



Foreign Exchange Fee to go into Effect July 17

The two percent (2%) fee on purchases of foreign currency that was first announced by Minister of Finance and Economic Affairs, Christopher Sinckler, during the 2017 Financial Statement and Budgetary Proposals will now go into effect for cash, bank drafts and wire transfers on Monday, July 17, 2017. Credit, debit and travel cards will become subject to the fee from September 1. The fee, which was initially supposed to be in place from July 1, is intended to raise revenue for the Government.

Central Bank of Barbados Acting Governor, Cleviston Haynes, whose organisation will oversee the rollout of the fee, explained that the delay is to allow the public to become familiar with the new fee. "These additional two weeks will give us the opportunity to educate Barbadians about the Foreign Exchange Fee, so that they are clear on what types of transactions it relates to and how it will be applied. This will help to ensure that there is a smooth and orderly introduction of the FXF."

Haynes revealed that the extended lead time for credit, debit and travel cards is to allow commercial banks and other credit card providers a longer window to adjust their computer systems. "We have been in consultation with The Barbados Bankers Association and, based on their feedback, we will provide them with additional time to complete the work that needs to be done so that cardholders will be able to clearly identify what portion of their payment for foreign purchases is due to the FXF."

The FXF will be applied to the Barbados value of the foreign currency transaction. From July 17, persons buying US\$500 in cash at a rate of 2.02857 will pay \$1,034.57 instead of \$1,014.30, as shown below:

US Value	Exchange Rate	BBD Value	FXF (2%)	Total Payment
\$ 500.00	2.02857	\$1,014.30	20.29	\$1,034.57

All persons conducting purchases of foreign currency will be required to pay the FXF, except residents and non-residents making payments from their foreign currency accounts, including entities in the International Business and Financial Services (IBFS) sector. The FXF is also not applicable to **foreign currency sales related to the settlement of transactions for the bulk purchase of petroleum, diesel or jet fuel, where documentary evidence has been provided to the authorised dealer.**

In the coming days the Bank will carry out a public education campaign. We will be placing pamphlets in the commercial banks and other key locations; we will be producing videos that will be broadcast on television and posted on our social media channels; and of course, our website will have detailed information on every aspect of the FXF. In addition, we encourage anyone who has questions about the fee to contact the Central Bank.

The Bank also issued a guidance note to the new Foreign Exchange Fee.

<http://www.centralbank.org.bb/Portals/0/Guidance%20Note%20on%20FXF%20June%2027,2017.pdf>

2017-06-28