

2018-12-11

OBJECTS AND REASONS

This Bill would amend the *Societies With Restricted Liability Act*, Cap. 318B

- (a) by repealing Part VII; and
- (b) would provide for related matters.

Arrangement of Sections

1. Short title
2. Amendment of section 2 of Cap. 318B
3. Amendment of section 6 of Cap. 318B
4. Amendment of section 35 of Cap. 318B
5. Repeal of Part VII of Cap. 318B
6. Saving of rights and benefits
7. Saving of obligations and penalties
8. Interpretation
9. Amendment of Cap 318B
10. Commencement

BARBADOS

A Bill entitled

An Act to amend the *Societies With Restricted Liability Act*, Cap. 318B.

ENACTED by the Parliament of Barbados as follows:

Short title

- 1.** This Act may be cited as the *Societies With Restricted Liability (Amendment) Act, 2018*.

Amendment of section 2 of Cap. 318B

2. *Section 2 of the Societies With Restricted Liability Act, Cap. 318B, in this Act referred to as the principal Act, is amended*

(a) by deleting paragraph (b) thereof; and

(b) by deleting the words, “, and includes an international society with restricted liability organised under Part VII”, appearing in the definition of “society”.

Amendment of section 6 of Cap. 318B

3. *Section 6 of the principal Act is amended by deleting the words, “and in the case of an international society, the name and address of its agent in Barbados”, appearing in the first, second and third lines of paragraph (d) thereof.*

Amendment of section 35 of Cap. 318B

4. *Section 35 of the principal Act is amended by deleting the words, “or, in the case of an international society, the registered agent of the international society,” appearing in the second and third lines of paragraph (c) thereof.*

Repeal of Part VII of Cap. 318B

5. *Part VII of the principal Act is repealed.*

Saving of rights and benefits

6.(1) *Notwithstanding the repeal effected by section 5 of this Act, the rights and benefits conferred upon international societies under the former Part VII are saved or shall cease as is hereinafter provided:*

- (a) *an international society that does not hold intellectual property assets but holds a valid licence issued prior to 17th October 2017 shall be entitled to receive its benefits until 30th June 2021;***
- (b) *an international society that does not hold intellectual property assets but holds a valid licence issued on or after 17th October 2017 shall cease to be entitled to any benefits after 31st December 2018;***
- (c) *without affecting paragraphs (a) and (b), an international society that holds a valid licence issued on or before 30th June 2018 and also holds intellectual property assets acquired before 17th October 2017 but before 1st July, 2018 where***
 - (i) *the intellectual property assets were already benefitting from a back-end regime; or***
 - (ii) *the intellectual property assets were acquired from an unrelated party,***

shall be entitled to receive those benefits in respect of those intellectual property assets until 30th June 2021;

- (d) *an international society that holds a valid licence issued on or before 30th June 2018 and also holds intellectual property assets acquired after 17th October 2017 from a related party shall cease to be entitled to any benefits in respect of those intellectual property assets after 31st December 2018.***

(2) *With effect from the income year commencing on or after January 1, 2019 and for every subsequent income year the rate of tax for taxable income in excess of \$30 000 000 shall be 1 per cent.*

Saving of obligations and penalties

7. *Notwithstanding the repeal effected by section 5, any obligation or penalty incurred by an international society during the period of operation of the former Part VII shall not be affected; and any investigation, legal proceeding or remedy in respect thereof may be instituted, continued or enforced and such penalty imposed as if that Part had not been repealed.*

Interpretation

8. *For the purposes of sections 6 and 7*

“Act” means the Societies With Restricted Liability Act, Cap. 318B;

“back-end regime” means a preferential, no tax or low tax regime that applies to the income earned from the exploitation of the intellectual property assets;

“former Part VII” means Part VII of the Societies With Restricted Liability Act, Cap. 318B repealed by section 5 of this Act;

“intellectual property assets” means assets generating income defined as “royalties” in the Income Tax Act, Cap. 73;

“international society” means an international society under the former Part VII.

Amendment of Cap 318B

9. *The Societies With Restricted Liability Act, Cap. 318B, in this section and the succeeding sections referred to as the principal Act is amended by inserting therein the following as the new Part VII:*

“PART VII

AMENDED ARTICLES AND GRANT OF FOREIGN CURRENCY
PERMIT**Service provider**

39. A society referred to in subsection (1) of section 40, shall appoint a service provider in accordance with the *Corporate and Trust Service Providers Act, 2015* (Act 2015-12).

Foreign currency permit

40.(1) A society that earns one hundred per cent of its income in foreign currency is entitled to apply for the grant of a foreign currency permit or for the renewal of a foreign currency permit as applicable.

(2) Application for, the grant and renewal of a foreign currency permit shall be as prescribed in the *Foreign Currency Permits Act, 2018* (Act 2018-).

Filing of audited financial statement

41.(1) Every society shall apply for the grant or renewal of a foreign currency permit.

(2) A society applying on the first occasion for a grant of a foreign currency permit shall file a declaration in the form set out in the *Second Schedule* to the *Foreign Currency Permits Act* (Act 2018-).

(3) A society applying for a renewal of foreign currency permit shall prepare its audited financial statement in accordance with section 25 of this Act and shall file the financial statement with the Barbados Revenue Authority.

(4) The society referred to in (3) shall then file a declaration in the form set out in the *Second Schedule* to the *Foreign Currency Permits Act, 2018* (Act 2018-).

Transitional

42. Notwithstanding the repeal of the former Part VII, the articles of a society organised thereunder and carrying on business in accordance therewith immediately before the commencement of this Act shall be deemed to have been amended to comply with section 5 and shall continue after the commencement of this Act as a society organised under section 5.

Interpretation

43. In this Act,

“Barbados Revenue Authority” means the Barbados Revenue Authority established by section 2 of the *Barbados Revenue Authority Act, 2014* (Act 2014-1);

“foreign currency” has the meaning assigned to it by the *Foreign Currency Permits Act, 2018* (Act 2018-);

“foreign currency permit” has the meaning assigned to it by the *Foreign Currency Permits Act, 2018* (Act 2018-).”.

Commencement

10. *This Act shall come into operation on the 1st day of January 2019.*

Read three times and passed the House of Assembly this
day of _____, 2018.

Speaker

Read three times and passed the Senate this _____ day of
, 2018.

President