
Buyers Guide

Description

Buyer's Guide

Tips to make a good investment

With regards to a Purchaserâ??s expenses, there is no distinction between Nationals and Non-Nationals:

- Property Transfer Tax â?? currently nil
- Land Tax â?? variable depending on the value of the property and time of the sale.
- Out of pocket expenses â?? \$450 BBD
- Legislated Legal Fees:
 - Up to \$25,000 â?? \$1,000.00
 - Next \$75,000 â?? 2.5%
 - Next \$100,000 â?? 1.5%
 - Next \$300,000 â?? \$1.25%
 - Thereafter â?? 1%
- VAT of 17.5% is payable on legal fees

Property Tax & Real Estate

There is an annual tax (Property Tax) charged on property. The assessment is made on the â??improved valueâ?• or if undeveloped, on the â??site valueâ?•. The assessments are made by the ruling government and are reviewed every three(3) years.

Property Tax on improved property

- On first \$150,000 BBD â?? exempt
- From \$150,001 to \$350,000 BBD â?? 0.1%
- From \$350,001 to \$850,000 BBD â?? 0.65%
- From \$850,001 and over â?? 0.75%

Property Tax on improved land

- 0.6% on the unimproved value of the land.

Transfer Tax and Real Estate

In addition to the Property Tax there is also a Transfer Tax which is applicable when ownership of a property is transferred (changes hands).

For the Vendor

- If a citizen of Barbados or permanent resident ?? 2.5%
- Non-National ?? 2.5%

For the Purchaser

- If a citizen of Barbados or permanent resident ?? 0%
- Non-National ?? 0%

Other Costs

There are other expenses involved in buying and selling property in Barbados.

For the Vendor, these additional costs include:

- Attorney Fees ?? approximately 2%
- Stamp Duty ?? 1%
- Realtor (if used) ?? 5% plus 17.5% VAT

Which would total approximately 8% of the selling price of the property.

Therefore, along with transfer tax (2.5%) a vendor could realize expenses of 10.5%.

Advice

When buying property on the island, Exchange Control Permission should be sought by a non-national purchaser, this ensures that they are protected as a foreign investor because the foreign currency brought into the island is ??Registered?? allowing for repatriation of said funds should they sell in the future. This process is usually a formality and is looked after by your legal representative.

Choosing an attorney is also a delicate process and we at Island Gold Realty would be more than happy to recommend our most esteemed attorneys-at-law.

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