

RESIDENCE AND CITIZENSHIP – HIGH NET WORTH INDIVIDUALS – WHAT BARBADOS OFFERS

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Trending with globalization is the need for ease of movement of persons for work, education, residence, retirement or recreation. High Net Worth Individuals (**HNWI**) are generally more inclined to change their jurisdiction of residence for reasons of asset protection, succession planning, safety and security, greater business opportunities or simply enjoying nature's bounty which adorns Barbados. The laws of Barbados allows for various types of residency such as Immigrant Status, Permanent Residency, Citizenship, CARICOM Skilled National, Work Permit. More recently, the Government through a policy decision has introduced Special Entry Permit (or Special Entry and Residency Permit) (**SEP**) specifically geared towards HNWI.

In the international business community, the most popular avenue available for foreign specially qualified individuals wishing to work and reside in Barbados is to make an application to the Immigration & Passport Department for a work permit. Generally the company which seeks to employ the individual will make the application. Owners of companies can also apply for work permits to work in their company. Work permits are granted anywhere from 1 to 5 years. A work permit holder can have their spouse and dependents accompany them and reside in Barbados. After a certain number of years of residing in Barbados and demonstrating strong connection to the island, consideration may be given to an applicant desiring a more permanent residency status.

Unlike some of its Caribbean neighbours, Barbados does not currently offer an economic citizenship program. Such regimes provide that investment in a certain amount in infrastructure, philanthropy or real estate could lead to citizenship provided that certain conditions are fulfilled. For HNWI wishing to reside in Barbados, we have the SEPs. A SEP bestows the right to reside but not necessarily to work in Barbados. However, SEP holders can operate their global business from Barbados without requiring a work permit. Additionally SEP holders are entitled to an automatic work permit, upon payment of a fee to work for a Barbadian resident company.

SEPs can be issued to persons 60 years of age for an indefinite period where they own property in Barbados in the amount of US\$2 million or greater, or has net worth in excess of US\$5 million. Persons under 60 years but over 50 years and own property in Barbados or has net worth in excess of US\$5 million will obtain a 10 year SEP, renewable as indefinite upon attaining 60 years. Persons under 50 years and own property in Barbados or has net worth in excess of US\$5 million will receive a variable term until the SEP holder attains 60 years, renewable as indefinite upon attaining 60 years. The spouse, minor children or dependents of the applicant can also reside in Barbados. The SEP regime provides flexibility and convenience for foreign nationals wishing to reside in Barbados. The program is evolving and will be refined over time. Residence in Barbados is particularly attractive since it's a cosmopolitan island and has a good safety record.

Persons can also be considered to be ordinary resident in Barbados by virtue of the Income Tax Act of Barbados. A person shall be deemed to be resident in Barbados in an income year if that person spends in the aggregate more than 182 days in Barbados in that income year, or is ordinarily resident in Barbados in the relevant income year.

In considering the requirements for residence in Barbados, it should be noted that a person need not be *domiciled* in Barbados to be considered a *resident* of Barbados. Where an individual is resident but not domiciled in Barbados, they are taxed on such amounts remitted to Barbados based on the Foreign Currency Earnings Credit in the Income Tax Act which is generally about 1.75%. Where an individual is resident and domiciled in Barbados, they are taxed on their worldwide income, whether or not remitted to Barbados. It is also important to note that Barbados does not have inheritance tax, wealth tax or capital gains tax and certain other exemptions are also found in its double taxation treaty network.
