



The Central Bank Of Barbados To Guarantee Vat Returns For Small And Medium-Sized Businesses

Local small and medium-sized businesses, which meet certain criteria, can now receive their Value Added Tax returns in a more timely fashion. The Central Bank of Barbados, effective April 13, established a Value Added Tax (VAT) Receivables Liquidity Facility (VRLF), guaranteeing small businesses more prompt refunds owed by the Barbados Revenue Authority (BRA).

Under this new scheme, the Bank will provide a guarantee to financial intermediaries for outstanding VAT returns between \$3,000.00 and \$50,000.00 for any one VAT refund. Senior Credit Officer at the Central Bank of Barbados, Joycelyn Holdipp said, "We recognize that cash flow is important to the life of any business but small businesses are especially challenged in this area. We urge small and medium sized businesses to access the fund. We have therefore made the process for using the scheme as simple as possible." She explained the steps: applicants to the scheme must first be certified by the Small Business Development Unit (SBDU); they must then obtain a certified letter from BRA, confirming the amount of the VAT refund. On applying to their financial institution to facilitate payment, they must submit the certificate from the SBDU and certified letter from BRA in order for the returns to be advanced.

The VRLF has now been added to the suite of Financing Schemes administered by the Central Bank of Barbados, which are all set up to further stimulate economic activity. Some credit unions, commercial banks and other financial institutions are authorised to facilitate payment under this Scheme. For full details on the list of authorised financial intermediaries, the VRLF and the full suite of financing schemes, kindly visit CBB's website at www.centralbank.org.bb or call us at 436-6870.

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