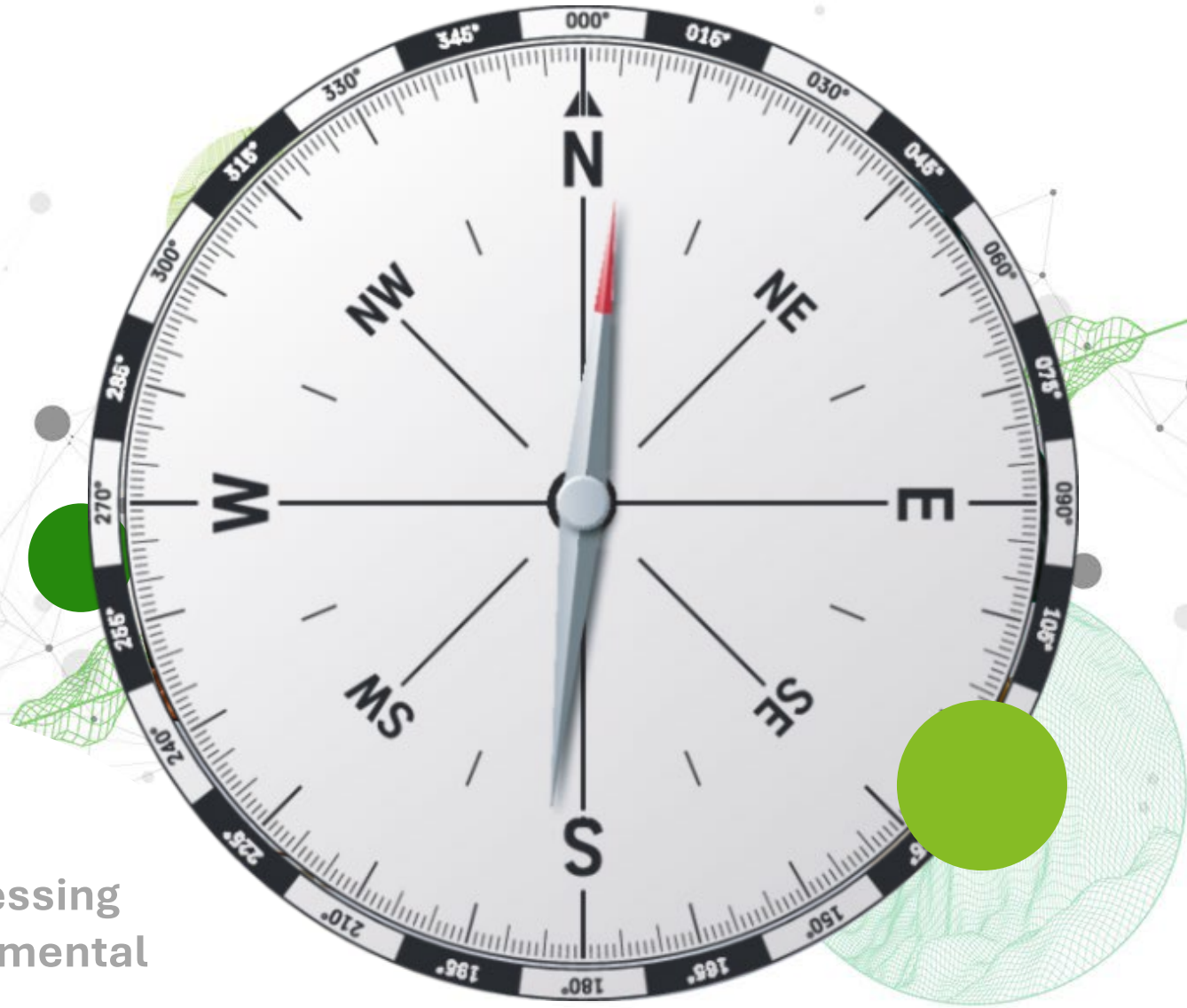


## Barbados 2025 Budget Breakdown

Barbados' Path Forward: Addressing  
Economic, Social, and Environmental  
Challenges

11 March 2025





# Barbados' Budget Roadmap

Navigating the Complex Path to Resilience: The Barbadian Challenge





# Contents



**Managing Partner  
Message - 4**



**Economic  
Overview - 6**



**Budget  
Analysis - 13**



**About  
Deloitte - 24**



# Managing Partner Message

**Ikins Clarke**  
Managing Partner &  
Tax Leader





## A Message from our Managing Partner & Tax Leader



Barbados faces a multifaceted resilience challenge, which involves economic, social and environmental dimensions. . Despite its allure as a tourist destination, the island's economic reliance on tourism, international business and limited manufacturing exposes vulnerabilities. Simultaneously, rising crime rates and significant health challenges, including a growing prevalence of non-communicable diseases, strained public resources and social systems all add to the conundrum. With escalating national debt and shifting international trade dynamics, the path to resilience is fraught with obstacles. The Hon. Ryan Straughn, Minister in the Ministry of Finance and Economic Affairs, has articulated a strategic vision for addressing these issues in the 2025-2026 budget, emphasizing six pivotal missions:

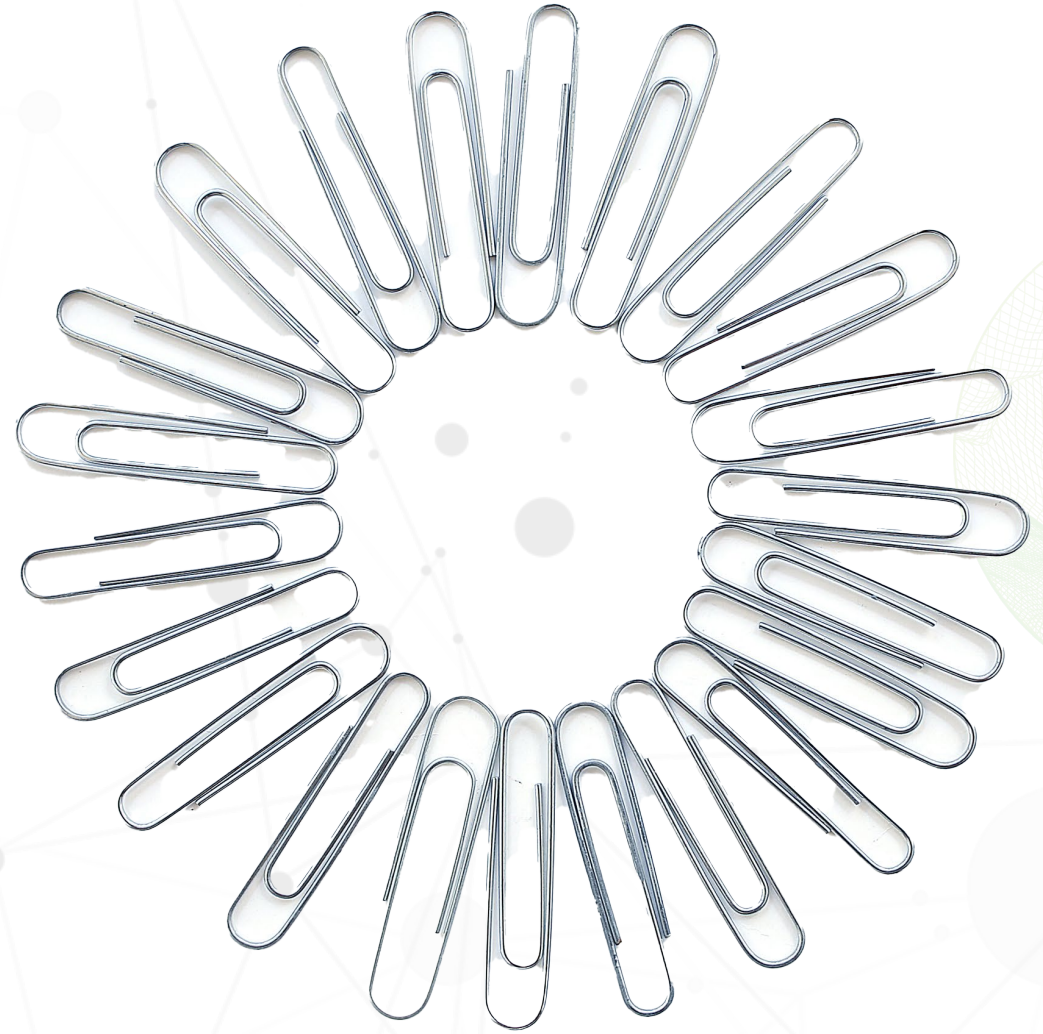
- Building Climate Resilience
- Fostering Social Cohesion
- Ensuring Food and Water Security
- Enhancing Public Health and Safety
- Empowering Workers
- Promoting Digital Inclusion

The imposition of U.S. tariffs on its key trading partners underscores the need for regional collaboration and reduced trade barriers within the Caribbean. It is hoped that these measures would go a long way towards transforming vulnerabilities into opportunities, fostering economic diversification and improving resilience in the face of climate change, social and geo-political challenges. The effectiveness of these strategies will determine the island's ability to secure a stable and prosperous future.

*Ikins D. Clarke*



# Economic Overview

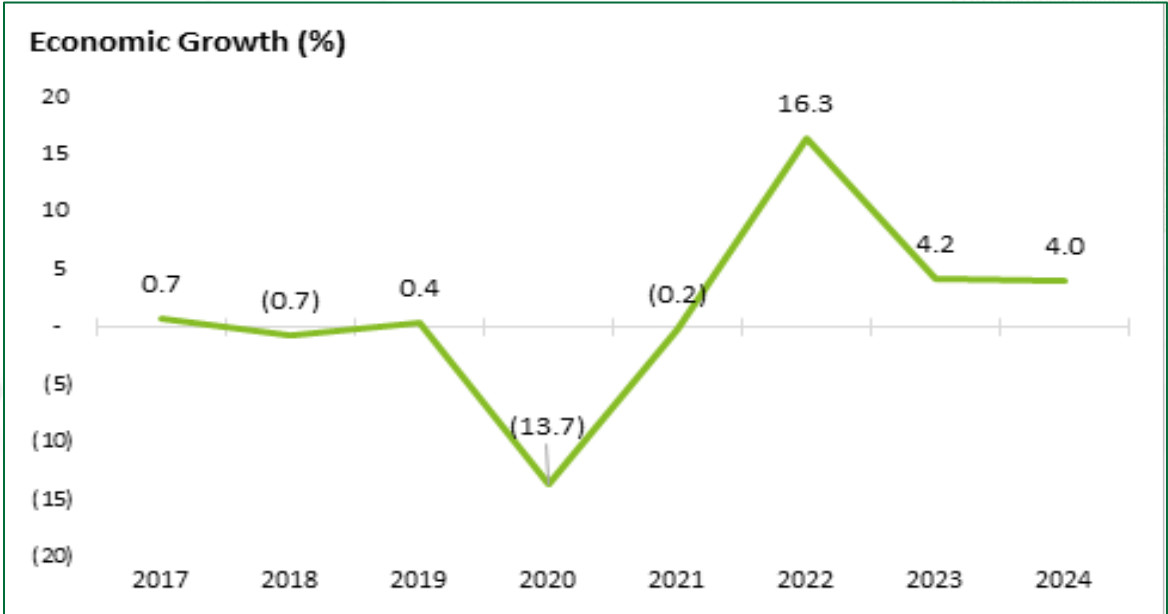


# Economic Output

The economy grew by 4.0%, resulting in the 3<sup>rd</sup> year and 14 consecutive quarters of economic growth. This growth was led predominantly by the tourism industry. In addition, the Government of Barbados (GOB) continues to be supported by the International Monetary Fund (IMF) through the Extended Fund Facility (EFF) and the Resilience and Sustainability Facility (RSF) arrangements.

The economy decelerated slightly to 4.0% as compared to 4.2% in 2023. This can be attributed to the abatement of economic activity both on the global and domestic economic front. Notwithstanding this, the economic growth in 2024 primarily led by the tourism sector, as the sector benefited from 10.7% year over year, attributed to the increase in demand for travel in our source markets.

Tourism demand could ease in 2025-26 as cost-of-living concerns in source markets generate consumer pessimism. Looking ahead, Barbados' economic outlook for 2025 is positive with real GDP growth expected to continue, albeit at a reduced pace of 3%.

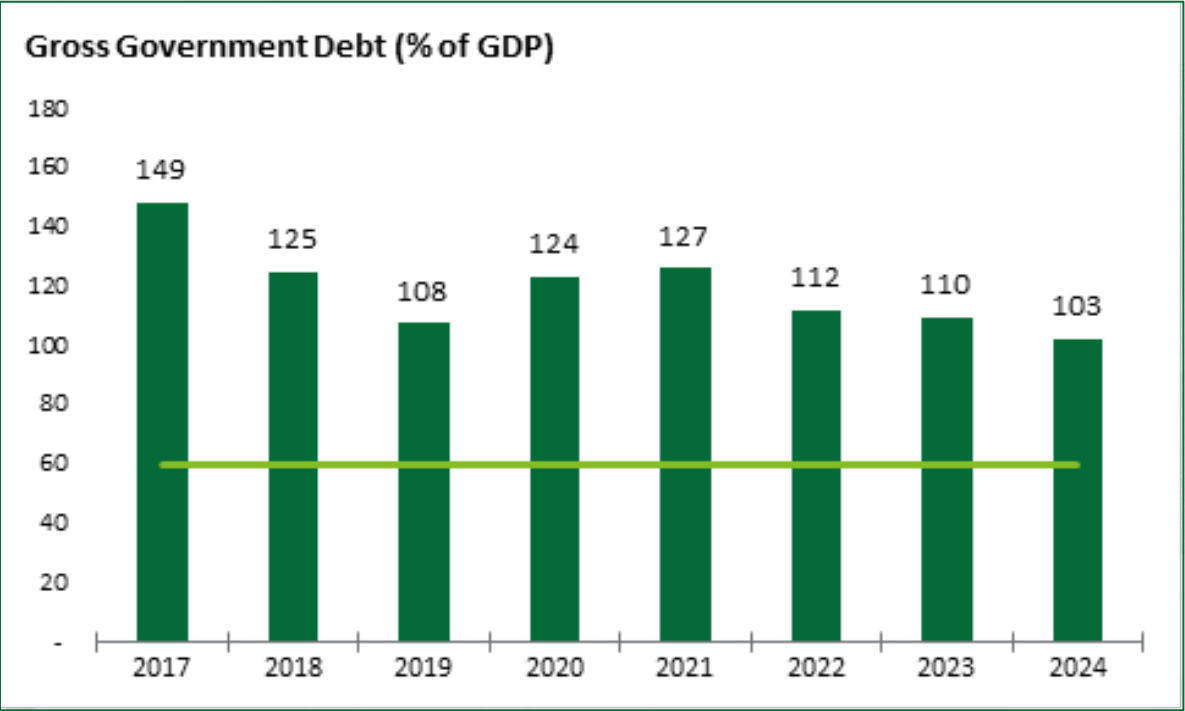


# Financial Health of Government & Government Operations

In 2024, Government’s debt to GDP returned to pre-pandemic levels shortly after the restructuring of the domestic and external debt.

At 103% of GDP in 2024, Barbados’ debt ratio is among the highest in the Caribbean and fiscal discipline will be required to bring the debt ratio down to the global benchmark of 60% by 2035.

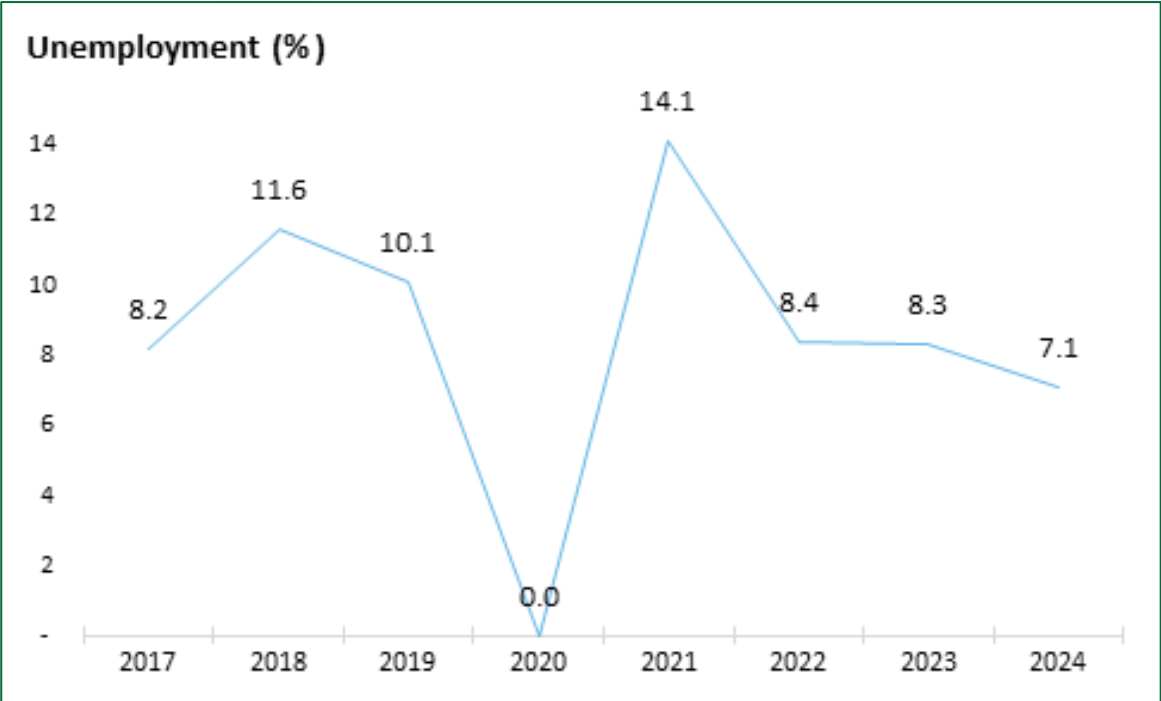
This is expected to be supported by state owned enterprise reforms while lingering economic challenges, including the cost-of-living challenges, could keep fiscal expenditure elevated.





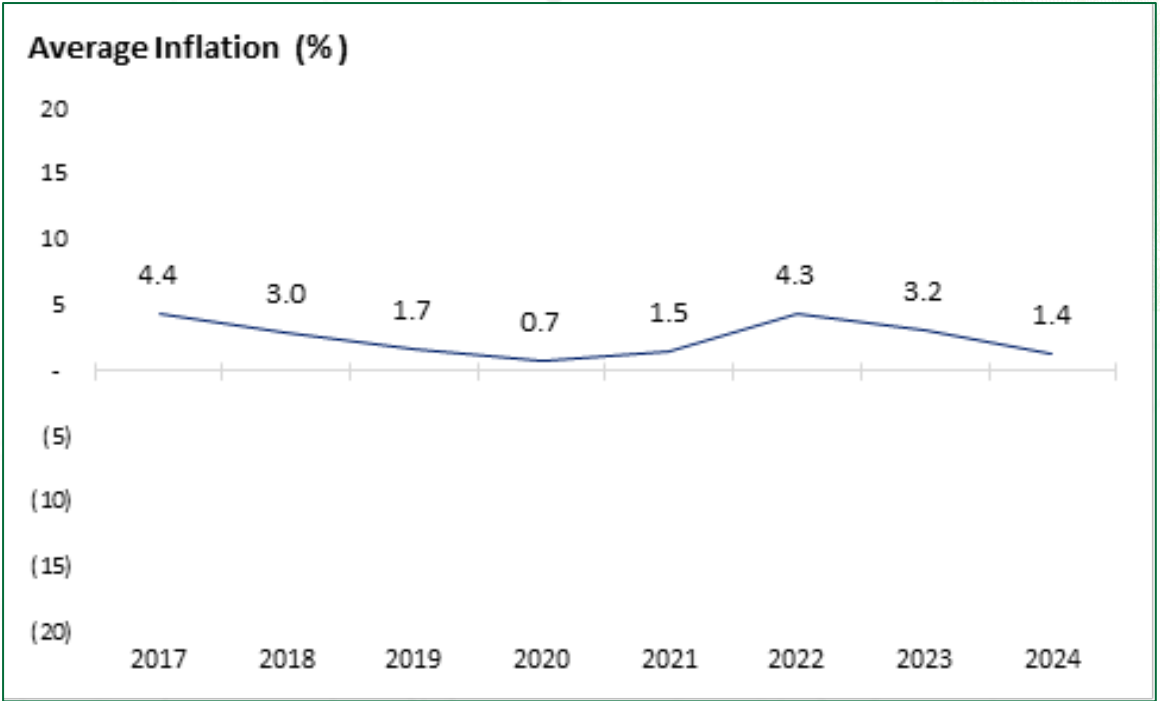
# Employment

Unemployment levels decreased from 8.3% at the end of 2023 to 7.1% by the end of 2024. This can be attributed to lower unemployment claims in 2023, 11,736, as opposed to 9,530 in 2024. In addition, there were 7,900 persons entering the workforce and less retiring.



# Inflation

Inflation decreased from 3.2% in 2023 to 1.4% in 2024. This was attributed to the moderation of global commodity prices in key markets predominantly the United States of America. Key categories such as clothing, household furnishings, recreation, and restaurants recorded price declines. This was offset by unfavorable weather conditions which led to higher vegetable prices.

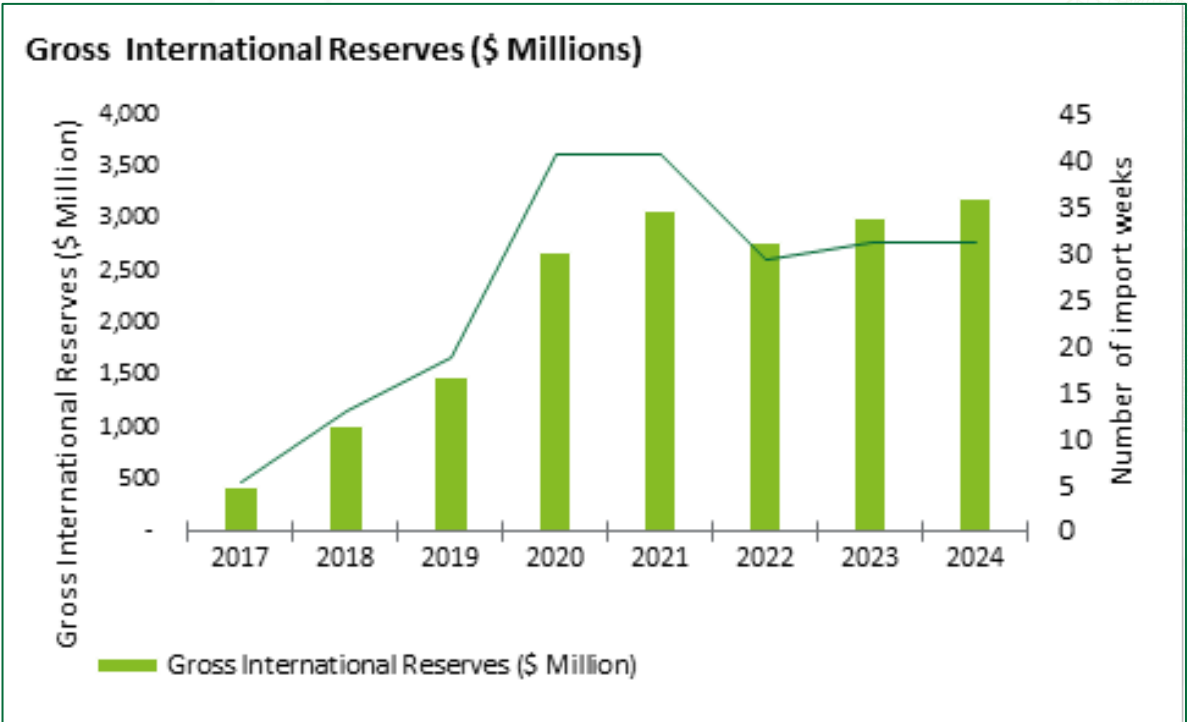


# Exchange Rate Stability

Foreign reserves stood at BDS3.0 billion at end-2024, representing an increase of BDS0.1 billion over 2023. The reserves are equivalent to 31.2 weeks of import cover. This can be attributed to the increase in net tourism receipts and higher tax receipts in 2024.

In addition, there was support from multilateral development banks in the form of policy loans to the Barbados economy.

Thus, the Barbados current-account deficit was partly financed by capital inflows and improved earnings from tourism in 2024.





# Synopsis

The 2025 budget proposals are a bold attempt to address both historical vulnerabilities and contemporary challenges. The proposals span resilience-building, social protection, sustainability, and economic modernization.

One of the central benefits of the resilience measures is the creation of a robust financial buffer. By repurposing the Catastrophe Fund into a Resilience and Regeneration Fund and earmarking up to 0.25% of the previous year's nominal GDP, Barbados is better prepared to handle natural disasters and external shocks. However, reallocating a portion of GDP to resilience funds could exert pressure on already tight public finances, potentially limiting the scope for other developmental expenditures. There is also the risk of administrative inefficiencies if the funds are not deployed swiftly and effectively during emergencies. Moreover, while the measures increase the financial resources available for disaster response, these could inadvertently lead to an over-reliance on government support, reducing the private sector's incentive to invest in individual risk mitigation measures.

The expansion of social safety nets, such as the extension of the special needs grant and the increase in foster care stipends, reflects a strong commitment to social equity. However, increasing social spending brings with it significant fiscal implications, particularly the One-off Solidarity Allowance, given that it can cost the government as much as \$48 million to implement in the worst-case scenario. There is also the concern that extended and generous social support might create dependency, potentially reducing the incentives for recipients to seek employment or improve their skills.

Sustainability measures such as the adjustment of the sewage component and the Household Water Resilience Program are designed to address long-standing infrastructure challenges without imposing immediate rate hikes on consumers. However, the main drawback of these measures is their short-term fiscal impact. Ex-gratia payments and infrastructure upgrades require immediate capital outlays, which could strain the government's budget if not carefully managed.

## Synopsis cont'd.

Support for climate-resilient vertical farming and adjustments to agricultural water rates represent a significant step towards diversifying the economy and bolstering food security. However, the initial capital outlay for vertical farming is substantial, and the success of these innovations depends on farmers' ability to adapt. There is a possibility that the transition may be slower than anticipated, leading to short-term disruptions in production and potential market volatility.

Investments in public safety and health are foundational for creating a stable economic environment. Enhancing police capabilities through the recruitment and integration of Special Constables can lead to lower crime rates, thereby fostering a safer climate for residents, tourists and investors. The main challenge is the high fiscal cost of these measures. Expanding the police force and funding extensive public health campaigns require significant expenditure. There is a risk that if these investments do not translate into tangible improvements in safety and health outcomes, the public may question the efficiency of government spending.

The initiatives aimed at digital transformation—including the deployment of a 5G network, establishment of a Tier III Data Centre, and the creation of a Cyber Security Operations Centre—are designed to position Barbados as a competitive player in the global digital economy. However, the lack of precise cost figures for some of these initiatives raises concerns about the adequacy of funding and the potential for budget overruns. There is also the risk of transitional disruption as the economy shifts from traditional industries to a more technology-centric model.

Barbados' budgetary proposals reflect an integrated and forward-looking approach that aims to rectify past economic shortcomings while laying the groundwork for future prosperity. Each thematic area—from resilience and social protection to sustainability, agricultural modernization, public safety, and digital transformation—presents its own set of advantages and challenges. While the measures promise to strengthen fiscal stability, enhance public service delivery, and drive economic diversification, they also require careful management of fiscal resources, robust implementation mechanisms, and continuous monitoring to ensure that the intended benefits are realized. Ultimately, the success of these initiatives will depend on the government's ability to balance immediate needs with long-term strategic investments.





# Budget Analysis



# Analysis of Budgetary Proposals – Taxation for Equity & Sustainability

## MEASURE #1

### Resilience and Regeneration Fund

The repurposing of the Catastrophe Fund into the Resilience and Regeneration Fund, with increased contribution rates and employer matching, marks a significant step towards the mission of enhancing climate resilience in Barbados. Effective April 1, 2025, the contribution rates for employees and self-employed persons will rise from 0.1% to 0.25%, and the pool of contributors is expanded by requiring employers to match their employees' contributions.

This expanded pool of contributors aims to provide more financial support for climate resilience programs, ensuring the long-term sustainability of the fund and strengthening Barbados' ability to respond to external shocks. While these changes are designed to enhance the country's financial resources for climate resources, this may be viewed negatively by the contributors, particularly employees who will be impacted with the higher payroll deductions which thereby reduces their after-tax income.

A diversified funding approach ensures that the country is not solely dependent on one source of finance, thereby spreading risk and promoting fiscal stability.

## MEASURE #2

### Progressive Tax Adjustments

The proposed adjustments to Barbados' Mortgage Insurance Act aim to alleviate the financial burden on low-income earners by making mortgages more accessible. By reducing the tax rate to 9% on income earned from loans over \$250,000 and levying a 4.5% tax on profits earned from loans not exceeding \$250,000, the Government aims to encourage lenders to engage more readily with low-income customers.

To further encourage homeownership, the Government proposed the exemption from property transfer tax on family plots up to 1 acre which is passed from parents to their children, effective April 1, 2025. The exemption will be for a period of 3 years with the aim to relieve parents from a tax burden, foster generational wealth and ultimately support homeownership. In addition to these changes, it was mentioned during the Budget speech that directives will be issued to further support taxpayers and may include the reduction of late filing fees, capping penalties, and introducing payment grace periods.

These initiatives will essentially contribute to Barbados' mission of social cohesion by promoting equal access to resources and opportunities. While these measures are expected to provide significant relief to low-income earners and facilitate greater financial inclusion, challenges may arise in the form of reluctance from lenders to fully embrace the changes, as well as the potential for a slow uptake in the financial community.



# Analysis of Budgetary Proposals – Taxation for Equity & Sustainability, cont.

## MEASURE #3

### Value Added Tax (“VAT”) Measures

The removal of VAT on essential food items such as stew beef, minced meat, and lentil peas, as well as the removal of import duties and VAT on fruits like mandarins and grapefruits will have a significant impact on those most affected by the rising costs of basic goods. In addition, the extension of the 7.5% VAT rate on the first 250 kilowatt-hours of electricity consumed by households, which will remain in place until March 31, 2026.

These measures are designed to lower the cost of living and foster greater social cohesion by reducing financial pressures on vulnerable families. However, challenges may arise in ensuring that these reductions are effectively passed on to consumers, particularly in the Barbados market where pricing practices can vary. While these measures are critical for improving the standard of living, they will require careful management of Government resources to maintain fiscal sustainability.

## MEASURE #4

### Increased Pensioner Benefits

The proposed increase in the income tax threshold for pensioners to BBD 50,000 is a crucial step in providing financial relief and enhancing their financial security, particularly as they face challenges in managing finances amid rising costs of living. By raising the income tax threshold, the Government aims to provide retirees with more disposable income and promote social cohesion by ensuring that vulnerable groups like pensioners are not at a disadvantage.

While this measure will provide significant support to pensioners, the broader challenge lies in ensuring that the increased threshold is effective in addressing the financial difficulties faced by retirees, especially in the face of inflation and the high costs of essential goods and healthcare services. Government can consider exempting pension income from income tax to increase disposable income for this group.

## MEASURE #5

### Excise Tax on Salty Snacks

The introduction of a 20% excise tax on high-salt snacks is a key measure aimed at promoting healthier eating habits and addressing the rising rates of non-communicable diseases such as hypertension and heart disease. The impact of this initiative could be positive for public health by discouraging the consumption of unhealthy snacks, potentially leading to better overall health outcomes and long-term savings in healthcare costs.

However, companies within the snack manufacturing and retail industries may incur a reduction in profits as the excise tax would likely result in an increase in sale prices and a reduction in customer demand. The success of this measure is largely dependent on consumer behavior, but with effective communication on the health benefits the Government’s mission on improving public health may be achieved.

# Analysis of Budgetary Proposals – Investing in People & Prosperity

## MEASURE #1

### Enhanced Social Programs

Starting April 1, 2025, foster parent stipends will increase to \$200 weekly per child, encouraging participation in the foster care system, while expanded special needs grants, including retroactive payments, will provide vital financial relief to vulnerable families. These initiatives directly align with the government's missions of social cohesion and public health and safety, aiming to strengthen community bonds and enhance well-being.

These measures are expected to significantly improve the quality of life and economic security for vulnerable populations. The increased stipends and grants will provide crucial financial support. However, successful implementation requires efficient fund distribution, addressing potential administrative delays in retroactive payments, and ensuring sustained funding. These challenges necessitate careful planning and continuous investment to prevent bureaucratic inefficiencies and financial strains on government resources.

Ultimately, these social welfare policies reflect Barbados' commitment to social equity and strengthening its safety net. While the potential impact is significant, ensuring equitable distribution will be crucial for the long-term success and sustainability of these initiatives.

## MEASURE #2

### Tourism and Agriculture Support

The Air Travel and Tourism Development fee for regional passengers will be reduced from US\$35 to US\$20, aiming to boost tourism. Simultaneously, water rates for registered farmers will decrease from \$1.80 to \$1.00 per cubic meter, and climate-smart agricultural initiatives, including vertical farms, will be implemented. These changes signal a commitment to diversifying the economy and strengthening food security.

These measures support the government's missions of food and water security and climate resilience. The reduced tourism fee aims to stimulate regional travel, while lower water rates and climate-smart agriculture initiatives seek to enhance agricultural productivity and sustainability. This strategic focus aims to ensure access to essential resources and promote environmentally responsible practices.

However, challenges exist. The government must balance the loss of tourism revenue with projected increases in visitor numbers and manage water resource allocation amid growing pressures. The substantial capital investment required for climate-smart technologies and the need to maintain environmental sustainability while providing economic relief necessitate careful policy balancing. If projected economic growth does not materialize, these measures could strain public finances.

# Analysis of Budgetary Proposals – Investing in People & Prosperity, cont.

## MEASURE #3

### National Security Boost

The budget prioritizes national security by expanding the Barbados Police Service. Additional Special Constables will be recruited, and experienced constables serving over three years will transition to full-time roles. This initiative aims to increase law enforcement presence, ensuring greater public safety and stability across Barbados. It directly aligns with the government's mission of public health and safety.

This expansion offers significant benefits, strengthening community policing and fostering trust between law enforcement and the public, thereby supporting the mission of social cohesion. This is expected to reduce crime rates and improve the overall quality of life for Barbadians.

Effective implementation requires careful financial planning and seamless workforce integration. Strategic resource allocation is crucial to maximize the impact of these measures and maintain long-term sustainability to ensure its success.

## MEASURE #4

### Filling the Skills Gap

The budget champions digital transformation through a comprehensive national program. Citizens will gain expertise in AI, automation, and data analytics, vital for the modern economy. Enhanced digital infrastructure, including a 5G network and Tier III Data Centre, will be deployed, complemented by a Cyber Security Operations Centre to fortify national cybersecurity.

These initiatives aim to position Barbados as a regional digital hub, attracting foreign investment. Aligning with the government's worker empowerment and digital inclusion missions, these measures ensure broad access to digital opportunities and equip citizens with skills.

Continuous workforce training is crucial to keep pace with rapid technological advancements, preventing a digital skills gap. Sustained investment in education, cybersecurity, and infrastructure is essential for the long-term success of these initiatives.

## MEASURE #5

### Solidarity Allowance

The government introduces a one-off \$300 solidarity allowance for low-income Barbadians, providing immediate financial relief amidst rising living costs. This measure aligns with the government's social cohesion mission, easing burdens on vulnerable households, and indirectly supports public health by reducing stress.

While a temporary measure, the allowance offers crucial short-term assistance. However, sustained economic strategies are vital to prevent long-term dependency and fiscal strain. Social assistance programs must complement efforts to enhance employment opportunities and economic resilience.

The allowance's success hinges on efficient distribution and targeting, ensuring it reaches those most in need. Its impact, while significant, is temporary, necessitating comprehensive economic planning for lasting national prosperity.



# Analysis of Budgetary Proposals – Building a Resilient & Sustainable Future

## MEASURE #1

### Resilience and Regeneration Fund Expansion

The Resilience and Regeneration Fund will be expanded through the utilization of 50% of unclaimed and undistributed assets including dormant accounts in commercial banks/credit unions and the acceptance of donations. A central benefit of the resilience measures is the creation of a robust financial buffer. By repurposing the Catastrophe Fund into a Resilience and Regeneration Fund and earmarking up to 0.25% of the previous year's nominal GDP, Barbados is better prepared to handle natural disasters and external shocks. This proactive stance not only minimizes the economic fallout from such events but also helps to maintain investor confidence, which is crucial for a small open economy.

This measure is connected to the government's mission of climate resilience, as it will provide additional resources to support climate mitigation and adaptation efforts. It also aligns with the mission of social cohesion, as it will fund programs that promote social development and reduce inequality. These measures should help to make Barbados more resilient to climate change and other challenges. On the downside, reallocating a portion of GDP to resilience funds could exert pressure on already tight public finances, potentially limiting the scope for other developmental expenditures. There is also the risk of administrative inefficiencies; if the funds are not deployed swiftly and effectively during emergencies, the intended benefits may not be realized. Moreover, while the measures increase the financial resources available for disaster response, they could inadvertently lead to an over-reliance on government support, reducing the private sector's incentive to invest in individual risk mitigation measures.

## MEASURE #2

### Mandatory Sustainable Practices

All new business applications will be required to demonstrate access to potable water storage, backup electrical generation, and gas storage. Existing businesses will be given two years to comply with these requirements.

This measure will help to ensure that businesses are prepared for natural disasters and other disruptions. It will also promote sustainable business practices. The mandatory nature of these practices will ensure that all businesses are held to the same standards. This will create a level playing field and prevent businesses from gaining a competitive advantage by cutting corners on sustainability.

This measure is connected to the government's mission of climate resilience, as it will help to make businesses more resilient to climate change and other challenges. It also aligns with the mission of food and water security, as it will ensure that businesses have access to essential resources such as water and energy.

The potential impact of this measure is significant, as it will help to make Barbados more sustainable and resilient. It will also create new opportunities for businesses in the green economy.

# Analysis of Budgetary Proposals – Building a Resilient & Sustainable Future, cont.

## MEASURE #3

### Cybersecurity Enhancements

A Cyber Security Operations Center will be created to strengthen national cybersecurity. This measure will help to protect Barbados' critical infrastructure and data from cyberattacks. The Cyber Security Operations Center will be responsible for monitoring and responding to cyber threats. It will also provide training and education to government agencies and businesses on cybersecurity best practices.

This measure is connected to the government's mission of digital inclusion, as it will help to ensure that all Barbadians can use digital technologies safely and securely, along with the potential to attract foreign investment and foster innovation. It also aligns with the mission of public health and safety, as it will help to protect critical infrastructure and data from cyberattacks.

The potential impact of this measure is significant, as it will help to make Barbados more cyber-resilient. It will also promote trust in digital technologies and create a more secure online environment.

The digital transformation agenda requires substantial upfront investment and carries inherent risks. The success of these measures depends critically on the development of a skilled workforce and robust cybersecurity frameworks; any shortfall in these areas could lead to vulnerabilities that might undermine investor confidence and hinder progress. Additionally, rapid digitalization may lead to a skills gap if current educational and training programs do not keep pace with technological advancements.

## MEASURE #4

### Water Infrastructure Improvements

The Household Water Resilience Program will be expanded, and potable water storage will be mandatory for new residential constructions. These measures will help to improve the reliability and security of Barbados' water supply. The expansion of the Household Water Resilience Program will provide additional support to households to conserve water and reduce their water bills.

The mandatory potable water storage for new residential constructions will ensure that all new homes have access to a reliable water supply. At the same time, it ensures that future generations benefit from improved infrastructure, potentially reducing the cost of emergency responses during water shortages or disasters.

This measure is connected to the government's mission of food and water security, as it will help to ensure that all Barbadians have access to clean and reliable water. It also aligns with the mission of climate resilience, as it will help to conserve water resources.

The potential impact of this measure is significant, as it will help to make Barbados more water-secure. It will also promote sustainable water use and reduce the risk of water shortages.

# Analysis of Budgetary Proposals – Building a Resilient & Sustainable Future, cont.

## MEASURE #5

### Coastal and Environmental Protection

The Barbados Ocean and Coastal Authority and the Barbados Nature Conservancy Trust have been established. These new entities are responsible for protecting Barbados' coastal and marine environments. The Barbados Ocean and Coastal Authority will focus on the sustainable management of Barbados' ocean resources. The Barbados Nature Conservancy Trust will focus on the conservation of Barbados' terrestrial biodiversity.

This measure is connected to the government's mission of climate resilience, as it will help to protect Barbados' natural environment from the impacts of climate change. It also aligns with the mission of food and water security, as it will help to ensure the sustainable management of Barbados' natural resources.

The potential impact of this measure is significant, as it will help to protect Barbados' environment for future generations. It will also promote sustainable economic development and create new opportunities for ecotourism.

## MEASURE #6

### Increased Claim Grants

Claim grants will be increased to \$175,000 for households, with expanded housing provisions.

This measure will provide additional financial assistance to people who have been affected by natural disasters or other emergencies. The increased grant amount will help people to rebuild their lives and homes. The expanded housing provisions will provide additional support to people who have been displaced from their homes.

This measure is connected to the government's mission of climate resilience, as it will help people to recover from natural disasters. It also aligns with the mission of social cohesion, as it will provide support to vulnerable populations.

The potential impact of this measure is significant, as it will help people to rebuild their lives and communities after disasters. It will also promote social cohesion and reduce inequality.

## MEASURE #7

### Establishment of Home Improvement Fund

The government will establish a Home Improvement Fund to provide micro-loans and grants to low-income homeowners, who earn less than \$30,000 per year.

This measure will help low-income homeowners to improve the appearance and condition of their homes. The micro-loans and grants will be used to fund repairs, renovations, and other home improvements.

This measure is connected to the government's mission of social cohesion, as it will help to improve the living conditions of low-income households. It also aligns with the mission of public health and safety, as it will help to create safer and healthier homes.

The potential impact of this measure is significant, as it will help to improve the quality of life for low-income homeowners. It will also promote community pride and create a more attractive housing stock.



# Analysis of Budgetary Proposals – Promoting Inclusion & Opportunity for All.

## MEASURE #1

### Financial Inclusion

Sizeable economic benefits can also be found in the government's commitment to reform the financial sector. Government's measures contained in the budget, created significant benefit for the Credit Unions.

With new access to the country's deposit insurance scheme, a new right to loan syndication, and permission to invest 25 percent of total assets in a broader set of asset classes, this opportunity provides the means to drive private sector investment significantly. Furthermore, the wider financial sector benefits through the Mortgage Insurance Act. Mortgages issued in line with the Act are subject a reduction in taxes (9 percent) charged on profits made. Those valued below \$250,000 are subjected to an even lower tax rate of 4 percent.

This measure is connected to the government's mission of worker empowerment, as it helps to create new opportunities for Barbadians to start and grow businesses. It also aligns with the mission of social cohesion, as it promotes economic development and reduces income inequality.

The potential impact of this measure is significant, as it will benefit both individuals and businesses. It will provide individuals with greater access to credit and investment opportunities; while also providing businesses with the capital they need to grow and create jobs. In other words, lower income households will potential gain easier and cheaper access to mortgages, resulting in greater investment in real estate.

## MEASURE #2

### Enhanced Maternity and Paternity Leave

The government has enhanced maternity and paternity leave by increasing maternity leave to 14 weeks for single births, and 17 weeks for multiple births, and introducing paternity leave of three weeks.

This measure will provide new parents with more time to bond with their babies and adjust to their new roles. The inclusion of statutory paternity leave while extending maternity leave is an immense positive, potentially assisting in growth of birth rates along with economic productivity. Improved social protection can lead to better health and educational outcomes, which are vital for long-term economic productivity

This measure is connected to the government's mission of social cohesion, as it promotes stronger families and communities. It also aligns with the mission of worker empowerment, as it provides parents with the time and support, they need to balance work and family life.

The potential impact of this measure is significant, as it will benefit both parents and children. It will allow parents to take more time off work to care for their newborns, which can lead to better health outcomes for children and stronger parent-child relationships. Employers will need to adjust their operational planning to accommodate longer parental leave periods, potentially requiring temporary flexible work arrangements. Companies should also consider updating their HR policies to reflect these new statutory requirements, ensuring compliance and fostering a supportive work environment for new parents.

# Analysis of Budgetary Proposals – Promoting Inclusion & Opportunity for All, cont'd.

## MEASURE #3

### Minimum Wage Increase

The government has introduced an automatic 2% annual increase in the national minimum wage. This measure will ensure that the minimum wage keeps pace with inflation and that low-income workers can maintain their standard of living.

The measure is connected to the government's mission of worker empowerment, as it aims to ensure that all workers are paid a fair wage. It also aligns with the mission of social cohesion, as it helps to reduce income inequality and promote a more equitable society.

The potential impact of this measure is significant, as it will benefit low-income workers and their families. It will help them to meet their basic needs and improve their quality of life. However, it is important to note that some businesses may find it challenging to absorb the increased cost of labour.

## MEASURE #4

### Cost of Living Relief

Under the taxation for equity and sustainability, the government has provided cost of living relief by removing VAT on additional essential food items. At the same time, the government has also announced that they will be extending the waiver of customs duties and VAT on water storage tanks and pumps.

The extension of the waiver of customs duties and VAT on water storage tanks and pumps will help people to conserve water and reduce their utility bills. This measure is connected to the government's mission of food and water security, as it helps to ensure that all Barbadians have access to these essential resources. It also aligns with the mission of climate resilience, as it promotes water conservation.

The potential impact of this measure is significant, as it will also help to promote food and water security, which are essential for the well-being of all Barbadians.

## MEASURE #5

### Expanded Social Support

As introduced in this analysis, the government expands social support, extending special needs grants to cover more disabilities and raising the pensioner income tax threshold to \$50,000. The Maternity Grant's conversion to a Child Grant aids low-income primary caregivers. These measures bolster financial assistance for vulnerable groups, including the elderly and disabled.

Reflecting a commitment to social equity, expanded safety nets reduce long-term inequality and support human capital development. Aligned with the government's social cohesion and public health missions, these initiatives strengthen community bonds and improve well-being.

Providing crucial financial resources, these measures enhance the quality of life for those most in need. Ensuring efficient fund distribution and addressing potential administrative hurdles will be critical for the initiatives' success and sustainability.

## Budget Measures Wrap Up

Further measures worth noting are shared below.

### These measures listed, were not discussed in detail in this document:

- Removal of duties and VAT on commercial kitchen equipment for registered restaurants and cookshops.
- Extension of Food and Beverage concessions to certain restaurants not on hotel compounds.
- New refinancing facility for small and medium enterprises/businesses to refinance their stalled renewable energy projects.
- Abolition of visitor permits for international drivers.
- Introduction of a daily car rental levy.
- Amnesty for persons renting cars without the appropriate license plates.
- Commencement of Podiatry Project to improve foot care for persons over 70 years old.
- Non-taxable meal allowances for hotel workers.
- Ex-gratia payment to the Barbados Water Authority on behalf of residential consumers affected by the persistent supply of discolored water.
- Formation of a Special Task Force to resolve the water issue.
- Cap on the amount of VAT collected on fuel remains in place.





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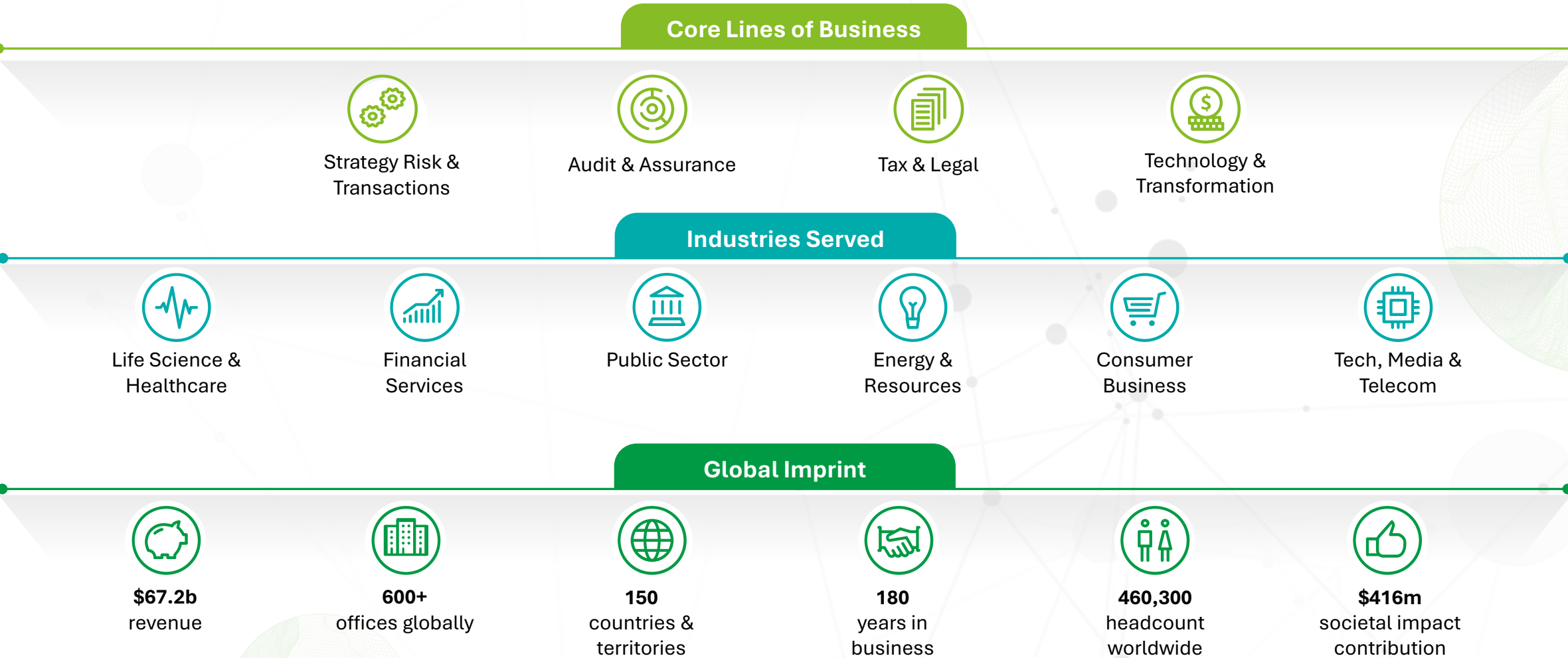
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In Barbados, we strive to make Deloitte an outstanding firm, renowned in the marketplace for quality in everything we do. This aspiration recognizes the powerful combination of Deloitte's traditional values of integrity and client service, with our new enhanced capabilities and standing in the marketplace. Today, the Deloitte practice in Barbados is managed by a team of 8 partners and over 80 professionals and support staff.

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## Did you know?

Deloitte Barbados has supported Digital Transformation projects for Government & Public Services within our Consulting offering. Deloitte Crown Jewel clients are supported mainly within the Audit & Assurance practice, with Partner Carol Johnson-Haynes as a key Lead Partner for these accounts. Within Financial Advisory, the office leads Valuation Services in the CBC with Partner Raymond Haynes.

Our professionals are experts in Valuation Services, in the areas of valuing, modeling, and analyzing business interests and their underlying assets, including real estate, fixed assets, intellectual property, and complex financial instruments, unlocking their value in today's marketplace.



# Deloitte Caribbean and Bermuda Countries (“CBC”)

Deloitte has a strong presence in the Caribbean and Bermuda territory, with more than [500 professionals](#) dedicated to bringing their talents to respond to our clients’ unique issues. We deliver the strength of Deloitte through audit, consulting, risk advisory, financial advisory and tax services. The Deloitte Caribbean and Bermuda Countries serve the English-speaking Caribbean countries from offices in:

- **The Bahamas**
- **Barbados**
- **Bermuda**
- **British and United States Virgin Islands**
- **Cayman Islands**
- **Trinidad & Tobago**

Though we operate in multiple countries, our professionals have a single focus: to help clients navigate their unique business challenges and achieve success. Our Audit practice in Barbados & Trinidad operate as one cohesive unit, with Steve Clarke as the Audit Lead Partner. We also serve the Jamaica market for tax and other non-audit services.

The CBC team offers wide-ranging technical and commercial expertise, along with the market insights to help clients meet their business goals.





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## CBC

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