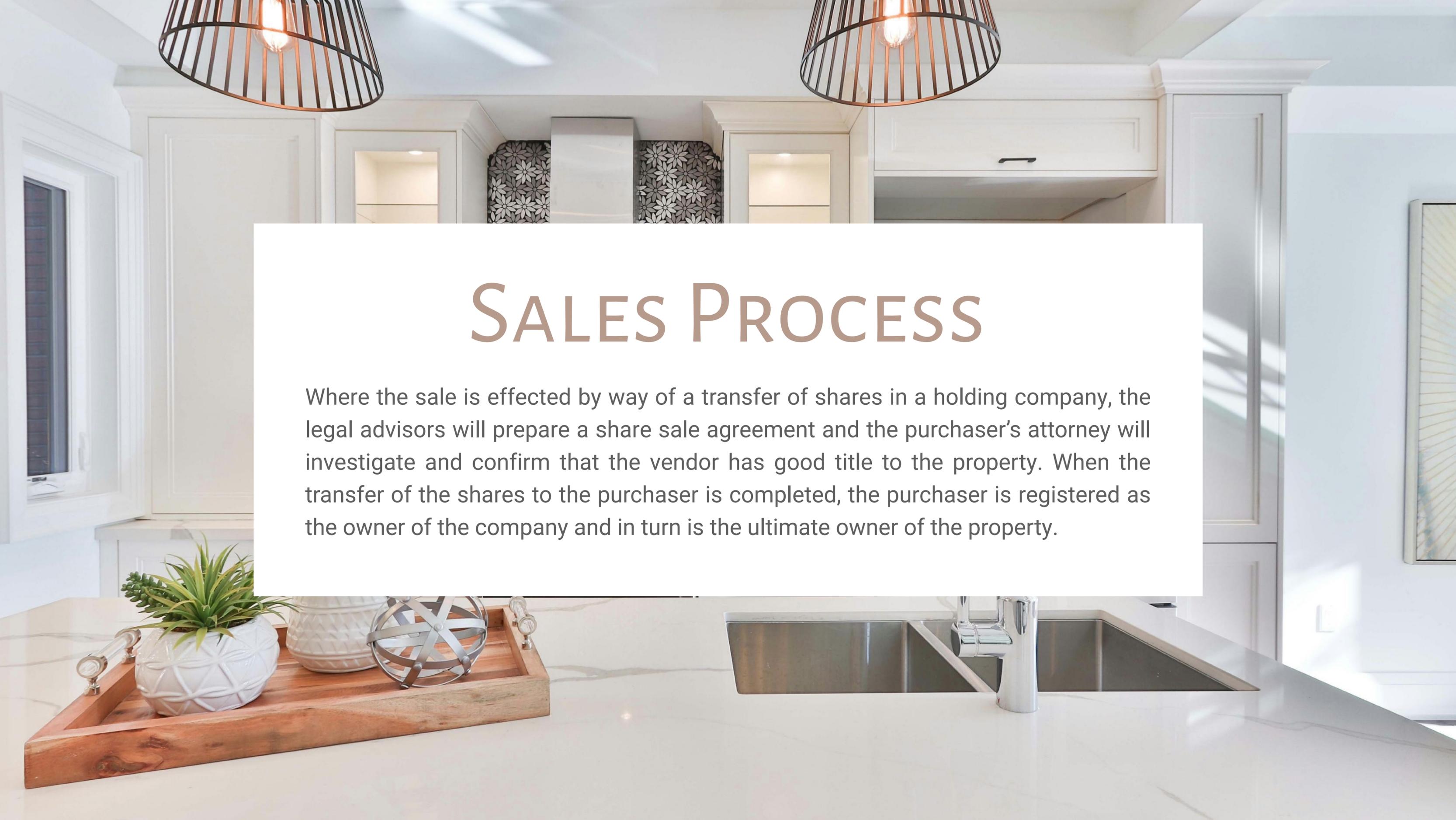
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A photograph of a modern, light-colored house with large glass windows and a swimming pool. In the foreground, there is a swimming pool with blue tiles and a white lounge chair on the grass. The sky is blue with white clouds. The text is overlaid on a white rectangular background in the center of the image.

SALES PROCESS

The next stage is for the vendor and purchaser to enter into a binding sale and purchase agreement and pay a deposit (usually 10%). In the context of individual purchasers, the purchaser's attorney will then investigate and confirm that the vendor has good title to the property. The final stage is the conveyance, which passes the title of the property to the purchaser. The conveyance is recorded in Barbados with the Land Registry as evidence of ownership.



SALES PROCESS

Where the sale is effected by way of a transfer of shares in a holding company, the legal advisors will prepare a share sale agreement and the purchaser's attorney will investigate and confirm that the vendor has good title to the property. When the transfer of the shares to the purchaser is completed, the purchaser is registered as the owner of the company and in turn is the ultimate owner of the property.

	Individual Ownership	Local Company Direct Sale	Foreign Holding Company Structure
Incorporation/Registration	N/A	USD\$2,500	USD\$6,500
Annual Maintenance	N/A	USD\$2,500.00 depending on revenue and property value	USD\$3,000.00 - USD\$7,000.00
Property Transfer on Sale	2.5% (First USD\$75,000 exempt where there is a structure on the land)	2.5% (First USD\$75,000.00 exempt where there is a structure on the land for Property and first USD\$25,000.00 exempt for Shares)	N/A
Stamp Duty on Sale	1%	1%	N/A
Tax on Annual Rental Income	15% or 25%	15% 9% on taxable income	25% on taxable income 9% on taxable income
Exchange Control	Required where the purchase is a non-resident	N/A	N/A
Registration of Funds	Funds may be registered when brought into Barbados for the purchase	Funds may be registered when brought into Barbados for the purchase	N/A



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