

No new taxes

"NEW ECONOMIES" GIVEN PROMINENCE IN BUDGET

by Shawn Cumberbatch

Barbadians will have to continue taking the bitter medicine prescribed last November, but were spared the imposition of new taxation after Minister of Finance Chris Sinckler delivered his second Budget in less than a year.

The major and traditional attention-grabbing sectors including tourism, manufacturing and agriculture took a virtual backseat, with the "new economy", sports, the cultural industries and alternative energy given prominence, as Government looked for additional ways to pull Barbados out of its current economic hole.

There was also an ease for property owners, who would have paid increased land tax this month, \$5 million in energy grants to give the poorest relief from high energy costs, and an amnesty worth \$59 million on the interest and penalties of the \$252 million Barbadians owed Inland Revenue.

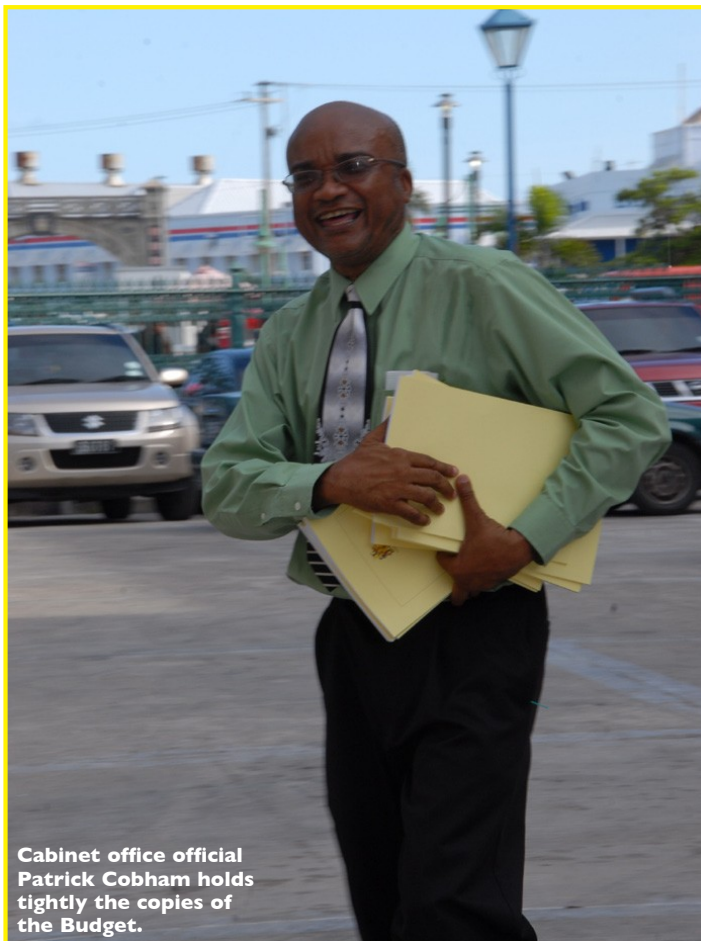
And as part of efforts to reduce the fiscal deficit and dependence on direct government funding, the National Insurance Board will provide \$110 million to the University of West Indies, Transport Board, Barbados Tourism Authority and Needhams Limited "this financial year for specific aspects of their programme".

Delivering his **Financial Statement and Budgetary Proposals** in the House of Assembly this evening, Sinckler did not roll back the Value Added Tax increase and other fees imposed nine months ago, saying his measures might be "awful" but they were working.

"Barbados has its challenges but we are no worse off than any other country, and better off than most in the wake of the worse global economic and financial downturn in recent memory," he said.

"I am aware that many of this Government's critics hate for us to reflect on what is happening globally, or even compare our experience with the relative stories of others who are being asked to suffer the indignity which a recession inevitably brings but Barbadians must be able to appreciate how we as a people are coping with similar challenges."

He said Government's method this time around was to offer assistance to the productive sectors in need of help, give more assistance to vulnerable groups, and focus on developing new areas of economic activity.



Cabinet office official Patrick Cobham holds tightly the copies of the Budget.

In terms of relatively immediate assistance this included relief from major land tax increases for the 2011/2012 tax year, following recent increased property assessments, and the legalisation of hitherto unlawful extensions on scores of National Housing Corporation units.

On the other hand, the minister said government would be going all out to clean up Barbados' tax system, instituting measures to force professionals and others to pay what was due in income tax, and national insurance.

The previous \$100 penalty for making income tax returns late is also being increased to \$500 for late filers.

It was in the non-traditional areas, however, that Sinckler gave his most attention, specifically mother sports, alternative energy, and entertainment, the cultural industries and performing arts.

This included the construction of a new multi-purpose cultural and performing arts centre at Brandons, St. Michael to be undertaken through funding from the Chinese government.

Sinckler said the current administration would also "provide by way of a government-backed guarantee, a facility to provide for the borrowing of \$50 million dollars in amounts of \$10 million every year for the next five years starting in 2012 to support ... the promotional, marketing and distribution efforts outside of Barbados of Barbadian musicians, artists, designers, and chefs".

Having already received hundreds of millions of dollars in assistance from the Inter-American Development Bank to development alternative energy plans, the minister said discussions were ongoing on an additional \$150 million renewable energy programme.

The plan for motor sports included the leasing of Bushy Park to facilitate a major upgrade of the track and facilities there and said Government would give the necessary tax and other concessions.

"We know that the challenges are great and the demands greater, but we also know that our commitment to seeing Barbados through this is unshakable and that working together as Team Barbados we will succeed," Sinckler said.

But ... my ultimate sense of assuredness has come from scores of ordinary Barbadians who on a daily basis offer up prayers of intercession on my behalf and for this country and its government as we lean on each other to confront our most complex challenges.

complex challenges.

"I am happy ... to know that even though times are tough and things are hard on many in Barbados, as is the case with so many from across the region and the world, Barbadians have not lost faith in their government nor their country," he added.

Sinckler said Barbadians were "educated enough to appreciate the reality that, contrary to the opinion propagated by critics of this Government, this country has been and continues to be severely affected by an economic crisis that is the worst in the post-modern history of the world". (SC)

BUDGET TODAY

The good, the bad. . .

A budget with a mixed bag of issues being addressed, with some issues such as the Cultural Industries Bill, the waiver of penalty and interest programme being repeated from previous years but with some modifications.

That's how tax and finance expert Charles Tibbits summed up this evening Budget presentation by Minister of Finance Chris Sinckler.

"On the positive side there was:

(1) No increase in direct taxation.
(2) Some land tax relief for owners of properties who saw significant increases in their property values last month.

It was noted that all rebates and exemptions for land tax will be tied to

generation of income and that a tax clearance will be required. This is likely to result in an added burden for pensioners

(3) The granting of a 50 per cent reduction in land tax to manufacturers who export more than \$100,000 in goods. However there needs to be an amendment to the land tax legislation which provides for manufacturers paying land tax on the value of their equipment affixed to the ground. This should be on the improved value alone.

(4) The increase in the energy conservation and renewable energy deduction from \$5,000 to \$10,000 per year for individuals.

(5) The reduction of the taxes paid

under the tax on remittances act by businesses on remittances to insurers based outside Barbados who provide global insurance coverage that is not offered in Barbados.

(6) Commitment to address a number of legislative matters impacting the international business sector."

But he added: "What was missing was, • A status report on issues raised in previous budget statements for which we have not seen any action;

• What the revised medium term fiscal strategy is now that it is a bit off track;
• Lack of specifics on a number of issues such as the separation of business and employment income for the computation

of tax payable with effect from tax year 2011. It is said that this would be similar to the separation of the business of residential accommodation from employment income but when this occurred the profits from residential accommodation was taxed at 15 per cent;

• Details of the draw down account which can be used as a variation on the form of pension payment available to a member upon retirement from a defined contribution plan; and

• How will the energy grant of \$5 million to assist the disabled and aged with payment of their electricity bills through the Welfare Department be disbursed."