



**Small Business Development Unit  
of the  
Ministry of Small Business, Entrepreneurship and  
Commerce**

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**Small Business Trade Receivables Liquidity Facility  
and  
Value Added Tax Receivables Liquidity Facility  
(Factoring Programmes)**

**Registration Guidelines**

The Small Business Development Unit of the Ministry of Small Business, Entrepreneurship and Commerce has responsibility for registering all small businesses seeking access to the Trade Receivables Liquidity Facility (TRLF) and the Value Added Tax Receivables Liquidity Facility (VATRLF) (Factoring) Programmes. The following registration guidelines apply:

1. Obtain a **Certificate of Registration** by registering with the Small Business Development Unit (SBDU). Present your Barbados National Identification Card **OR** Driver's Licence as well as a photocopy of either one of these documents, upon registration.
2. Present the **Certificate of Registration** as well as a "**Letter of Intent**" to factor which must be prepared and signed by you the applicant, to the transacting Statutory Government Agency (for applications under the TRLF) who will provide you with a **Letter of Certification**. Under the VATRLF the mentioned documents should be taken to the Barbados Revenue Authority.
3. Submit the **Letter of Certification** to the Accountant General, Treasury Department, Bridge Street, St. Michael who will process the document and affix a stamp of approval. Submit this stamped Letter of Certification to

any of the below financial institutions for payment which is guaranteed by the Central Bank of Barbados. Please note that the tick (✓) indicates those financial institutions that provide funding under the **Trade Receivables Liquidity Facility** and or **Value Added Tax Receivable Facility**.

<b>FINANCIAL INSTITUTIONS</b>	<b>TRADE RECEIVABLE LIQUIDY FACILITY</b>	<b>VALUE ADDED TAX RECEIVABLES LIQUIDY FACILITY</b>
Consolidated Finance Company Limited	✓	✓
Signia Financial Group Inc.	✓	✓
Globe Finance	✓	✓
Citicorp Merchant Bank	✓	✓
Caribbean Financial Services Corporation	✓	✓
Main Branches of the Commercial Banks	✓	✓
Enterprise Growth Fund (EGFL)	✓	✓
Barbados Agency for Micro-Enterprise Development Ltd. (FundAccess)	✓	✓
Barbados Workers' Union Co-operative Credit Union Ltd.		✓
City of Bridgetown Co-operative Credit Union Ltd.		✓

### **Discount Rates**

5. Financial Intermediaries are responsible for setting the discount rates on receivables which they have factored. However, since the repayment of the amounts factored are fully guaranteed by the Central Bank of Barbados, the financial intermediaries are encouraged to use the risk rating of the guarantor as the basis for determining the discount rates.

### **How payment is calculated:**

6. The Financial institution disburses funds to the small business or individual which is discounted at the prevailing interest rate and a 1.5% annual guaranteed premium.

For example: If a small business or individual is factoring \$100,000.00 the amount receivables would be \$98,397.26 calculated as follows:

Funds to be disbursed = Amount of Receivables

(\$100,000) less (Amount of Receivables (\$100,000) x (Interest rate (5% or 0.05)

+ Premium rate (1.5 per annum or 0.015) x 90/365 = \$98,397.26

### **Annual Scope of Payment under the TRLF**

7. Accumulated invoices ranging from a minimum of five thousand dollars (\$5,000.00) at any one time, but not exceeding two hundred thousand (\$200,000.00) in any given quarter, can be factored.

### **Annual Scope of Payment under the Value Added Tax Receivables Liquidity Facility.**

8. Guarantees may be provided on credits from an amount of three thousand dollars (\$3,000) to a maximum of fifty thousand dollars (\$50,000) for any one VAT refund. However, guarantees outstanding shall not exceed one hundred thousand dollars (\$100,000) for any one business in a calendar year and provided in the following two tranches:
  - For the period January to June with a maximum cover of \$50,000.00; and
  - For the period July to December with a maximum cover of \$50,000.00.