

CHAPTER 90A

SHIPPING (INCENTIVES)

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CHAPTER 90A

SHIPPING (INCENTIVES)

- An Act to make provision for the granting of tax and duty incentives to certain shipping companies.* 1982-39.
1984-29.
1985-6.
2005-5.
- [1st December, 1982] Commence-
ment.
1982/215.
1. This Act may be cited as the *Shipping (Incentives) Act*. Short title.
 2. In this Act, Interpretation.
"annual allowances", "assessable income", "initial allowances" and "investment allowances" have the meanings assigned to them respectively by the *Income Tax Act*; Cap. 73.
"approved shipping company" means any company approved by the Minister under section 3;
"Commissioner" means the Commissioner of Inland Revenue;
"Comptroller" means the Comptroller of Customs;
"concession period" means, in respect of an approved shipping company, 10 years beginning on the date specified in an order made by the Minister;
"shipping activities" means 2005-5.
 - (a) the operation of ships for carriage of passengers or cargo;
 - (b) commercial shipping and boating in the tourist industry;
 - (c) the leasing of ships; and
 - (d) shipbuilding, including the reconstruction, alteration, refitting, equipping, maintenance or repair of ships.

Approved shipping company. 2005-5.

3. The Minister may, on application being made to him in such form as he approves, by order approve any company

- (a) that is engaged in shipping activities;
- (b) that is wholly owned by the Crown; or
- (c) in which the Government has a majority interest,

as an approved shipping company.

Condition respecting revocation of order.

4. The Minister may not revoke an order made under this Act before he gives to the company a reasonable opportunity to show cause to the satisfaction of the Minister why a revocation order should not be made.

Concessions. 2005-5.

5. (1) Where an approved shipping company incurs approved capital expenditure up to \$200 million dollars in respect of an approved shipping activity, the expenditure shall for income tax purposes be deducted against the income arising over a period of 15 years.

(2) Where a person other than a commercial bank provides funding for an approved shipping activity by means of a loan or otherwise, either the interest or dividends received by that person shall be exempt from income tax.

(3) An approved shipping company that is granted income tax concessions under this Act may, for the purpose of the assessment of income tax, carry forward, in respect of the first 9 years of assessment after the expiration of the concession period, losses that were incurred during the concession period and were not written off.

First Schedule.

(4) Where an approved shipping company has in an income year incurred expenditure for any of the purposes specified in the *First Schedule*, then, in calculating the assessable income of the approved shipping company for an income year, there shall be deducted an amount equal to 150 per cent of the expenditure incurred.

(5) An approved shipping company which operates a restaurant on board a ship shall be exempt from the payment of customs duty on the items listed in the *Second Schedule*, where the Minister is satisfied that the items concerned are not being made or manufactured in Barbados.

Second
Schedule.

6. (1) Where an approved shipping company is engaged in commercial shipping and boating in the tourist industry, that company shall not be granted concessions under section 5 or 7 unless it submits

Conditions
regarding
applications
for
concessions.
2005-5.

(a) a valid licence granted under regulations 79 and 81 of the *Barbados Harbours Regulations, 1961*; or

L.N. 11/
1961.

(b) a valid permit under regulation 32 of the *Shipping (Watersports) Regulations, 2004*.

2004/164.

(2) Where an approved shipping company applies to the Minister for concessions under section 5 or 7, that company shall provide,

(a) in the case of the importation of a ship,

- (i) particulars of ownership and a description of the ship to be imported;
- (ii) details of the estimated expenditure on importation of the ship and the source of funds to be used;
- (iii) details of the types of employment and business expected to be generated by the operation of the ship; and
- (iv) details of the proposed marketing plan relevant to the operation of the imported ship;

(b) in the case of the building, alteration, refitting, equipping, maintenance or repair of a ship,

- (i) the plans giving an accurate description of the ship;
- (ii) the estimated expenditure involved;

- (iii) a list of the materials imported for use;
- (iv) details of the types of employment and business expected to be generated by the operation of the ship; and
- (v) details of the proposed marketing plan relevant to the operation of the ship.

Customs
duties
concessions.
2005-5

7. (1) An approved shipping company is entitled to import into Barbados free of customs duty during the concession period

- (a) any ship in respect of which the Minister gives his consent in writing; or
- (b) any article to be used exclusively in the building, alteration, refitting, equipping, maintenance or repair of a ship, on a certificate to that effect of the secretary or managing director of the company, subject to such conditions as to the keeping or rendering of accounts in respect of the use of the article as the Comptroller requires.

2005-5.
Third
Schedule.

(2) An approved shipping company shall be exempt from the payment of customs duty on the items listed in the *Third Schedule* where the Minister is satisfied that the items concerned are not being made or manufactured in Barbados.

Conditions
regarding
imported
articles and
ships.

8. An approved shipping company that imports any article or ship pursuant to section 7 shall

- (a) keep records in such form and containing such particulars as the Comptroller requires with respect to the use of any such article or ship;
- (b) cause the article or ship to be marked in such manner as the Comptroller directs; and
- (c) give to the Comptroller or any person authorised by him in writing access at all reasonable times to any record, premises, article or ship of the company for the purpose of the carrying out of an inspection.

9. No article or ship imported under section 7 shall

- (a) before the expiration of 10 years from the date of importation;
or
- (b) without the written permission of the Minister

Restriction
on use or
disposal of
imports.

be disposed of or be used for any purpose other than that for which it was imported.

10. An approved shipping company is not exempt under this Act from the making of any return to the Commissioner under the *Income Tax Act* or from complying with that Act or any other enactment relating to income tax, except in so far as this Act otherwise provides.

Compliance
with income
tax law.
Cap. 73.
1985-6.

11. An approved shipping company shall

- (a) keep such books, records and accounts in relation to its operations as the Minister prescribes;
- (b) permit, at all reasonable times, any person authorised in writing by the Minister to enter any premises under its control and inspect or make copies of any entries in such books, records or accounts;
- (c) at the request of any person authorised by the Minister, produce, within a reasonable time, any book, record, account or other document relating to its operations if required so to do; and
- (d) make such returns, or give such information relating to its operations, as the Minister determines.

Records
and returns.

12. Notwithstanding any provision to the contrary in the *Income Tax Act*, the Commissioner of Inland Revenue may certify, in the prescribed form, the concessions enjoyed by an approved shipping company under this Act where that certificate is to be produced by the company to the fiscal authorities of any country in which a minority shareholder in an approved shipping company is liable to pay tax in respect of his shareholding.

Certificate
of Commis-
sioner of
Inland
Revenue.
Cap. 73.

Offences. **13.** Any person who

- (a) makes any false statement or representation in respect of any concession allowed under section 5;
- (b) makes or delivers any false account kept or prepared in respect of that concession; or
- (c) contravenes any of the provisions of section 8 or 9

is guilty of an offence and is liable on summary conviction to a fine of \$10 000 or to imprisonment for 12 months, or to both.

Regulations. **14.** (1) The Minister may make regulations generally for the purpose of giving effect to the provisions of this Act and, in particular, with respect to

- (a) ensuring that any article or ship is not used for a purpose other than that for which it was imported under this Act;
- (b) the adjustment of profits or gains when an accounting period falls partly within and partly without a concession period; and
- (c) any other matter that is by this Act required to be prescribed.

(2) Regulations made under subsection (1) are subject to negative resolution.

Minister
may by
order amend
Schedules.
2005-5.
First
Schedule.
Second
Schedule.
Third
Schedule.

15. The Minister may by order amend the *First, Second and Third Schedules*.

FIRST SCHEDULE*(Sections 5(4) and 15)***MARKETING EXPENDITURE INCURRED BY AN
APPROVED SHIPPING COMPANY**

1. Fares, accommodation and subsistence of the taxpayer or his employees travelling from Barbados in the promotion of yachting or boating tourism or training in agreed marine skills, exclusive of the cost of a holiday trip.
2. Salaries and wages paid to employees during their travel overseas on a promotion of yachting or boating tourism or training in agreed marine skills, calculated proportionately in accordance with the duration of the trip.
3. Payments to an agent in Barbados engaged in the promotion of yachting or boating tourism to undertake work overseas on behalf of the taxpayer, but commissions on sales shall be prohibited.
4. Cost of advertising or other means of soliciting business or publicity outside of Barbados.
5. Cost of supplying pamphlets or brochures for distribution abroad or to visiting yachts or boats.
6. Expenditure incurred at yachting or boating shows, charter yacht exhibitions, conference or other opportunities to market yacht and boating tourism in Barbados.
7. Expenditure incurred on overseas market research or the obtaining of overseas marketing information.
8. Contributions to joint tourism-promotion arrangements carried out abroad.
9. Costs incurred in bringing to Barbados journalists and persons involved with international guides and documents, where the promotion of yachting or boating tourism in Barbados is the sole objective.
10. Costs of promoting and providing services for international events bringing yachts and boats to Barbados.
11. Costs of electronic marketing of yachting or boating tourism in Barbados via websites.
12. Costs of hiring short-term marketing and technical consultancy services.

SECOND SCHEDULE

(Sections 5(5) and 15)

ITEMS TO BE EXEMPT FROM CUSTOMS DUTY
IN RESPECT OF RESTAURANTS OPERATED
BY APPROVED SHIPPING COMPANIES

- A. The following items may be imported without payment of customs duty and are exempt from excise tax once every 5 years:
1. All kitchen and beverage equipment, including all appliances.
 2. Stoves and Ovens.
 3. Salamanders.
 4. Grills.
 5. Steam Kettles.
 6. Microwave Ovens.
 7. Pastry Ovens.
 8. Convection Ovens.
 9. Proovers.
 10. Deep fat fryers.
 11. Commercial refrigerators.
 12. Commercial freezers.
 13. Extractor fans.
 14. Hot or cold buffet counter.
 15. Bain maries.
 16. Dishwashers.
 17. Stainless steel landing tables.

18. Stainless steel work tables.
19. Dishwasher racks.
20. Mixers.
21. Ice machines.
22. Kitchen tools.
23. Commercial pots.
24. Commercial pans.
25. Napkins.
26. Silverware cutlery.
27. Stainless steel cutlery.
28. Chaffing dishes.
29. Table lamps.
30. Trays.
31. Candelabras.
32. Silverware or stainless steel of the following:
 - (a) Platters.
 - (b) Vegetable dishes.
 - (c) Cruets.
 - (d) Cocktail shakers.
 - (e) Room-service heated compartments.
 - (f) Beverage coolers.

(g) Automatic liquor pourers (Optica).

(h) Stainless steel sinks.

(i) Glass washers.

(j) Ice crushers.

(k) Refrigerated trays.

33. Ice buckets.

34. Cast-iron furniture.

35. Wicker furniture.

36. Cast aluminum furniture.

37. Plastic moulded furniture.

B. The following items may be imported without payment of customs duty and are exempt from excise tax once every year:

1. Blenders.

2. Table clothes.

3. Napkins.

4. Glassware.

5. Crystal.

6. Crockery

7. Teapots.

8. Coffee pots.

9. Creamers.

10. Sugar Bowls.
11. Finger Bowls.
12. Wine Buckets.
13. Water pitchers.

THIRD SCHEDULE

(Sections 7(2) and 15)

ITEMS TO BE EXEMPT FROM CUSTOMS DUTY

1. Articles including trailers imported by an approved shipping company for use exclusively in the building, refurbishing, equipment, transporting, maintenance or repair of a ship.
2. All water sports equipment including towables, imported by an approved shipping company.