



DIRECTOR INTERNATIONAL BUSINESS UNIT
MINISTRY OF ENERGY AND BUSINESS DEVELOPMENT
8thFloor, Baobab Towers, Warrens, St Michael, Barbados
Tel: (246) 535-7200
E-mail: info@barbados.gov.bb
Website: www.internationalbusiness.gov.bb



January 13, 2023

Dear Corporate and Trust Service Provider

Guidance on Termination of Exception to the International Business Unit's Assessments relative to Economic Substance due to the Corona Virus Pandemic (COVID-19)

Economic Substance

In March 2020, the Director of International Business issued guidance acknowledging that many resident companies' operating practices had to be adjusted in response to the COVID-19 pandemic, for example, directors who would normally travel to Barbados to be physically present at board meetings, were mandated to avoid travel, self-isolate or hold meetings virtually (or via telephone). At the time, this would have resulted in the inability of a resident company to satisfy the economic substance test, however, due to the exigent circumstances that COVID-19 presented, the issued guidance clarified that such an inability to satisfy this limb of the economic substance test did not automatically result in the resident company's failure to meet that test.

Resident companies that adjusted their operating procedures as a result of COVID-19 were required to clearly record in their books and records, and particularly in minutes for board meetings, where directors had not been physically present, due to implementation of such measures. In addition, resident companies were also required to notify the Director of International Business in writing, in the circumstances as outlined above.

As COVID-19 protocols have been relaxed globally and restrictions on travel and social distancing have been eased, it has been deemed prudent to inform that the exception as detailed relative to directors not being physically present in Barbados for board meetings will cease to be operative on **16 January 2023** and thereafter will no longer constitute a valid exception in relation to a resident company's ability to satisfy the economic substance test.

Please be guided accordingly.

Yours faithfully

A handwritten signature in black ink, appearing to read 'KEVIN A. HUNTE', with a horizontal line extending to the right.

KEVIN A. HUNTE
Director
International Business Unit