

A Latin America Update and Opportunities for Barbados

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The week of October 5, 2014 was an exciting one for Barbados. We celebrated International Business Week in utter style in our preparation to welcome our Latin American visitors from countries such as Mexico, Brazil, Panama, Costa Rica, Colombia, among others to participate in our flagship LATAM conference. This was a tremendous opportunity for Barbados to foster open dialogue with our LATAM counterparts on understanding the needs of LATAM clients. This presented a captive opportunity for Barbados to promote its offerings. We know that LATAMS also have options in utilizing Spanish speaking countries such as Panama and Costa Rica to cater to their wealth planning needs. However, we are making progress in bridging the noticeably shrinking gap between Barbados and our LATAM neighbours. We are committed to feverishly educating ourselves on understanding and capitalizing on the cultural differences. Difference in language is no longer a barrier or an excuse. Our recent travels always seem to take us to a LATAM country.

The mantra of the International Business Week Conference was that private wealth in Latin America continues to grow with significant rises seen in 2013/2014, despite volatility and currency devaluation in certain LATAM countries. In particular, Mexico and Brazil, a main focus for Barbados saw a growth in private wealth. Statistics also indicate that offshore wealth is growing significantly originating mainly from Argentina and Venezuela. What does Barbados have which are attractive to these wealthy LATAMS with vast disposable income? We can turn to our double taxation treaty network used as a gateway for LATAMS to access our treaty partners. It is noteworthy that recently Barbados has initialed a Tax Information Exchange Agreement with Colombia and was consequently removed from their blacklist. Barbados is in an enviable position since its LATAM neighbours cannot boast of its expansive treaty network, and the benefits which LATAMS stand to gain through proper structuring vehicles.

LATAMS are more frequently seen utilizing Barbados' trust structures. Of particular attraction is asset protection which has been enshrined in our legislation. Settlers of trusts now have the ability to reserve certain powers which was traditionally only given to trustees. This gives LATAMS greater control over their assets and undeniably the reassurance and comfort which ensues. While this legislative change has widened the reach for Barbados, we continue to perfect our Private Trust Companies and Foundations legislation. The Barbadian delegates also reacquainted its LATAM visitors on our traditional planning vehicles such as Domestic Companies (with a focus on the special tax regime where income is generated from outside of Barbados), International Business Companies, Societies with Restricted Liabilities, Captive Insurance Companies, International Banks, External Companies and so on. Our LATAM counterparts learnt about our strong regulatory regime shared by the Central Bank and the Financial Services Commission. We also heightened their awareness of the wealth management options available, and the stability and capability of our banking system.

LATAMS remain interested in building their real estate holding portfolio outside of their jurisdiction. Barbados is currently ardently examining a real estate investment trust vehicle. LATAMS have generally used Barbados for captive insurance companies, and indeed the statistics indicate that this trend has continued, particular originating from Mexico. In keeping with this focus, our LATAMS counterparts (among others) has strongly recommended that we implement incorporated cell legislation (ICC). The structural framework of an ICC is similar to the Segregated Cells (SCC) with a single core and any number of cells. However, the critical distinction is that an ICC, unlike a SCC, is a separate legal entity with all the legal attributes of a corporation.

Marketing to and transacting business with LATAMS is no longer venturing into the unknown. Our LATAMS colleagues told us unequivocally what Barbados needs to do to attract and maintain LATAM clients. They openly discussed the advantages of living and working in Barbados. They need a well regulated jurisdiction, they need diversity in product offerings, there must be ease of doing business, and they want to deal with educated professionals. Barbados have all of these attributes and more.
