

# Antigua & Barbuda

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RISK & COMPLIANCE REPORT

DATE: March 2017

<b>Executive Summary - Antigua and Barbuda</b>	
<b>Sanctions:</b>	None
<b>FAFT list of AML Deficient Countries</b>	No
<b>Higher Risk Areas:</b>	<p>Non - Compliance with FATF 40 + 9 Recommendations</p> <p>US Dept of State Money Laundering Assessment</p> <p>Not on EU White list equivalent jurisdictions</p> <p>Offshore Finance Centre</p>
<b>Medium Risk Areas:</b>	Failed States Index (Political Issues)(Average Score)
<p><b>Major Investment Areas:</b></p> <p><b>Agriculture - products:</b></p> <p>cotton, fruits, vegetables, bananas, coconuts, cucumbers, mangoes, sugarcane; livestock</p> <p><b>Industries:</b></p> <p>tourism, construction, light manufacturing (clothing, alcohol, household appliances)</p> <p><b>Exports - commodities:</b></p> <p>petroleum products, bedding, handicrafts, electronic components, transport equipment, food and live animals</p> <p><b>Imports - commodities:</b></p> <p>food and live animals, machinery and transport equipment, manufactures, chemicals, oil</p>	
<p><b>Investment Restrictions:</b></p> <p>The Government of Antigua and Barbuda strongly encourages foreign direct investment, particularly in industries that create jobs, earn foreign currency, and have a positive impact on its citizens.</p> <p>The service sector holds large potential for growth, especially in the areas of tourism, medical tourism, and offshore education. Additional sectors which have room for growth include financial services, information technology, education manufacturing and logistics.</p>	

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## Section 1 - Background

The Siboney were the first people to inhabit the islands of Antigua and Barbuda in 2400 B.C., but Arawak Indians populated the islands when COLUMBUS landed on his second voyage in 1493. Early Spanish and French settlements were succeeded by an English colony in 1667. Slavery, established to run the sugar plantations on Antigua, was abolished in 1834. The islands became an independent state within the British Commonwealth of Nations in 1981.



## Section 2 - Anti – Money Laundering / Terrorist Financing

### FATF status

Antigua & Barbuda is no longer on the FATF List of Countries that have been identified as having strategic AML deficiencies

### FATF Statement re AML Strategic Deficiencies:

Date: 14 February 2014

The FATF welcomes Antigua and Barbuda's significant progress in improving its AML/CFT regime and notes that Antigua and Barbuda has established the legal and regulatory framework to meet its commitments in its action plan regarding the strategic deficiencies that the FATF had identified in February 2010. Antigua and Barbuda is therefore no longer subject to FATF's monitoring process under its on-going global AML/CFT compliance process. Antigua and Barbuda will work with CFATF as it continues to address the full range of AML/CFT issues identified in its mutual evaluation report.

### Compliance with FATF Recommendations

The last Mutual Evaluation Report relating to the implementation of anti-money laundering and counter-terrorist financing standards in Antigua & Barbuda was undertaken by the Financial Action Task Force (FATF) in 2009. According to that Evaluation, Antigua & Barbuda was deemed Compliant for 6 and Largely Compliant for 8 of the FATF 40 + 9 Recommendations. It was Partially Compliant or Non-Compliant for all 6 of the Core Recommendations.

### Key Findings from latest Mutual Evaluation Follow – Up Report (2012):

Since Antigua and Barbuda's fourth follow-up report, the Authorities have enacted the Money Laundering (Prevention) (Amendment) Act, 2013. The amendment addresses issues pertaining to certain definitions (financial institutions and money laundering); record keeping requirements; submission of SARs to the supervisory authority only; the examination of financial institutions for AML/CFT compliance; sanctions including appeal process; forfeiture; prosecution of offences and an examination fees schedule. The Banking Act was also amended through the Banking (Amendment) Act, 2012 to provide the Central Bank (ECCB) to be notified regarding any changes with regard to directors, significant shareholders or a

change of management. The amendment also addressed the issue of measurements to ensure compliance with the fit and proper requirements for directors, significant shareholders or senior management.

With regard to implementation, The ONDCP has between December 2011 and September 2012 brought four (4) money laundering charges; three (3) of which have resulted in convictions and forfeiture of the money involved. The fourth matter is still pending. The Authorities have also indicated that during the period November-December 2012, the ONDCP charged three (3) persons with a total of nine (9) charges of money laundering and six (6) charges of facilitation of money laundering in relation to the activities of an organized criminal group. At this time, preparation for the trial is ongoing. With regard to the civil forfeiture, the Authorities have noted that two civil forfeiture applications which were brought by the ONDCP resulted in a successful forfeiture of a vehicle of a drug trafficker in one matter. The second matter was however unsuccessful due to a technical inconsistency during the criminal proceedings where in there was a failure to apply for forfeiture. With regard to law enforcement powers, the Authorities have stated that the Director of the ONDCP has put standard operating procedures (SOP) into effect for the implementation of the controlled delivery of illegal drugs and contraband by ONDCP officers. The SOP authorizes the postponement of arrest or seizure for purposes of gathering information on persons such as coconspirators who are not presently identifiable as being involved in the transfer of illegal drugs

With regard to the applications to the FSRC for licences to operate as corporate management and trust service providers, the Authorities have noted that the FSRC issued nineteen (19) licences in November 2012 to individuals and companies in that regard. The Authorities have also noted that with regard to R. 38, a forfeiture fund for confiscated terrorism assets is being established. Any issues with regard to the sharing of confiscated assets are to be decided by the Minister of Foreign Affairs or the Attorney General.

## US Department of State Money Laundering assessment (INCSR)

**Antigua and Barbuda is categorised by the US State Department as a Country/Jurisdictions of Primary Concern in respect of Money Laundering and Financial Crimes.**

### OVERVIEW

Antigua and Barbuda is an offshore center which continues to be vulnerable to money laundering and other financial crimes. Its relatively large financial sector and internet gaming industry add to its susceptibility. Antigua and Barbuda also operates a Citizenship by Investment Program (CIP) that increases its susceptibility to money laundering and other financial crimes. Antigua and Barbuda is a transit point for illegal drugs going to the United States and Europe. According to the Antiguan Office of National Drug Control and Money Laundering Policy (ONDCP), the collaborative efforts between Antigua and Barbuda and U.S. law enforcement agencies have brought about a decrease in drug trafficking activity.

### VULNERABILITIES AND EXPECTED TYPOLOGIES

Money laundering, narcotics trafficking, gaming, and firearms trafficking are major sources of illicit funds in the country. Funds are laundered through the purchase of real estate, vehicles, vessels, and jewelry as well as through a variety of businesses.

The CIP remains among the most lax in the world. An individual is eligible for economic citizenship with a \$400,000 minimum investment in real estate, a contribution to the National Development Fund of \$200,000, or a \$1.5 million approved business investment. Applicants must make a source of funds declaration and provide evidence supporting the declaration. The government established a Citizenship by Investment Unit (CIU) to manage the screening and application process. The CIU does not maintain adequate autonomy from politicians to prevent political interference in its decisions.

Shell companies are not permitted in Antigua and Barbuda. International companies are authorized to possess bearer shares; however, the license application requires disclosure of the names and addresses of directors (who must be natural persons), the activities the corporation intends to conduct, the names of shareholders, and number of shares they will hold. Registered agents or service providers are compelled by law to know the names of beneficial owners. Offshore financial institutions are exempt from corporate income tax.

ONDCP has a four-pronged approach to combatting narcotics trafficking and money laundering via the reporting of financial intelligence and investigation, AML/CFT compliance, anti-drug strategy, and counternarcotics operations. The Royal Police Force of Antigua and Barbuda is also responsible for investigating drug trafficking, money laundering, terrorist financing, and other financial crimes.

## **KEY AML LAWS AND REGULATIONS**

Casinos and internet gaming maintain a strong presence in Antigua and Barbuda. The Financial Services Regulatory Commission (FSRC) regulates internet gaming companies, and the ONDCP maintains records of payouts over \$25,000 (also reported to the FSRC). Regulations require internet gaming companies to incorporate as IBCs and the majority of individuals in key management positions to maintain a physical presence on the island. Additionally, domestic casinos must incorporate as domestic corporations.

The following entities must comply with CDD rules: banks, international offshore banking businesses, venture risk capital providers, and money transmission services; entities offering financial services, foreign exchange, financial and commodities-based derivative instruments, or transferable or negotiable instruments; money brokers and exchanges, money lenders, and pawn shops; real property businesses; credit unions, building societies, and trust businesses; dealers in precious metals, art, jewelry, and high-value goods; casinos and providers of internet gaming and sports betting; car dealerships; travel agents; company service providers, attorneys, notaries, and accountants.

## **AML DEFICIENCIES**

Antigua and Barbuda has largely achieved technical compliance with international AML standards. The government has prosecuted few cases of money laundering and official corruption, and reports of corruption are endemic.

## ENFORCEMENT/IMPLEMENTATION ISSUES AND COMMENTS

Antigua and Barbuda continues to work to improve its AML regime. The Proceeds of Crime Amendment Act of 2014 introduces civil forfeiture provisions in Antigua and includes amendments to improve the consistency of the provisions relating to criminal confiscation.

Antigua and Barbuda recorded its first successful confiscation case under the Proceeds of Crime Act in October 2015. The ONDCP first arrested two persons with over 160 kilograms of cocaine aboard a sailing vessel. The Court ordered the defendant to pay the amount of \$30,000 to the government after learning he had forfeitable assets.

ONDCP froze the operations of the European Federal Credit Bank of Antigua (Eurofed), a bank connected to the former Prime Minister of Ukraine, Pavlo Lazarenko, on the grounds that it had been obtained through acts of corruption committed during his time in power in Ukraine. In 2016, \$66.7 million in frozen assets were transferred to the government's Forfeiture Fund, which the government appropriated, not all of which was included on the official budget.

In 2016, U.S. prosecutors alleged that government officials from Antigua and Barbuda participated in a corruption scandal involving the payout of close to \$8 million in bribes by Brazilian construction contractor Odebrecht. The corruption allegations involve two high-level officials and two offshore banks in Antigua and Barbuda. Antigua and Barbuda continues to investigate allegations of money laundering.

### **Current Weaknesses in Government Legislation (2013 INCRS Comparative Tables):**

According to the US State Department, Antigua & Barbuda does not conform with regard to the following government legislation: -

**Record Large Transactions** - By law or regulation, banks are required to maintain records of large transactions in currency or other monetary instruments.

### **EU White list of Equivalent Jurisdictions**

Antigua & Barbuda is not currently on the EU White list of Equivalent Jurisdictions

### **World Governance indicators**

[To view historic Governance Indicators Ctrl + Click here and then select country](#)

### **Failed States Index**

[To view Failed States Index Ctrl + Click here](#)

### **Offshore Financial Centre**

Antigua & Barbuda is considered to be an Offshore Financial Centre

### **US State Dept Narcotics Report 2017 (introduction):**

#### **Antigua and Barbuda, Barbados, Dominica, Grenada, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines**

The seven independent countries of Antigua and Barbuda, Barbados, Dominica, Grenada, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines are collectively referred to in this report as the Eastern Caribbean (EC).

The region hosts abundant transshipment points for illicit narcotics, primarily from Venezuela destined for North American, European and domestic Caribbean markets. Local and international law enforcement believe traffickers are increasingly using yachts for drug transit, though "go-fast" boats, fishing trawlers, and cargo ships continue to play major transit roles.

Homicide rates throughout the region remained at levels similar to those of 2015, although there was an increase in drug-related violent and non-violent crimes (including money laundering and bulk cash smuggling). Many of the homicides that do occur are a result of turf wars between organized groups fighting for control of drug distribution. Marijuana remains the most commonly used illicit drug within the region.

Eight consecutive years of declining macroeconomic growth leave EC law enforcement capacity increasingly beleaguered. EC governments made some improvements to still-antiquated criminal codes. However, in some countries, leaders failed to address public concerns about official corruption.

#### **B. Conclusion**

The United States encourages the countries of the Eastern Caribbean to continue to embrace CBSI partnership and to fulfill their budgetary commitments to the RSS. The United States also encourages the Eastern Caribbean countries to support programming to increase regional counternarcotics operations and build regional capacity, through joint training and cooperation. The United States further encourages the seven countries to continue to pass legislation to modernize their criminal codes, making use of regional best practices in fighting transnational organized crime.

### **US State Dept Trafficking in Persons Report 2014 (introduction):**

Antigua and Barbuda is a destination and transit country for men, women, and children subjected to sex trafficking and forced labor. Legal and undocumented immigrants from the Caribbean region, notably from Jamaica and the Dominican Republic, as well as from southeast Asia, comprise the population most vulnerable to trafficking. Forced prostitution has been reported in bars, taverns, and brothels. Incidences of forced labor have occurred in domestic service and the retail sector. UNICEF has documented children engaging in

transactional sex with older men for material goods throughout the Eastern Caribbean; third-party prostitution of children under 18 is a form of human trafficking.

The Government of Antigua and Barbuda does not fully comply with the minimum standards for the elimination of trafficking; however, it is making significant efforts to do so. Despite these measures, the government did not demonstrate overall increasing anti-trafficking efforts compared to the previous reporting period; therefore, Antigua and Barbuda is placed on Tier 2 Watch List. For a second year, the government did not remedy a flaw in its human trafficking law affecting which court has jurisdiction over trafficking cases. The government did not report any prosecutions, convictions, or punishments of trafficking offenders, including officials complicit in human trafficking. Authorities only identified and referred to assistance one suspected trafficking victim.

## International Sanctions

None Applicable

## Bribery & Corruption

Index	Rating (100-Good / 0-Bad)
Transparency International Corruption Index	N/A
World Governance Indicator – Control of Corruption	74

## Corruption and Government Transparency - Report by US State Department

Allegations of corruption against government officials in Antigua and Barbuda are fairly common; however, none of the investigations of these allegations has resulted in confirmed findings. Antigua and Barbuda passed three sets of legislation related to corruption after the 2004 elections. This legislation was designed to reduce corruption and encourage good governance, as well as provide for criminal penalties for official corruption. The government generally implements these laws effectively. Antigua and Barbuda also has a Special Task Force on Crime and Corruption.

The Integrity in Public Life Act requires public officials to disclose all income, assets (including those of spouses and children), and personal gifts while in public office. The law established an Integrity Commission, appointed by the governor general, to receive and investigate complaints regarding noncompliance with or contravention of any provisions of this law or the Prevention of Corruption Act.

The Freedom of Information Act gives citizens the statutory right to access official documents from public authorities and agencies, and it created a commissioner to oversee the process. In practice citizens have found it difficult to obtain documents, possibly due to government funding constraints rather than obstruction.

Antigua and Barbuda is party to the Inter-American Convention Against Corruption and its follow-up mechanism. In 2006, it acceded to the United Nations Convention against Corruption.

## Section 3 - Economy

Tourism continues to dominate Antigua and Barbuda's economy, accounting for nearly 60% of GDP and 40% of investment. The dual-island nation's agricultural production is focused on the domestic market and constrained by a limited water supply and a labor shortage stemming from the lure of higher wages in tourism and construction. Manufacturing comprises enclave-type assembly for export with major products being bedding, handicrafts, and electronic components. Prospects for economic growth in the medium term will continue to depend on tourist arrivals from the US, Canada, and Europe and potential damages from natural disasters. After taking office in 2004, the SPENCER government adopted an ambitious fiscal reform program and was successful in reducing its public debt-to-GDP ratio from approximately 130% in 2010 to 89% in 2012. In 2009, Antigua's economy was severely hit by the global economic crisis and suffered from the collapse of its largest private sector employer, a steep decline in tourism, a rise in debt, and a sharp economic contraction between 2009-11. Antigua has not yet returned to its pre-crisis growth levels.

### **Agriculture - products:**

cotton, fruits, vegetables, bananas, coconuts, cucumbers, mangoes, sugarcane; livestock

### **Industries:**

tourism, construction, light manufacturing (clothing, alcohol, household appliances)

### **Exports - commodities:**

petroleum products, bedding, handicrafts, electronic components, transport equipment, food and live animals

### **Imports - commodities:**

food and live animals, machinery and transport equipment, manufactures, chemicals, oil

## Stock Exchange

The Eastern Caribbean Securities Exchange (ECSE) is the first regional securities market in the Western Hemisphere, established by the Eastern Caribbean Central Bank to serve the eight (8) member states of Anguilla, Antigua and Barbuda, Dominica, Grenada, Montserrat; St. Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines. It is headquartered on the island of St. Kitts. It has been in operation since 1971, and the ECSE currently lists securities for about 14 companies.

### Executive Summary

Antigua and Barbuda's economy is expected to grow by 1.8% in 2014. Antigua and Barbuda completed and exited a three-year Standby Agreement with the International Monetary Fund in 2013. Recent improvements in fiscal management are leading to economic recovery, particularly coupled with the uptick of tourist arrivals.

The government is pursuing investment in niche markets, particularly tourism, international financial services, offshore education, agro-processing, light manufacturing, real estate & construction and information & communication technology (ICT).

Companies registered in Antigua and Barbuda have the right to repatriate all capital, royalties, dividends and profits free of all taxes or any other charges on foreign exchange transactions.

The United States and Antigua and Barbuda are both parties to the World Trade Organization (WTO). The WTO Dispute Settlement Panel and Appellate Body resolve disputes over WTO agreements, while courts of appropriate jurisdiction in both countries resolve private disputes. The United States and Antigua and Barbuda brought a case before the WTO, and the WTO ruled in favor of Antigua and Barbuda.

Foreign investors may hold up to 100% of an investment, and the entrepreneur needs 26 days from start to finish to transfer the title on a piece of property. The government of Antigua & Barbuda owns 55% of the land in Antigua. The remaining 45% is privately owned. Currently, land ownership is prohibited on the island of Barbuda.

Antigua and Barbuda bases its legal system on the British common law system. There is one ongoing dispute regarding expropriation of an American-owned property, for which the government has not paid compensation for many years despite a court ruling in favor of the American.

Antigua and Barbuda has bilateral investment treaties with Germany and the United Kingdom. Antigua and Barbuda has also signed free trade agreements with Costa Rica and the Dominican Republic but the agreements have not entered into force. Antigua and Barbuda has double taxation agreements with Denmark, Norway, Sweden, and the United Kingdom.

### 1. Openness To, and Restrictions Upon, Foreign Investment

The Government of Antigua and Barbuda strongly encourages foreign direct investment, particularly in industries that create jobs, earn foreign currency, and have a positive impact on its citizens. Antigua and Barbuda is one of the more prosperous states in the Eastern Caribbean. The government is pursuing investment in niche markets, particularly tourism, international financial services, offshore education, agro-processing, light manufacturing, real estate & construction and information & communication technology (ICT).

The government has a number of incentive programs in place to attract foreign investment. Currently, these packages are based on the size of capital investment and the economic

impact that it will have on the country. Tourism and international financial services are the largest sectors in the Antigua and Barbuda economy.

The government treats foreign investors and local investors equally with respect to the establishment, acquisition, expansion, management, conduct, operation, and sale or other disposition of investment in its territory. The police and court systems are efficient and unbiased in commercial matters, and the government operates in a generally transparent manner. Antigua and Barbuda is a member of the Organization of Eastern Caribbean States (OECS) and the Eastern Caribbean Currency Union. The currency of exchange is the Eastern Caribbean dollar (XCD). Deregulation in the telecommunications industry has facilitated access to the market of new competitors, whereas historically the industry was monopolized. There are currently three service providers: Cable and Wireless (Lime), Digicel, and the Antigua Public Utilities Authority.

All potential investors applying for government incentives must submit their proposals for review by the Antigua and Barbuda Investment Authority to ensure that the project is consistent with the national interests and provides economic benefits to the country. There are no limits on foreign ownership or control. The Antigua and Barbuda Investment Authority (ABIA) foreign direct investment policy is to attract FDI into priority sectors, and advise the government on the formation and implementation of policies and programs to attract investment within Antigua and Barbuda. The main laws concerning foreign investment include the ABIA Act (2006), the Fiscal Incentive Acts, and the Free Trade Zone Act.

**TABLE 1: The following chart summarizes several well-regarded indices and rankings.**

Measure	Year	Rank or value	Website Address
TI Corruption Perceptions index	2013	N/A	<a href="http://cpi.transparency.org/cpi2013/results/">http://cpi.transparency.org/cpi2013/results/</a>
Heritage Foundation's Economic Freedom index	2013	N/A	<a href="http://www.heritage.org/index/ranking">http://www.heritage.org/index/ranking</a>
World Bank's Doing Business Report "Ease of Doing Business"	2013	(71 of 189)	<a href="http://doingbusiness.org/rankings">http://doingbusiness.org/rankings</a>

Global Innovation Index	2013	N/A	<a href="http://www.globalinnovationindex.org/content.aspx?page=gii-full-report-2013#pdfopener">http://www.globalinnovationindex.org/content.aspx?page=gii-full-report-2013#pdfopener</a>
World Bank GNI per capita	2012	USD \$12,480	<a href="http://data.worldbank.org/indicator/NY.GNP.PCAP.CD">http://data.worldbank.org/indicator/NY.GNP.PCAP.CD</a>

## 2. Conversion and Transfer Policies

Companies registered in Antigua and Barbuda have the right to repatriate all capital, royalties, dividends and profits free of all taxes or any other charges on foreign exchange transactions. Corporation taxes are levied at the rate of 25%. Withholding taxes are also levied on non-resident corporations and individuals where they are receiving income in the form of dividends, preferred share dividends, interest and rentals, management fees, and royalties, as well as on interest on bank deposits to non-resident corporations. One must be on the island for 180 days to be considered a resident. As a member of the OECS, Antigua and Barbuda has a foreign exchange system that is fully liberalized.

## 3. Expropriation and Compensation

According to the Investment Authority Act of 2006, investments in Antigua and Barbuda will not be nationalized, expropriated or subject to indirect measures having an equivalent effect, except where any such measures are adopted for the public good and in accordance with due process of law, on a non-discriminatory basis and accompanied by prompt, adequate and effective compensation. Compensation in such cases will amount to the fair market value of the expropriated investment immediately before the expropriation or the impending expropriation became public knowledge, whichever is earlier. It shall include interest from the date of dispossession of the expropriated property until the date of payment. Compensation is required to be paid without delay, in convertible currency, and be effectively realizable and freely transferable.

There is one ongoing dispute regarding expropriation of an American-owned property, for which the government has not paid compensation for many years despite a court ruling in favor of the American. For this reason, the U.S. Embassy in Bridgetown recommends caution when investing in real estate or conducting business in Antigua and Barbuda.

## 4. Dispute Settlement

Antigua and Barbuda bases its legal system on the British common law system. The Attorney General, the Chief Justice, Puisne Judges, and Magistrates administer justice in the country. An appeal may be taken to the Eastern Caribbean Supreme Court's Court of Appeal, and the final court of appeal for Antigua and Barbuda is the Judicial Committee of the Privy Council in the United Kingdom.

The United States and Antigua and Barbuda are both parties to the World Trade Organization (WTO). The WTO Dispute Settlement Panel and Appellate Body resolve disputes over WTO agreements, while courts of appropriate jurisdiction in both countries resolve

private disputes. The United States and Antigua and Barbuda brought a case before the WTO. The WTO ruled in favor of Antigua and Barbuda.

Antigua and Barbuda is not a member of the International Center for the Settlement of Investment Disputes (ICSID), also known as the Washington Convention.

## **5. Performance Requirements and Investment Incentives**

Antigua and Barbuda has many incentives for investors. The legal basis for Antigua and Barbuda's tax holidays for investors is codified on the Antigua and Barbuda Investment Authority Act 2006. The definition of local value added is the amount realized from the sales of the product over a continuous 12 months with the exception of a number of items which include but are not limited to, wages and salaries paid to foreign nationals, profits and dividends distributed to foreign nationals, interest, management charges and other income payments to non-residents.

The list of incentives include exemption from or reduction of payment of duty on the importation or purchase of raw materials, building materials, furniture, fixtures, fittings, appliances, machinery, plant and equipment for use in the construction and operation of the business; exemption from or reduction of duty on the importation or purchase of vehicles for use in the operation of the business and reduction of property tax under the Property Tax Act, 2000 of up to 10% in respect of land and buildings used in the operation of the business.

While there are no formal performance requirements, government encourages investments that will create jobs, increase exports and foreign exchange earnings. There are no requirements for participation either by nationals or by the Government in foreign investment projects. There is no requirement that enterprises must purchase a fixed percentage of goods from local sources, but the government encourages local sourcing.

### **Citizenship through Investment**

Under the Citizenship by Investment Program, foreign individuals can obtain citizenship in accordance with the Citizenship by Investment Act 2012, which grants the right of citizenship (without voting rights) by investment. Applicants through the program are required to go through a due diligence process before citizenship can be granted. The minimum that would entitle an investor to qualify is a US\$250,000 contribution to the National Development Fund or a real estate purchase valued at US\$400,000 or above. Applicants must also provide a full medical certificate, a police certificate and evidence of the source of funds.

## **6. Right to Private Ownership and Establishment**

Foreign investors may hold up to 100% of an investment, and the entrepreneur needs 26 days from start to finish to transfer the title on a piece of property. In June 1995, the government introduced a permanent residence scheme to encourage a limited number of high net worth individuals to establish tax residency in Antigua and Barbuda. As residents all their income would be free of local tax.

To obtain a permanent residence certificate an applicant must: maintain a permanent place of abode in Antigua and Barbuda; obtain an alien landholding license costing five

percent of the property value; pay a purchaser's stamp duty of 2.5%; pay an annual levy of US\$20,000 per year; and reside in Antigua and Barbuda for not less than 30 days a year.

## **7. Protection of Property Rights**

The government of Antigua & Barbuda owns 55% of the land in Antigua. The remaining 45% is privately owned. Currently, land ownership is prohibited on the island of Barbuda. The Land Department under the Ministry of Agriculture, Lands, and Marine Resources is the main governing body.

Both citizens and non-citizens can lease or buy land from the government or the private sector. Land sold to non-citizens is subject to the Non-Citizen Land Holding Regulation Act that makes provisions for the buyer to obtain a license to purchase land. It is advised that the buyer consults with a local attorney.

The Town and Country Planning office of the Development Control Authority (DCA) designates land usage areas, including for commercial, agricultural, industrial, or tourism use. Government manages several industrial estate and other plots for suitable projects. Currently there are no privately owned or managed industrial estates. Presently there are seven designated industrial estates on Antigua. The Land Department, the Free Trade and Processing Zone and Industrial Development Board manage these estates.

## **Intellectual Property**

Antigua and Barbuda signed the Paris Convention on Intellectual Property Rights (IPR) and the Madrid accords, and is a member of the United Nations World Intellectual Property Organization (WIPO). Article 45 of the Protocol Amending the Treaty that established CARICOM commits all 15 members to implement stronger IP protection and enforcement. Under current legislation, patent, trademark and industrial designs are protected in Antigua and Barbuda if they are registered in the United Kingdom.

## **8. Transparency of the Regulatory System**

Antigua and Barbuda uses transparent policies and effective laws to foster competition and establish clear rules for foreign and domestic investors in the areas of tax, labor, environment, health, and safety. The laws, regulations, administrative practices and procedures of general application, and judicial decisions that affect or pertain to investments or investors in Antigua and Barbuda are published. Where the government establishes policies that affect or pertain to investments or investors which are not expressed in laws and regulations or by other means, the government will make them publicly available.

The Revised Treaty of Chaguaramas provides the competition policy applicable to CARICOM States. Member States are required to establish and maintain a national competition authority for facilitating the implementation of the rules of competition. At the CARICOM level, a regional Competition Commission is established to apply the rules of competition in respect of anti-competitive cross-border business conduct. The CARICOM competition policy addresses anti-competitive business conduct, such as agreements between enterprises, decisions by associations of enterprises, and concerted practices by enterprises that have as their object or effect the prevention, restriction or distortion of competition within the Community; and actions by which an enterprise abuses its dominant

position within the Community. No legislation is yet in operation to regulate competition in Antigua and Barbuda. The Organization of Eastern Caribbean States (OECS) has agreed to establish a regional competition body to handle competition matters within its single market. The draft OECS bill has been submitted to the Ministry of Legal Affairs for review. The Antigua and Barbuda Investment Authority has the main responsibility for investment monitoring, whereas the Ministry of Finance and Economy monitors investments to collect information for national statistics and reporting purposes.

Antigua and Barbuda's international financial services sector began with the enactment of the International Business Corporations (IBC) Act CAP 222 in 1982. Initially, the IBC Act was administered by the Ministry of Finance. By 1990, the country's financial services industry had grown significantly and the government, encouraged by this growth, sought to position the country as a premier international financial center. The Financial Services Regulatory Commission has oversight over the sector. Part of the repositioning strategy was the enactment of anti-money laundering legislation enshrined in the Money Laundering Prevention Act 1996. Antigua and Barbuda's Financial Services industry is generally regarded as transparent.

The Antigua and Barbuda Bureau of Standards is a statutory body established under the Standards Act of 1987 to prepare and promulgate standards in relation to goods, services, processes and practices. The Bureau is currently preparing standards which are relevant to the economy of Antigua and Barbuda. In so doing, it will provide a broad base of technical, advisory and monitoring services for retailers, manufactures and service providers.

## **9. Efficient Capital Markets and Portfolio Investment**

The Eastern Caribbean Central Bank (ECCB) controls the currencies of several island states including Antigua and Barbuda. The ECCB regulates domestic banks in Antigua and Barbuda.

Antigua and Barbuda's monetary and exchange rate policies are determined by the ECCB. Antigua and Barbuda is a member of the OECS, and as such, it is also a member of the Eastern Caribbean Securities Exchange (ECSE). The ECSE is a regional securities market established by the Eastern Caribbean Central Bank and licensed under the Securities Act of 2001, a uniform regional body of legislation governing securities market activities to facilitate the buying and selling of financial products for the eight member territories.

According to the most recent data available from the government, assets of commercial banks totaled US\$2.2 billion in November 2012, and remained relatively consistent throughout the year. The reserve requirement for commercial banks was 6% of deposit liabilities.

Antigua and Barbuda is also a member of the Regional Government Securities Market.

## **10. Competition from State-Owned Enterprises**

The state-owned enterprises in Antigua and Barbuda include the Social Security and the Medical Benefits Schemes. These companies do not generally pose a threat to investors, as they are not designed for competition. They collect special payroll taxes to provide short and long-term benefits such as healthcare and pension benefits. The Antigua Public Utilities and

State Insurance Corporation, however, openly compete in sectors where the government encourages investment.

### **11. Corporate Social Responsibility**

In Antigua and Barbuda, there is an awareness of corporate social responsibility (CSR) among both producers and consumers. The private sector is involved in projects that benefit society, including in support of environmental, social and cultural causes. Individuals benefit from business sponsored initiatives when local and foreign owned enterprises pursue volunteer opportunities and make monetary or in kind donations to local causes.

The NGO community, while comparatively small, is involved in fundraising and volunteerism in gender, health, environmental and community projects. The government at times partners with non-governmental organizations (NGO) in activities. The government encourages philanthropy.

### **12. Political Violence**

Antigua and Barbuda does not have a history of political violence.

### **13. Corruption**

Allegations of corruption against government officials in Antigua and Barbuda are fairly common; however, none of the investigations of these allegations has resulted in confirmed findings. Antigua and Barbuda passed three sets of legislation related to corruption after the 2004 elections. This legislation was designed to reduce corruption and encourage good governance, as well as provide for criminal penalties for official corruption. The government generally implements these laws effectively. Antigua and Barbuda also has a Special Task Force on Crime and Corruption.

The Integrity in Public Life Act requires public officials to disclose all income, assets (including those of spouses and children), and personal gifts while in public office. The law established an Integrity Commission, appointed by the governor general, to receive and investigate complaints regarding noncompliance with or contravention of any provisions of this law or the Prevention of Corruption Act.

The Freedom of Information Act gives citizens the statutory right to access official documents from public authorities and agencies, and it created a commissioner to oversee the process. In practice citizens have found it difficult to obtain documents, possibly due to government funding constraints rather than obstruction.

Antigua and Barbuda is party to the Inter-American Convention Against Corruption and its follow-up mechanism. In 2006, it acceded to the United Nations Convention against Corruption.

### **14. Bilateral Investment Agreements**

Antigua and Barbuda has bilateral investment treaties with Germany and the United Kingdom. Antigua and Barbuda has also signed free trade agreements with Costa Rica and the Dominican Republic but the agreements have not entered into force. Antigua and

Barbuda has double taxation agreements with Denmark, Norway, Sweden, and the United Kingdom. Antigua and Barbuda is also party to the following:

### **Caribbean Community (CARICOM)**

The Treaty of Chaguaramas established CARICOM in 1973. Its purpose is to promote economic integration among its fifteen (15) Member States. Investors operating in Antigua and Barbuda are given preferential access to the entire CARICOM market. The Revised Treaty of Chaguaramas goes further to establish the CARICOM Single Market and Economy (CSME), by permitting the free movement of goods, capital and labor within CARICOM States.

### **Organisation of Eastern Caribbean States (OECS)**

The Treaty of Basseterre establishes the Organisation of Eastern Caribbean States (OECS). The OECS consists of seven full Member States of Antigua and Barbuda, Dominica, Grenada, Montserrat, St. Kitts & Nevis, St. Lucia and St. Vincent & the Grenadines, plus two associate members, Anguilla and the British Virgin Islands. The purpose of the Treaty is to promote harmonization among Member States in areas concerning foreign policy, defense and security, and economic affairs. The six independent countries of the OECS ratified the Revised Treaty of Basseterre establishing the OECS Economic Union on January 21, 2011. The Economic Union established a single financial and economic space within which all factors of production, including goods, services and people, move without hindrance.

### **Economic Partnership Agreement (EPA)**

The Economic Partnership Agreement (EPA) was concluded between the CARIFORUM States and the European Community and its Member States. The EPA is designed to replace the now expired transitional trade regime of the Cotonou Agreement. The overarching objectives of the EPA are to alleviate poverty in CARIFORUM, to promote regional integration and economic cooperation and to foster the gradual integration of the CARIFORUM states into the world economy by improving their trade capacity and creating an investment-conducive environment. The Agreement promotes trade related developments in areas such as competition, intellectual property, public procurement, the environment and protection of personal data.

### **Caribbean Basin Initiative (CBI)**

The objective of the Caribbean Basin Initiative is to promote economic development through private sector initiative in Central America and the Caribbean islands by expanding foreign and domestic investment in non-traditional sectors, diversifying CBI country economies and expanding their exports. It permits duty free entry of products manufactured or assembled in Antigua and Barbuda into markets of the United States.

### **Caribbean / Canada Trade Agreement (CARIBCAN)**

CARIBCAN is an economic and trade development assistance program for Commonwealth Caribbean countries in which Canada provides duty free access to its national market for the majority of products which originate in Commonwealth Caribbean countries.

## **15. OPIC and Other Investment Insurance Programs**

OPIC provides financing and political risk insurance to viable private sector projects, helps U.S. businesses invest overseas, and fosters economic development in new and emerging markets.

## **16. Labor**

Antigua and Barbuda has a labor force of about 35,000 persons with a literacy rate of approximately 90%. The law stipulates a minimum working age of 16 years, which corresponds with the provisions of the Education Act. In addition persons under 18 years of age must have a medical clearance to work and may not work later than 10 p.m. The Ministry of Labor, which is required by law to conduct periodic inspections of workplaces, effectively enforces this law. The labor commissioner's office also has an inspectorate that investigates exploitive child labor matters.

Workers have the right to associate freely and to form labor unions. Approximately 60% of workers in the formal sector belong to a union. Unions are free to conduct their activities without government interference. Labor unions form an important part of the base of both political parties.

The labor code provides for the right to strike, but the Industrial Relations Court may limit this right in a given dispute. Workers who provide essential services (including bus, telephone, port, petroleum, health, and safety workers) must give 21 days' notice of intent to strike. Once either party to a dispute requests that the court mediate, strikes are prohibited under penalty of imprisonment. Because of the delays associated with this process, unions often resolve labor disputes before a strike is called. In addition an injunction may be issued against a legal strike when the national interest is threatened or affected. Labor law prohibits retaliation against strikers, and the government effectively enforces those laws. The labor code provides that the minister of labor may issue orders, which have the force of law, to establish a minimum wage. Tripartite consultations were held when the minimum wage was set. The minimum wage was EC\$7.50 (\$2.78) an hour for all categories of labor, which provided a barely adequate standard of living for a worker and family. In practice the great majority of workers earned substantially more than the minimum wage.

The law provides that workers are not required to work more than a 48-hour, six-day work week, but in practice the standard work week was 40 hours in five days. Laws provide for overtime work in excess of the standard work week; excessive or compulsory overtime is not specifically prohibited.

Investors in Antigua and Barbuda are required to maintain workers' rights and safeguard the environment. While there are no specific health and safety regulations, the Labor Code provides general health and safety guidance to Labor Ministry inspectors. The Labor Commission settles disputes over safety conditions. Workers have the right to report unsafe work environments without jeopardy to continued employment; inspectors then investigate such claims, and workers may leave such locations without jeopardy to their continued employment.

## **17. Foreign Trade Zones/Free Ports**

The Antigua and Barbuda Free Trade and Processing Zone was established by an Act of Parliament in 1994 and is based on the legal foundation enacted twelve years earlier which

set guidelines for the establishment of International Business Corporations in Antigua and Barbuda. The Free Zone is administered by a Commission, empowered by the Free Trade and Processing Zone Act No. 12 of 1994, to function as a private enterprise.

The Free Trade and Processing Zone is part of an initiative undertaken by the Government of Antigua and Barbuda to diversify the economy of the State. The organization is mandated to attract investment in the areas deemed to be of priority by the Government for the economic development of Antigua and Barbuda.

## Section 5 - Government

### Chiefs of State and Cabinet Members:

For the current list of Chief of State and Cabinet Members, please access the following - [Central Intelligence Agency online directory of Chiefs of State and Cabinet Members of Foreign Governments](#)

### Legal system:

common law based on the English model

### International organization participation:

ACP, AOSIS, C, Caricom, CDB, CELAC, FAO, G-77, IBRD, ICAO, ICC (NGOs), ICRM, IDA, IFAD, IFC, IFRC, ILO, IMF, IMO, IMSO, Interpol, IOC, IOM, ISO (subscriber), ITU, ITUC (NGOs), MIGA, NAM, OAS, OECS, OPANAL, OPCW, Petrocaribe, UN, UNCTAD, UNESCO, UPU, WFTU (NGOs), WHO, WIPO, WMO, WTO

## Section 6 - Tax

### Exchange control

Antigua and Barbuda does not have exchange controls

### Treaty and non-treaty withholding tax rates

Antigua and Barbuda has signed **32 agreements** (12 DTC and 20 TIEA agreements) providing for the exchange of information.

Jurisdiction	Type of EOI Arrangement	Date Signed	Date entered into Force	Meets standard	Contains paras 4 and 5	
Aruba	TIEA	30 Aug 2010	2 Dec 2010	Yes	Yes	
Australia	TIEA	30 Jan 2007	14 Dec 2009	Yes	Yes	
Barbados	DTC	6 Jul 1994	30 Nov 1994	Yes	No	
Belgium	TIEA	7 Dec 2009	not yet in force	Yes	Yes	
Belize	DTC	6 Jul 1994	30 Nov 1994	No	No	
Curaçao	TIEA	29 Oct 2009	not yet in force	Yes	Yes	
Denmark	TIEA	2 Sep 2009	23 Feb 2011	Yes	Yes	
Dominica	DTC	6 Jul 1994	30 Nov 1994	No	No	
Faroe Islands	TIEA	19 May 2010	not yet in force	Unreviewed	Yes	
Finland	TIEA	19 May 2010	24 Mar 2011	Yes	Yes	
France	TIEA	26 Mar 2010	28 Dec 2010	Yes	Yes	
Germany	TIEA	19 Oct 2010	30 May 2012	Yes	Yes	
Greenland	TIEA	19 May 2010	not yet in force	Unreviewed	Yes	
Grenada	DTC	6 Jul 1994	30 Nov 1994	No	No	
Guyana	DTC	6 Jul 1994	30 Nov 1994	No	No	
Iceland	TIEA	19 May 2010	not yet in force	Yes	Yes	
Ireland	TIEA	15 Dec 2009	17 Feb 2011	Yes	Yes	
Jamaica	DTC	6 Jul 1994	30 Nov 1994	No	No	
Liechtenstein	TIEA	24 Nov 2009	16 Jan 2011	No	Yes	
Netherlands	TIEA	2 Sep 2009	1 Mar 2010	Yes	Yes	
Norway	TIEA	19 May 2010	15 Jan 2011	Yes	Yes	
Portugal	TIEA	13 Sep 2010	not yet in force	Yes	Yes	
Saint Kitts and Nevis	DTC	6 Jul 1994	30 Nov 1994	Yes	No	
Saint Lucia	DTC	6 Jul 1994	30 Nov 1994	No	No	
Saint Vincent and the Grenadines	DTC	6 Jul 1994	30 Nov 1994	Yes	No	
Sint Maarten	TIEA	29 Oct 2009	not yet in force	Yes	Yes	
Sweden	DTC	20 Aug 1963	1 Jan 1961	Yes	No	

Jurisdiction	Type of EOI Arrangement	Date Signed	Date entered into Force	Meets standard	Contains paras 4 and 5	
Sweden	TIEA	19 May 2010	1 Jun 2013	Yes	Yes	
Switzerland	DTC	20 Aug 1964	1 Jan 1961	No	No	
Trinidad and Tobago	DTC	6 Jul 1994	30 Nov 1994	No	No	
United Kingdom	TIEA	19 Jan 2010	19 May 2011	Yes	Yes	
United States	TIEA	6 Dec 2001	10 Feb 2003	Yes	No	

## Methodology and Sources

### Section 1 - General Background Report and Map

(Source: [CIA World Factbook](#))

### Section 2 - Anti – Money Laundering / Terrorist Financing

	Lower Risk	Medium Risk	Higher Risk
<a href="#">FATF List of Countries identified with strategic AML deficiencies</a>	Not Listed	AML Deficient but Committed	High Risk
<a href="#">Compliance with FATF 40 + 9 recommendations</a>	>69% Compliant or Fully Compliant	35 – 69% Compliant or Fully Compliant	<35% Compliant or Fully Compliant
<a href="#">US Dept of State Money Laundering assessment (INCSR)</a>	Monitored	Concern	Primary Concern
<a href="#">INCSR - Weakness in Government Legislation</a>	<2	2-4	5-20
<a href="#">US Sec of State supporter of / Safe Haven for International Terrorism</a>	No	Safe Haven for Terrorism	State Supporter of Terrorism
<a href="#">EU White list equivalent jurisdictions</a>	Yes		No
<a href="#">International Sanctions UN Sanctions / US Sanctions / EU Sanctions</a>	None	Arab League / Other	UN , EU or US
<a href="#">Corruption Index (Transparency International) Control of corruption (WGI) Global Advice Network</a>	>69%	35 – 69%	<35%
<a href="#">World government Indicators (Average)</a>	>69%	35 – 69%	<35%
<a href="#">Failed States Index (Average)</a>	>69%	35 – 69%	<35%
<a href="#">Offshore Finance Centre</a>	No		Yes

### **Section 3 - Economy**

General Information on the current economic climate in the country and information on imports, exports, main industries and trading partners.

(Source: [CIA World Factbook](#))

### **Section 4 - Foreign Investment**

Information on the openness of foreign investment into the country and the foreign investment markets.

(Source: [US State Department](#))

### **Section 5 - Government**

Names of Government Ministers and general information on political matters.

(Source: [CIA World Factbook](#) / <https://www.cia.gov/library/publications/world-leaders-1/index.html>)

### **Section 6 - Tax**

Information on Tax Information Exchange Agreements entered into, Double Tax Agreements and Exchange Controls.

(Sources: [OECD Global Forum on Transparency and Exchange of Information for Tax Purposes](#) [PKF International](#))

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Gary Youinou

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