

A crucial part of running a company is managing employee payroll. When you take your company abroad to Barbados, you have to contend with a new set of tax and payroll laws. While you can handle this process independently, it may be challenging to learn all the regulations and stay compliant. With Globalization Partners, you can enjoy our legal and HR expertise to support your payroll processes.

Taxation Laws

You are responsible for deducting income tax from employees' paychecks, and there are two brackets. For taxable income of 50,000 Barbadian Dollars (BDD) and below, employees owe 12.5 percent. For any amount over BDD 50,000, income tax is 28.5 percent.

The National Insurance Scheme (NIS) requires contributions from working individuals, and you must handle these deductions as the employer. This fund covers a range of costs for contributors, including:

- Sickness benefits.
- Maternity leave.
- Injuries on the job.
- Unemployment.
- Severance.

Contributions are based on insurable income up to BBD 4,880 per month, and the total amount should be 23.85 percent. You provide 12.75 percent, and your employee contributes 11.1 percent. You must remit this amount by the 15th of every month.

Barbados Payroll Options

Your international expansion comes with payroll management options, and your choice depends on your company's resources.

- Remote: You might choose to handle your payroll matters in your home country, where you have an established entity. This option can save time and money but comes with

significant risk. Managing international payroll regulations and your home country's can lead to confusion and mistakes you'll be liable for.

- Internal: If you establish a subsidiary in-country, you can set up an internal payroll department. This arrangement gives you control but takes time and funds to create.
- Payroll processing company: You may choose to offload your payroll responsibilities to a Barbados payroll processing company. This option comes with the benefit of working with citizens who understand the local laws. However, if they make a mistake, your company will still be liable for legal compliance.
- Globalization Partners: As a global PEO, we hire your employees through our subsidiary, making all payroll processes our responsibility. You have less work to manage, and all liability transfers to our shoulders.

How to Set Up Barbados Payroll

Your payroll setup depends on the management method you choose. If you need a subsidiary to set up your payroll, you must complete a separate incorporation process before handling payroll. Establishing an entity takes time, money and a series of government confirmations.

From there, you'll need to register with the Tax Administration Management Information System (TAMIS) to file income tax deductions. You'll also need to register your employees with the NIS to contribute to the insurance scheme.

Entitlement and Termination Terms

The primary entitlement and termination terms in the Employment Rights Act cover the required notice for termination. These rules consider an employee's pay schedule and how long they've worked for your company. The minimums for notice are as follows:

- One week for employees paid hourly, daily, and weekly
- Two weeks for biweekly paid employees
- One month for monthly paid employees

You are not required to provide a severance package, but the NIS will help you cover severance in certain circumstances, including:

- Redundancy.
- Layoffs.
- Short-term dismissals.

For an employee to qualify for severance, they must work for you for 104 consecutive days for at least 21 hours a week.

Connect With Globalization Partners for Payroll Outsourcing in Barbados

Payroll comes with complex processes such as taxes, social contributions, and severance requirements. Globalization Partners can help you navigate these challenges with an expert legal team. [Contact our team today](#) to learn more about how we can support your international expansion.