



SUMMARY OF PROPOSALS

1. Government is committed to spend \$350.0 million on EduTech 2000 over the next 7 years
2. Effective September 7, 1998 the rate of contributions to the Unemployment Fund will be reduced by 1.5% and that of the National Insurance Fund increased by 1.5%
3. Effective income year 1998, persons making contributions to a Registered Retirement Savings Plan will be allowed a claim against Income Tax of the lesser of \$4000 or 15% of their assessable income. The withdrawal of funds to acquire a first dwelling house will not be subject to income tax but if the house is sold within 5 years the amount withdrawn will be included in assessable income in the year in which the house is sold.
4. Government is committed to providing assistance to nursing homes under a programme to be administered by the Ministry of Health
5. Effective October 12, 1998 non-contributory Old Age Pension will be increased from \$74.75 to \$80.00 per week and the minimum contributory pension from \$90.25 to \$98.00
6. A Fair Trading Commission will be established. The scope of the Commission will include:
 - Barbados Light & Power Co. Ltd.
 - Cable & Wireless BET
 - Barbados Water Authority
 - Cable & Wireless Bartel
 - Transport Board
 - National Petroleum Corporation
7. The General Workers' Housing Loan Scheme and the Housing Credit Fund will be replenished through borrowings and Government will provide funds to service the interest payable.
8. The National Housing Corporation will expand its 100% mortgage programme for low income earners as follows:
 - Maximum loan will be increased to \$75000

The interest rate will be reduced from 9% to 6%

The age limit will be extended to 65 years

The maximum repayment period will be extended from 25 years to 40 years

100% mortgages will be available for the purchase of house spots, terraced units and houses from the National Housing Corporation under the General Workers' Loan Scheme

9. Tenants of urban tenancies will pay \$2.50 per sq. ft. for house spots and the Government will pay any additional amount through the Urban Development Commission.

10. There will be a special Corporation Tax rate of 25% for Small Businesses and no stamp duty will be charged on documents needed for their registration and incorporation.

11. Manufacturers will be allowed to establish bonded warehouses for raw materials without having to pay the usual fees for the next five years.

12. Manufacturers will be offered an incentive by way of a depreciation allowance of 150% on new equipment

13. Government will give funding of \$1.0 million annually for three years to provide technical assistance to manufacturers

14. A Hotel Equity Investment Fund will be created and concessions will be given to investors into the Fund as follows:

Individuals will be given an income tax allowance of up to \$10,000 per year

Corporate and institutional investors other than life insurance companies will be able to deduct 12% of the amount invested in the Fund, to a maximum of \$1.0 million per annum. Any unused portion can be carried forward for nine years but there will be no cash refunds of the unused portions

Life insurance companies will be allowed a 48% tax credit of the amount invested in the Fund to a maximum of \$480,000 per annum

The amount of any unused credit can be used to reduce income tax liability of any taxable subsidiaries or can be carried forward for nine years. However, this proposal will not apply to Premium Tax

Dividends paid by the Fund will be free from Withholding Tax and no Income Tax will be payable in respect of income generated by the Fund

Any funds withdrawn under five years will be subject to the usual recapture provisions of the Income Tax Act

15. Government will support the creation of a Small Hotels Investment Fund and will allocate \$5.0 million to the Fund. Incentives will be provided to encourage private sources to invest in the fund.

16. An Agricultural Development Trust will be created to provide concessional financing for agriculture and a special fiscal regime will be created for entities carrying out integrated Sea Island Cotton production.

17. Government will reduce fees payable by operators of Public Service Vehicles who join a Cooperative and agree to provide scheduled services

18. Government will support efforts by private Public Service Vehicle owners/operators to determine the feasibility of their own insurance company and will provide \$1.0 million from the Social Investment Fund to assist with the capitalisation of any company which is established

19. (i) All companies desiring to issue Commercial Paper must be listed on the Securities Exchange and must be rated by a reputable rating agency. The maximum life of the Paper must be 365 days

(ii) The expenses incurred in obtaining a rating will be allowed as a deduction for Income Tax purposes

20. A Securities Act which will include provision for a Securities Commission will be introduced into Parliament shortly

21. All foreign exchange transactions between Barbados and the OECS will be delegated to the commercial banks and Governments of the OECS wishing to issue paper in the Barbados market will be permitted to do so subject to a calendar of issues to be determined by the Central Bank

22. Government will write off Consumption Tax arrears including interest and penalties of approximately \$12.0 million from the manufacturing sector

23. National Insurance Office will forgive interest of approximately \$25.0 million for self-employed persons and employers provided that the arrears of contributions are settled by December 31, 1999

24. (i) Land Tax Arrears, interest and penalties amounting to \$5.3 million will be written off

(ii) Effective September 3, 1998 for the period of one year, owners of property will be able to settle the outstanding amounts without having to pay interest and penalties

25. Arrears of Estate Duties of \$2.0 million will be remitted

26. The Property Transfer Act will be amended as follows:

(i) Only companies incorporated in Barbados will be allowed to own real estate

(ii) Any external companies which now own real estate in Barbados wishing to incorporate locally will be granted a waiver of fees

(iii) All companies, except those licensed under the offshore legislation must file annual returns provided that if property is to be purchased prior to the due date for the filing, then a notice of shareholder(s) is to be filed prior to the purchase. Both the beneficial and legal owners, if not the same must be named

(iv) Extra-regional transactions on the Exchange will be subject to Property Transfer Tax

27 A Reverse Tax Credit of \$500 per annum will be given to persons earning less than \$13,000. The loss of revenue will be \$10.0 million.