

REAL ESTATE FOR INVESTORS

Barbados has both registered and unregistered system of conveyance.

Two popular methods of holding real estate is by freehold purchase in parties names or by acquisition of shares.

GENERAL PROCEDURE FOR FREEHOLD PURCHASE

- Offer and acceptance of the terms of the contract.
- Payment of 10% deposit by the purchaser to stakeholder representing Seller.
- Investigation of title by the Purchaser's Attorney after contract.
- Review existing covenants to ensure compliance and suitability for investment.
- Ensure compliance with all regulatory requirements.
- A sale is completed on average in 2-3 months from commencement.

OBLIGATIONS OF THE SELLER

- Vendor is responsible for ensuring the line marks are in place and prior to completion and same must be shown to the Purchaser as soon as possible after contract.
- Provide a good a marketable title to the property, ensuring all encumbrances against title are removed prior to completion.
- Provide vacant possession at completion (unless otherwise agreed).
- Property transfer tax (currently 2.5%) calculated on the greater of the value of the transfer or the land tax value of the property.
- Stamp duty (1%) calculated on the value of the transfer.
- Ensuring the land taxes are paid.
- Obtaining all regulatory clearances including but not limited to - Barbados Revenue Authority Clearances, National Insurance and Exchange Control Authority (where applicable).
- Pay the Seller's Attorney's fees and all outgoing.

OBLIGATIONS OF THE PURCHASER

- Provide the full purchase price at the completion date
- View the line marks and inspect the property prior to completion.
- Insurance -The risk under any 'policy of insurance passes to the purchaser at the time of the contract. An assignment of an existing policy may be taken by the purchaser or the purchaser may decide to open a new policy from a local insurance broker.
- If non-national, obtain required permissions from and ensure registration of foreign currency investment with regulatory bodies for the purchase.
- Pay Purchaser's Attorney's fees and out of pockets.

CHARGES APPLIED TO SELLER

Legal Fees - (Barbados legislation imposes a minimum charge of legal fees for real estate matters by attorneys). The following are the prescribed method of calculation used.

Sale Agreement \$600.00
Up to \$25,000 \$750.00
On the next \$75,000 2.5%
On the next \$100,000 1.5%
On the next \$300,000 1.25%
Thereafter 1%

VAT @ 17.5% is to be added to the total.

OUTGOINGS FOR SELLER (WHERE APPLICABLE):-

Property Transfer Tax - 2.5%
Stamp Duty- 1%
Land Taxes
Barbados Revenue Authority Taxes (Income Tax, Excise Tax and VAT).
Any outstanding NIS dues (where the Seller is an employer)
All Barbados Water Authority Charges
All Light & Power Charges
Exchange Control Authority Approval

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FINANCING FROM A BARBADOS FINANCIAL INSTITUTION

A purchaser obtaining financing in Barbados for the purchase may use the same attorney at law may act for the purchase as well as for the mortgage (representing both borrower and lender). The legal fees are calculated in the manner stated above, with an additional percentage calculated as a percentage on the financed amount.

A non-national may obtain financing in Barbados, at the discretion and approval of the Exchange Control Authority. Approval should be sought prior to commencement of the transaction.

TOWN PLANNING

The Town Planning Act of Barbados requires planning permission for specific land use, building construction, building renovations and construction of property development or developmental projects. Enquiries ought to be made on existing approval and compliance before completion. Where a purchaser intends to develop land an application ought to be made for this purpose to the Town Planner prior to the completion and the purchase contract may be made subject to the Town Planning approval obtained. Town planning applications may be made by land surveyors or project developers or by the applicant themselves. We would be happy to recommend a suitable person on request. .

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TAX ADVICE

There are numerous tax implications for consideration when a non-national purchaser is investing in or purchasing property in Barbados. InterCaribbean Legal does not dispense tax advice and recommends a prudent investor to obtain tax advice from a local tax advisor. We would be happy to recommend a Tax Advisor on request.

Some suggested matters for discussions with your tax advisor would be: the existence of double taxation treaties between Barbados and the purchaser's country of residence; whether there are any tax advantages on incorporation of a local or offshore company as an engine for the property holding; whether withholding tax on rental and other income on investment would be applicable in Barbados, the treatment of gain or profit on the investment and what other tax bracket would apply to a nonresident property holder.

Tax Advisers charges are applied separately.

EXCHANGE CONTROL REGULATIONS

The Exchange Control Act requires a non-national seller or purchaser to obtain approval of the Authority for that purpose. Approval is given at the discretion of the Authority, though this is usually granted- a prerequisite to obtaining approval by a purchaser is the investment of foreign currency registered with the Central Bank of Barbados.

For a Seller approval is sought for the repatriation of funds after sale to its place of origin. Proof of the initial registration of the foreign currency investment must be provided.

The initial foreign currency investment registered on the purchase of the property is, in most cases allowed on application, with gains on the investment to be repatriated in stages over a period of time (generally 2-3 years). Guidelines applied by the Central Bank in this regard are not published and are discretionary.

Attorneys will apply an additional charge for this application.



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