

**CHAPTER 226A**

**HOUSING INCENTIVES**

**ARRANGEMENT OF SECTIONS**

SECTION

1. Short title.
2. Definitions.
3. Approved developer.
4. Housing projects.
5. Exemption from income tax on interest.
6. Investment allowance on machinery.
7. Reduction of corporation tax.
8. Waiver of withholding tax on dividends.
9. Exemption from excise tax and import duties.
10. Refund of value added tax on inputs.
11. Development duty.
12. Revocation.
13. Regulations.



## CHAPTER 226A

### HOUSING INCENTIVES

*An Act to provide for the grant of fiscal incentives to developers who implement low-income housing projects.* 2007-49.

[20th December, 2007] Commence-  
ment.

1. This Act may be cited as the *Housing Incentives Act*.

Short title.

2. In this Act,

Definitions.

"approved developer" means any person who has been granted approval by the Minister to construct houses pursuant to this Act;

"development period" means a period of 15 years commencing from the date that an order is made under section 3;

"housing project" means a project relating to the construction of houses in a development in accordance with section 4;

"Minister" means the Minister responsible for Finance.

3. A person who has obtained permission under the *Town and Country Planning Act* to develop land relating to a housing project, may apply to the Minister to be an approved developer under this Act.

Approved  
developer.  
Cap. 240.

4. The Minister may by order declare an applicant to be an approved developer for the purposes of this Act, where the applicant

Housing  
projects.

(a) proposes to undertake a housing project in a development relating to the construction of 15 or more houses; and

(b) proposes to sell the houses and land appurtenant thereto at a price not exceeding \$150 000 or such other price as the Minister may by order determine.

Exemption from income tax on interest.      **5.** (1) Subject to subsection (2), where an investor makes a loan to an approved developer of any sum of money raised for the purpose of financing any housing project, the interest received by the investor in respect of that loan shall be exempt from income tax during the development period.

Cap. 324A.      (2) Subsection (1) does not apply where the investor is a financial institution which carries on banking business within the meaning of the *Financial Institutions Act*.

Investment allowance on machinery.      **6.** Where an approved developer has in an income year incurred expenditure in respect of the acquisition of machinery for the purpose of recycling waste materials for use in the construction of houses in a housing project, then, in calculating under the *Income Tax Act* the assessable income of that person for an income year, there shall be deducted an amount equal to 40 per cent of the actual expenditure incurred.

Reduction of corporation tax.      **7.** Notwithstanding the provisions of the *Income Tax Act*, where a company is an approved developer, that company shall pay corporation tax at the rate of 15 per cent.

Waiver of withholding tax on dividends.      **8.** Where a company is an approved developer and the principal object of that company as set out in its articles of incorporation is to undertake housing projects, no withholding tax shall be payable in respect of dividends paid by the company.

Exemption from excise tax and import duties.      **9.** (1) An approved developer shall, during the development period, be exempt from the payment of excise tax and import duty in respect of goods required for use in housing projects where the Project Manager issues a certificate stating that the goods are so required.

(2) Any goods exempted from the payment of excise tax and import duty under subsection (1) shall be subject to such conditions as may be imposed by the Comptroller of Customs as to the keeping and rendering of accounts in respect of the use and disposal of the goods.

(3) Subject to section 9(2), where any goods exempted from the payment of excise tax and import duty are used for purposes other than a housing project, the approved developer shall repay the sum from which he was exempted.

**10.** An approved developer who has paid value added tax on goods purchased in Barbados for use exclusively in a housing project may, within a period of 2 years after the purchase, apply to the Comptroller of Customs for a refund of the value added tax paid. Refund of value added tax on inputs.

**11.** (1) Where an approved developer sells property relating to a housing project at a price exceeding \$150 000 or such other sum as is prescribed under section 4(b), a development duty in the amount of 10 per cent of the capital gains made on the sale of the property shall be paid to the Commissioner of Inland Revenue. Development duty.

(2) The development duty payable under subsection (1) shall be computed in accordance with sections 5 and 6 of the *Land Development Duty Act*. Cap. 78.

(3) Section 8 of the *Land Development Duty Act* shall apply for the purposes of the collection, recovery and enforcement of the duty payable under subsection (1). Cap. 78.

**12.** The Minister may revoke an order made under section 3 where the approved developer fails to comply with any provision of this Act. Revocation.

**13.** The Minister may make regulations generally for giving effect to this Act. Regulations.