

VALUE ADDED TAX (AMENDMENT) ACT, 2019–9

Arrangement of Sections

1. Short title
2. Amendment of section 2 of Cap. 87
3. Insertion of Part IIIA into Cap. 87
4. Insertion of Part IVA into Cap. 87
5. Amendment of section 103 of Cap. 87

BARBADOS

I assent
S. MASON
Governor-General
7th March, 2019.

2019–9

An Act to amend the *Value Added Tax Act*, Cap. 87 to make provision in certain cases for the electronic collection of value added tax on goods and services purchased online where the goods and services are for consumption in Barbados and to provide for related purposes.

[Commencement: 7th March, 2019]

ENACTED by the Parliament of Barbados as follows:

Short title

1. This Act may be cited as the *Value Added Tax (Amendment) Act, 2019*.

Amendment of section 2 of Cap. 87

2. *Section 2 of the Value Added Tax Act, Cap. 87 in this Act referred to as the principal Act, is amended by inserting the following definitions in the appropriate alphabetical order:*

“consumption in Barbados” in relation to goods and services purchased online means the consumption or utilisation of the goods or the service in Barbados and includes the performance of the service in Barbados;

“online” in relation to the purchase of goods and services means the purchase of goods or services by electronic means on the Internet using payment facilities provided by a financial institution or a payment processor or using any similar means of payment;

“payment processor” means any business or platform which facilitates payment for e-commerce transactions on the Internet and includes a third party processor and a special payment provider;

“tax collecting agent” means a person with whom the Government of Barbados enters an agreement for the collection of tax on goods or services purchased online;”.

Insertion of Part IIIA into Cap. 87

3. *The principal Act is amended by inserting the following new Part immediately after Part III:*

“PART IIIA

RULES RESPECTING TAX ON SUPPLIES SOLD ONLINE BY
REGISTRANTS

**Payment of tax in respect of certain online purchases by
persons in Barbados**

28A. Where goods or services are sold online by a registrant to a person in Barbados and the supplies are for consumption in Barbados, the tax on those supplies is payable at the time of purchase if the payment for the transaction is processed by a payment processor outside Barbados.

**Payment of tax in respect of online purchases by persons
outside Barbados**

28B. Where goods or services are sold online by a registrant to a person outside Barbados and the supplies are for consumption in Barbados, the tax on those supplies is payable at the time of purchase.

**Rule respecting the quotation of prices for goods and services
on the Internet**

28C. Notwithstanding section 7(4), where a registrant to whom this Part applies, quotes a price for goods and services on the Internet, the price shall state the amount of tax payable separately.

**Invoice to be issued in respect of e-commerce transactions
between purchasers and registrants**

28D.(1) Where tax is collected on goods or services in accordance with sections 28A and 28B, an electronic invoice shall be issued to the purchaser at the time of payment and the invoice shall indicate the amount of the tax paid.

(2) Notwithstanding section 9 (1), where goods or services of a value that is \$20 or less are sold by a registrant to a person under this Part, the tax is payable on those goods and services and an electronic invoice shall be issued under subsection (1) indicating the amount of the tax so paid.

Certain provisions in Part IVA to apply to this Part

28E. The provisions of sections 32E to 32H in Part IVA shall apply mutatis mutandis to e-commerce transactions to which this Part applies.”.

Insertion of Part IVA into Cap. 87

4. *The principal Act is amended by inserting the following new Part immediately after Part IV:*

“PART IVA

COLLECTION OF TAX ON IMPORTED GOODS AND SERVICES PURCHASED ONLINE

Interpretation

32A. For the purposes of this Part,

“foreign vendor” means a person outside Barbados who sells goods or services online for delivery to a person in Barbados or for consumption or use by a person in Barbados and includes persons selling on platforms such as Amazon and Ebay;

“imports” means goods and services purchased online from a place outside Barbados for consumption in Barbados and cognate expressions shall be construed accordingly;

Collection of tax on online purchases outside Barbados

32B.(1) Where goods or services are purchased online from a vendor outside Barbados for consumption in Barbados, the tax on the supply of those goods and services is payable at the time of purchase.

(2) Where tax is collected on goods or services in accordance with subsection (1), an electronic invoice shall be issued to the purchaser by the foreign vendor at the time of payment and the invoice shall indicate the amount of the tax paid.

(3) Notwithstanding section 9 (1), where goods or services of a value that is \$20 or less are sold to a person under this Part, the tax is payable on those goods and services and an electronic invoice shall be issued under subsection (2) indicating the amount of the tax so paid.

(4) Where tax is paid online for goods or services in accordance with subsection (1), no tax is payable on the delivery of the goods or service where the invoice issued under subsection (2) is produced as evidence of payment.

(5) Where the tax is not fully paid in accordance with section 31, the importer is liable to pay the balance of the tax on the delivery of the goods or service.

(6) Subsection (1) applies with effect from such day as the Minister may by order appoint.

Payment of tax where exemptions apply

32C.(1) Notwithstanding any enactment granting a person an exemption from the payment of the tax, the tax is payable on goods and services purchased by such persons in the manner mentioned in section 32B(1).

(2) A person who pays tax pursuant to subsection (1) shall be entitled to a refund.

(3) The Revenue Commissioner shall put appropriate measures in place to ensure that a refund is made without delay to any person who is entitled to a refund under subsection (2).

Refunds

32D. A person shall be entitled to a refund in accordance with Part VII where

- (a) the person pays an amount under this Part as tax that is not payable under this Act; or
- (b) the tax collected on any goods or services supplied to that person under this Part exceeds the amount that is payable under this Act.

Collection of tax under this Part

32E.(1) The Government of Barbados may enter into such agreements or issue such licences as the Minister thinks necessary authorising the collection of tax under this Part by any person.

(2) Where the Government of Barbados enters an agreement under subsection (1), the tax collected shall be transmitted to the Government

- (a) in such manner and currency and within such time; and
- (b) on such terms and conditions,

as the Barbados Revenue Authority with the approval of the Minister prescribes.

(3) The Barbados Revenue Authority shall make such arrangements as it thinks fit, in keeping with international standards and best practices, for the audit of the revenue collectible under this Part.

(4) For the purposes of collecting the tax under this Part, the officers of the Barbados Revenue Authority may exercise any power given to an officer in section 76.

(5) The provisions of the following Divisions shall apply *mutatis mutandis* to this Part in relation to the collection and recovery of taxes as if the person collecting the tax, including a vendor outside Barbados or a tax collecting agent was a registrant under this Act:

- (a) Division IV, relating to assessments and determinations;
- (b) Division V relating to objections and appeals;
- (c) Division VI relating to the collection of the tax;
- (d) Division VII relating to penalties and offences.

Compliance by foreign vendors

32F.(1) Where a foreign vendor or payment processor fails to transmit the tax in accordance with section 32D, the Barbados Revenue Authority may, in writing, direct any internet service provider to block, within a specified time, that foreign vendor or payment processor from entering the internet jurisdiction of Barbados or the Barbados internet market.

(2) Where a foreign vendor or payment processor objects to any action taken under subsection (1), the foreign vendor may, within 14 days, notify the internet service provider of the objection in writing.

(3) Where an objection is received by an internet service provider under subsection (2), the internet service provider shall, without delay, notify the Barbados Revenue Authority of the objection.

(4) The Barbados Revenue Authority shall, within 14 days, notify the internet service provider of the decision taken in respect of the objection and the internet service provider shall without delay, notify the foreign vendor or payment processor of the decision.

- (5) For the purposes of this section,
- (a) “block” means the blocking of the IP and URL of the foreign vendor or payment processor;
 - (b) “IP” means Internet Protocol;
 - (c) “URL” means Uniform Resource Locator.

Duty of internet service providers

32G.(1) Internet service providers shall cooperate with the Barbados Revenue Authority for the purposes of

- (a) the collection of taxes under this Part;
- (b) the provision of any information requested by the Barbados Revenue Authority within such time as the Barbados Revenue Authority may by notice request; and
- (c) taking such action as is reasonably required for the recovery of taxes as the Barbados Revenue Authority may request in writing within the time specified.

Confidentiality

32H.(1) The provisions of section 74 relating to confidential information which is obtained in the administration of this Act, apply to internet service providers and to a tax collecting agent as they apply to officers of the Barbados Revenue Authority.

(2) A tax collecting agent shall institute reasonable measures in keeping with international standards and best practices for the protection of the data collected under this Part. ”.

Amendment of section 103 of Cap. 87**5. Section 103 of the principal Act is amended by**

- (a) renumbering paragraph (f) as paragraph (h);*
- (b) deleting the word “and” at the end of paragraph (e); and*
- (c) inserting the following paragraphs after paragraph (e):*
 - “(f) prescribing forms relating to applications, licences, the collection, reporting and transmission of tax and generally in relation to the administration of Part IIIA and Part IVA;*
 - (g) providing for the collection and management of tax under Part IIIA and Part IVA; and”.*