

Demystifying Property Acquisition in Barbados for Non-Residents

Barbados, Gem of the Caribbean Sea with its white sandy beaches, smiling faces and finite land spaces. All of this and more, makes Barbados an attractive place to invest and reside. Potential purchasers have some common questions, and here we seek to demystify the property acquisition process in Barbados.

What is the property acquisition procedure?

Succinctly, this involves an offer and acceptance, preparation, and execution of the agreement for sale, payment of the 10% deposit, conducting due diligence on the property, being satisfied that it is unencumbered, and the title is good, preparation and execution of the conveyance, payment of the balance of the purchase price, and recording the conveyance to the seller at the Barbados Land Registry.

Do I need an Attorney?

You need an Attorney licensed to practice in Barbados to assist in your property acquisition. The seller and buyer are individually responsible for their own Attorney's professional fees and disbursements.

As a non-resident, do I need a license to acquire property?

A non-resident does not need a land holding license to acquire property in Barbados. However, a non-resident does require permission from the Central Bank of Barbados Exchange Control Authority ("ECA").

What is the Central Bank of Barbados ("CBB") ECA?

The CBB, among other things, regulates the commercial banking system, issues currency, and manages the Island's foreign reserves.

ECA is a set of procedures used by the CBB to monitor, regulate, and analyze foreign exchange transactions, including the movement of foreign currency into and out of the Island.

Through their Attorney, a non-resident must apply for ECA permission using the prescribed form together with a copy of the executed sale agreement and evidence of funding for the acquisition. The review and approval process can take 5-10 days.

Who is a non-resident for exchange control purposes?

A non-resident includes foreigners, Barbadian nationals permanently residing outside of Barbados, other nationals studying in Barbados, and expatriate employees of International Organizations.

Can I acquire property using foreign currency?

Your Attorney must apply for ECA permission to acquire property using foreign currency. The review and approval process can take 5-10 days.

How long does property acquisition take?

Most land in Barbados is on an unregistered system so it is imperative that your Attorney ensures that the seller has good and marketable title which can be transferred to you. The property due

diligence must be conducted at a minimum of 20 years prior. Additionally, various Governmental Agencies may be involved, and exchange control applications required. A cash acquisition can take between 12-14 weeks, and mortgage transaction may take a little longer.

Does the acquisition of property entitle me to residency?

It does not automatically entitle you to residency, however the Island's "Special Entry and Reside Permit" ("SERP") program, Immigration Bill, 2020 and the Barbados Citizenship Bill, 2020 outline the categories of individuals eligible for residency status in Barbados. The conditionality of long-term residence in Barbados distinguishes the program from the kind of citizenship by investment programs offered by other countries as the SERP program is designed for those making a significant financial investment in return for residency benefits and who have a demonstrable affinity for the Barbados way of life and its people.

What type of structure can I use?

You should consider your reasons for acquiring the property and the various benefits attached to each option. For example, where your intention is immediate re-sale or leasing of the property, you may consider using a company as a vehicle for the property acquisition due to its tax benefits and for estate planning purposes.

What can I expect in terms of Attorneys fees, and other expenses?

Attorneys' fees are regulated by the *Legal Profession Act (Remuneration for Non-Contentious Business) Rules, 1997* and are only negotiable to the extent that they do not go below the minimum prescribed scale. Normally these fees fall within 1% - 3% of the sale price. Only the sellers are subject to 2.5% property transfer tax and 1% stamp duty and are responsible for the estate agent's commission.

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