

A woman with dark hair, wearing a yellow t-shirt, a light blue surgical face mask, and white gloves, is using a card payment terminal. She is looking down at the terminal. In the background, there are red and orange garments hanging. To the left, a person's profile is visible, wearing a light blue face mask and holding a white plastic bag. The overall scene suggests a retail or service environment during the COVID-19 pandemic.

EY

Building a better
working world

Focus on Trinidad & Tobago Budget 2022

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Caveat

Focus on Trinidad & Tobago Budget 2022 is based on the Budget Statement delivered by the Minister of Finance, the Honourable Mr. Colm Imbert, in Parliament on 4 October 2021.

This review was prepared by EY Trinidad and is intended for the benefit of our clients and associates as a general guide. Readers are encouraged to consult with professional advisors for advice concerning specific legal, accounting or tax matters before making any decision.

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Executive summary



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Maximizing our potential in the wake of energy transition

A national budget is, in one sense, no more than a snapshot in time of the fiscal condition of a country and a near term forecast of the future. It can also be viewed as an opportunity for national reflection on longer-term trends and a focal point for discourse about what it would entail to shape a better future.

From an economic perspective, certain structural issues remain a perennial feature of Trinidad & Tobago's landscape, namely:

- ▶ We continue to depend on the energy sector.
- ▶ We are spending more than we are earning.
- ▶ Our national debt is increasing.
- ▶ We are depleting our reserves of foreign currency (excluding external borrowing and the US\$644 million from the IMF's general allocation of Special Drawing Rights in late August).
- ▶ Our global competitiveness is deteriorating.

Given the macro-economic shock of COVID-19 and mandated business closures, counter-cyclical targeted State intervention resulting in a fiscal-deficit of \$9.096B for fiscal 21/22 was not unexpected. This is especially important in the service of the most vulnerable in society, as well as businesses at the epicenter of the crisis. In many cases, these individuals and organizations have faced abrupt, continued curtailment of their livelihoods and are simply victims of circumstance.

The Honourable Minister of Finance attempted to demonstrate Government's empathy to small businesses and individuals by introducing a plethora of fiscal measures. For businesses, these included incentivizing exporters of local goods and SMEs involved in technology solutions, digitization, and construction. To be effective, these measures assume profitability, which is far from certain during the post-COVID recovery period and will likely not be direct and forceful enough to salvage failing enterprises in the most heavily impacted sectors. For such enterprises, more immediately accessible and direct government assistance should be reconsidered.

For individuals, the Government has proposed the zero rating of basic food items, and further incentivizing new home ownership and retirement savings.

Executive summary continued

In terms of national development there are many social, institutional, health, educational, security and infrastructure related success factors that ought to be collectively pursued by all stakeholders as we embrace the change required for a better future. An extensive laundry list of initiatives touching many areas of national development was enumerated by the Minister. Conspicuously absent, however, was a comprehensive, integrated plan directed at these vital developmental objectives.

Given the continued importance of the country's energy sector and its role in funding the country's future development, we believe there remains an urgent need to address the issue of tangibly incentivizing increased production, while approaching energy transition more proactively.

The conventional wisdom has long been that a clean energy future would cost more than our fossil energy past, but was worth it due to the environmental benefits. In recent years, that thinking has been turned on its head. Technological improvements and unit volume increases in solar, wind and battery power have led to cost reductions of about 10% per year over the past decade and this trend is accelerating exponentially. This has led the Biden Administration to recently announce an audacious plan to boost solar power to 45% of US electricity consumption by 2050, from the current rate of 4%.

Given these global developments, there is a pressing need to first and foremost unlock investment capacity leading to the more rapid monetization of our petroleum resource. Once this is in train, we can actively begin pursuing renewable energy projects suitable to our climate and circumstances.

So it was disappointing to see that, while the Government acknowledged the need to engage in a comprehensive review of the attractiveness of the country's energy tax regime, no timeline was provided. As a result, the energy sector is left in abeyance and new investment stymied until such time as tangible reform is announced.

Similarly, while initiatives on the renewable front, such as the confirmation of the construction of two solar plants, the announced provision of tax credits for investment in carbon capture technology/enhanced oil recovery and the elimination of indirect taxes on electric vehicles are all progressive, by themselves, they do not go far enough.

In June of this year, the Government of Norway published a White Paper recognizing that while the petroleum sector would remain a significant factor in its economy in years to come, it would begin to pivot its focus on the renewable energy future. To achieve this outcome, it would immediately leverage its significant experience in the energy sector to promote employment and develop vital new industries and technologies such as carbon capture and storage, offshore wind, and hydrogen.

For Trinidad & Tobago to achieve this objective in an expedited and holistic manner, there is similarly a need to develop and publish for stakeholder consultation a National Policy on long term value creation for our energy resources. This will enable the country to harness the experience and skill set of our formidable existing pool of resources in the energy sector and build upon our considerable foundational strengths in the energy space.

The former Saudi Oil Minister Ahmed Zaid Yaman famously pronounced, *"The stone age did not end because the world ran out of stones and the oil age will not end because we run out of oil."*

While it is fair to say that natural gas will remain a viable clean energy source for many years to come, it is worthwhile reflecting on this statement as we work together to shape a better economic future by meaningfully acting on the burning platform of energy transition.

Budget arithmetic - Fiscal 21/22

Total revenue

\$43.333b

Oil revenue

\$12.614b

Non-oil revenue

\$29.712b

Capital revenue

\$1.006b

Oil price per barrel
US\$65.00

Gas price per MMBtu
US\$3.75

Fiscal deficit

\$9.096b

5.8% of GDP

Total expenditure

\$52.429b

Education and training allocation

\$6.886b

Health allocation

\$6.395b

National security allocation

\$5.664b

Works and transport allocation

\$3.577b

Public utilities allocation

\$2.671b

Rural development / local government allocation

\$1.656b

Agriculture allocation

\$1.249b

Housing allocation

\$610m

Macro economic indicators



Unemployment increased from 4.5% as of December 2019 (pre-pandemic) to 5.1% as of June 2021.



The adjusted Government debt ratio which had been rising since 2015, has now reached 84.8% in September 2021 and is projected at 87.2% in 2022.



The repo rate remains unchanged at 3.50% since the reduction from 5.0% in March 2020 in response to the pandemic.



In August 2021, net official reserves was US\$7.1b (or 8.7 months of import cover).



HSF stands at US\$5.6b as at 10 September 2021 with US\$800m drawn between October 2020 and September 2021.



The Energy Commodity Price Index, an indicator of average T&T energy export prices, gradually increased by 40.7% over the first eight months of 2021 which is driven by higher oil, natural gas, methanol, urea and ammonia prices.



The average price of oil was US\$41.29 per barrel in 2020 and is projected by international institutions to rise to US\$64.68 per barrel in 2021 and to US\$66.00 per barrel in 2022-2024.



Oil production is envisaged to rise from 64,859 barrels per day in 2021 to 86,163 barrels per day by 2022.



Gas production is expected to increase from 2,773 MMscf per day in 2021 to 3,368 MMscf per day in 2022, stabilizing thereafter at 3,600 MMscf per day in 2022.



Fiscal measures

Tax Reduction for Significant Exporters of Local Goods

The Honourable Minister of Finance announced in his Budget Statement that the Government intends to provide a full suite of measures to provide relief from the impact of the COVID-19 pandemic. The first measure announced was the reduction of the tax rate by 5% for significant exporters of local goods.

Whilst the Minister clarified that this incentive would be available for exporters that have annual revenues in excess of \$500,000, he did not specifically identify what would constitute a “significant exporter” and whether there would be additional criteria that must be met to benefit from the reduced rate of tax.

This measure is intended to take effect from 1 January 2022 and will be reviewed after 3 years.

Digital Sector - New Companies

The Minister has proposed a limited tax exemption for new companies whose core business activities are digitization and technology solutions. In the first year of operations, a tax exemption of 50% will be applicable on the first \$100,000 of chargeable income and in the second year, on the first \$200,000 of chargeable income.

This measure will take effect from 1 January 2022 and is expected to advance the country’s digitization drive.

Tax Reduction for Small and Medium Companies Engaged in Technology Solutions, Digitization and Construction

The Minister announced that the Government wishes to support the broad digital strategy. In this regard, the Government has proposed to reduce the tax rate by 5% for Small and Medium Companies whose core business, relating to technology solutions, digitization and construction, is more than 50% of annual revenues.

The Minister did not, however, clarify what would be considered to be a Small and Medium Company for the purpose of obtaining access to this relief. Additionally, the Minister did not further elaborate on whether there would be additional criteria to be met to benefit from the reduced rate of tax.

This measure is intended to take effect from 1 January 2022 and will be reviewed after 3 years.

Fiscal measures continued

Development and Expansion Incentive - Manufacturing Sector

An incentive equal to a 5% reduction in the rate of tax, limited to \$500,000 qualifying project expenditure, is proposed. This incentive will be for 2 years and will take effect 1 January 2022.

Qualifying projects must entail investment in projects and activities which create advancements and growth in the manufacturing sector and must be related to information technology and digitization, manufacturing and technology development.

This incentive excludes companies in the petrochemical industry and is geared toward new foreign direct investment businesses.

Research and Development

The Minister proposed implementing a Research and Development Capital Allowance of up to 40% of the expenditure incurred by companies engaged in Research and Development. This measure is expected to be effective from 1 January 2022 and will be reviewed after 3 years.

Foreign Investment Sector: Withholding Tax Rate

It is proposed that the Third Schedule of the Income Tax Act be amended, so that the rate of Withholding Tax shall be reduced on any distribution as follows:

	Current Rate of WHT (%)	Proposed Rate of WHT (%)
On any distribution made	10	8
Distribution made to a parent company	5	3

It should be noted the term distribution includes, inter alia, dividends.

As it relates to "payment", the rate of Withholding Tax on a payment remains at 15%. The term payment is defined by Section 51 of the Income Tax Act to include interest, rentals, royalties, management charges and technical service fees. This measure comes into effect on 1 January 2022.

Heritage Conservation

The Minister proposed the introduction of a 150% allowance up to a maximum of \$1m for the corporate sponsorship of heritage properties under the oversight of the National Trust. It is intended that this will encourage the maintenance and restoration of heritage properties throughout the country including, the Holy Trinity Cathedral, Queen's Royal College, Reform Village Shiva Mandir, Iere Village Masjid, Brigand Hill Lighthouse, and the Banwari Burial site. This measure will take effect from 1 January 2022.

Fiscal measures continued

SMEs Listed on the Junior Stock Market

Prior to 1 January 2021, SMEs that list on the Trinidad & Tobago Stock Exchange (TTSE) were subject to Corporation Tax, at the rate of 10%, for the first five years from listing and thereafter were subject to tax at the standard rate of tax.

With effect from 1 January 2021, newly listed SMEs were subject to Corporation Tax as follows:

- ▶ A full exemption from Corporation Tax for the first five years from listing; and
- ▶ Subject to tax, at the rate of 15%, for the next five years.

It should be noted that in order to qualify for the said incentives, the SME is required to fulfil the following conditions:

- ▶ Following the initial public offering, its minimum share capital must be at least \$5m while its maximum share capital cannot exceed \$50m.
- ▶ The minimum and maximum capital base must comprise only of issued share capital and not include retained earnings and amounts transferred to a reserved account.
- ▶ There must be a minimum of 25 unconnected shareholders who own a total of at least 30% of the new issued share capital of the company.
- ▶ The capital is raised by way of the issuance of an initial public offering followed by a listing on the TTSE no more than 60 days after allotment of the issue.

It is now proposed with effect from 1 January 2022, the tax regime applicable to newly listed SMEs listing on the TTSE will be revised as follows:

- ▶ A full-tax holiday for the first five-year period which will allow SMEs to benefit from tax exemption on Business Levy and Green Fund Levy; and
- ▶ For the second five-year period, new SME listings will be taxed at 50% of its Corporation Tax, Business Levy and Green Fund Levy.

SME Mentorship Programme

The Minister indicated that assistance will be provided to the TTSE to operationalize and integrate the SME Mentorship programme into the broader set of services currently provided to SMEs by various Government agencies.

These include the following:

- a. Supporting the redrafting of the Listing Rules to include the SME Mentor and the subsequent approval process with the TTSE.
- b. Assisting in identifying, assessing, and maintaining a stable list of highly competent and experienced SME Mentors.
- c. Integrating the SME Mentorship Programme into the Government's existing support structure for SMEs.

This measure will take effect from 1 January 2022.

Fiscal measures continued

Carbon Capture and Storage and Enhanced Oil Recovery

The Minister proposed the introduction of a tax credit of 30% of the cost of investment in carbon capture and storage and enhanced oil recovery (EOR) up to a maximum of \$500,000 for companies that make such investments. This measure will take effect on 1 January 2022.

Carbon capture and storage and EOR present opportunities for the oil and gas industry to participate in activities that will substantially reduce emissions, and, in the case of EOR, increase the recovery from oil fields.

We would note that unless specifically addressed in legislative amendments, such expenditure should also typically fall to be treated in accordance with the existing law either as an expense wholly and exclusively incurred in the production of income or expenditure eligible to be capitalized on which capital allowances may be claimed.

Given the nature of the industry, the question arises as to whether the quantum of the tax credit will act as a sufficient incentive to motivate companies to engage in such activities.

Electric Vehicles

The Minister proposed the removal of all Customs Duties, Motor Vehicles Tax and VAT on the importation of battery-powered electric vehicles. The exemptions would also apply on the importation of used battery-powered electric vehicles with an age limit of two years. This measure will take effect from 1 January 2022 and will be reviewed after two years.

Therapeutical Equipment

The Minister proposed the removal of VAT and Customs Duties on specified therapy equipment as well as equipment for the hearing impaired, the visually impaired, persons with physical mobility disabilities and disability safety peripherals and communication equipment. This measure will take effect from 1 January 2022.

Computer Hardware, Software & Peripherals

Government had previously removed VAT, Customs Duties and Online Purchase Tax on certain specified computer hardware, software, and peripherals. The Minister announced that with effect from 1 January 2022 the removal of VAT, Customs Duties and Online Purchase Tax on all remaining computer hardware, software and peripherals that are not yet tax free.

VAT on Basic Food Items

Effective 1 November 2021, the list of basic food items that are zero-rated for VAT will be expanded to include items such as biscuits, cooking oil, canned vegetables, cornflakes, canned fish, canned meat, curry, juice, sausages, ham, ketchup, bottled water and pigtail. The Minister indicated that an appropriate list of zero-rated items would be published shortly.

In last year's Budget Statement, the Minister had indicated Government's intention to subject to VAT certain luxury food items. This measure has now been implemented via Legal Notice No. 246 of 2021 with effect from 4 October 2021.

Fiscal measures continued

First Time Home-Owners Allowance

To assist citizens in the low and middle-income brackets, the Minister has proposed increasing the first-time homeowners' allowance from \$25,000 to \$30,000 per household. Whilst the Minister refers to mortgage interest paid in the year of income, it is important to note that the current allowance is not linked to interest.

This measure will apply to first-time homeowners for five years from the date of acquisition and will take effect from 1 January 2022.

Contributions to Approved Pension Fund Plan/Scheme/Approved Deferred Annuity/Tax Saving Plan/Widows' and Orphan's fund/National Insurance Payment

Effective 1 January 2022, it is proposed that there will be an increase in the relief granted from \$50,000 to \$60,000 for contributions to any approved Retirement Benefit Scheme or Approved Pension Fund Plan, Premiums paid under an Approved Annuity Plan, Contributions by individuals (under the Retiring Allowance (Legislative Service Act) and Contributions to the National Insurance Scheme. This measure is expected to result in further tax savings for individuals with contributions to said plans.

Recruitment of Board of Inland Revenue Auditors

Given the impending move to the Trinidad & Tobago Revenue Authority (TTRA), it is the Government's intention to recruit 100 recently-qualified accountants and university graduates to support the drive of the Inland Revenue Division (IRD) to improve tax collection. The individuals recruited will be trained within the first two months of their employment and will migrate to the TTRA when it is fully operational.

Penalties for Overweight Trucks

It is proposed that the fine under the Motor Vehicles and Road Traffic (Enforcement and Administration) Act will be increased from \$750 to \$8,000 for trucks exceeding the Maximum Gross Weight, effective 1 January 2022.

Utility Rebates

The T&TEC Bill Rebate programme currently provides a 25% rebate to T&TEC residential customers on bills which are \$300 or lower. The Minister has proposed to increase the rebate from 25% to 35%. This would impact 210,000 households at an additional cost of \$25m. This measure will take effect from 1 January 2022.

The Minister also proposed to appropriately offset the cost of water to the same group of households benefitting from the T&TEC rebate. However, details of the said rebate will be revealed in the Finance Bill, 2021.

The Minister further indicated that it is expected that market-based rates for electricity and water will be introduced as recommended by the Regulated Industries Commission. He stated that Government will initially provide rebates to low-income and vulnerable groups and would eventually introduce a Utility Cash Card for such persons to access subsidies for electricity and water.

Sale of Shares in First Citizens Bank

The Minister indicated Government's intention to divest 10,869,565 ordinary shares in First Citizens Bank in a bid to raise approximately \$550m. The Government currently holds 64.43% of the issued shares in the Bank which will be reduced to 60.1% after the proposed sale.

Property Tax

The following is a summary of the Property Tax regime:

Property Class	Rate of Tax	Annual Tax Value	Annual Tax Value (vacant land)
Residential	3%	90% of the annual rental income expected to be earned from such property as determined by the Commissioner of Valuations under the provisions of the Valuation of Land Act.	3.5% of the capital value of the property, less any applicable deductions and allowances.
Commercial	5%	90% of the annual rental income expected to be earned from such property.	5% of the capital value of the property, less any applicable deductions and allowances.
Industrial			
Plant and machinery housed in a building	6%	Calculated as the value of the plant and machinery that is housed in a building, less any applicable allowances and deductions.	5% of the capital value of the property, less any applicable deductions and allowances.
Plant and machinery not housed in a building	3%	Calculated as the value of the plant and machinery that is not housed in a building, less any applicable allowances and deductions.	
Agricultural	1%	2% of the open market capital value of the land/property.	2% of the open market capital value of the land and any agricultural buildings thereon.

Property Tax and You – 10 Facts to Note

The basis of calculation is Annual Taxable Value (ATV) x Tax Rate.

- ▶ The ATV is the ARV after a deduction of 10% for void periods.
- ▶ ARV is the annual rental value which a particular property is likely to attract. MOF calculates ARV based on 5 main categories:
 1. Location
 2. Classification
 3. Category
 4. Dimensions
 5. Modifications

1. Agricultural - 1%
2. Residential - 3%
3. Commercial - 5%
4. Industrial - 3% & 6%

1. Submit the Valuation Return Form (VRF).
2. MOF will conduct a physical assessment.
3. ARV will be calculated.
4. Valuation Roll will be created.
5. Owner will be served Notice of Valuation. Please note that a fresh valuation in respect of land shall commence as near as may be to five years from the date of the last valuation of the land as recorded in the Valuation Roll.

A person who fails to file a Return by 30 November 2021 or knowingly makes a defective Valuation Return Form (VRF) is liable on summary conviction to a fine of \$5000.



By law, citizens have up to 30 days to lodge a complaint after receiving their notice of valuation. You must file the objection in writing with the Commissioner against the valuation, stating the grounds upon which you object.

Where the Commissioner is of the view that more than 50% of all land in Trinidad and Tobago has been valued, he shall notify the Minister of Finance and the Minister will issue an Order, declaring that the Valuations are in effect.

The Board shall deliver to Owners on or before 31 March in each year, a notice of assessment specifying:

1. Land ID Number
2. Annual Rental Value (ARV)
3. Annual Tax Payable
4. Penalties, etc.

The annual tax due shall be paid to the BIR on or before 30 September each year.

If Tax is unpaid on or before 15 March of the following year:

- a) a further sum of 10% on the amount of tax shall be added by way of an increased tax; and
- (b) interest at the rate of 15% per annum on the amount of tax is to be applied to the tax as increased by March in the following year to the date of payment, unless the Board is satisfied that the failure to pay the taxes did not result from the default of the taxpayer.

Did you know?

- ▶ Valuation Roll is a database containing particulars of every parcel of land within Trinidad & Tobago.
- ▶ **Minimum ARV:** When the owner of land submits a Return with ARV of less than \$18,000, the Commissioner will record a minimum ARV of \$18,000.
- ▶ Vacant land is also taxed on 2% of the land's current Market Value.

Property Tax - Another Perspective

Lost from the more than decade old debate on whether the Property Tax should be enforced is its interplay with Stamp Duty.

Imposed by an antiquated piece of legislation, Stamp Duty is imposed on, inter alia, the conveyance or transfer on sale of property, as well as deeds of lease. In the case of the sale of a residential property with a dwelling house, Stamp Duty is applicable at the following scaled rates:

First-time homeowner		All other instances	
\$0.00 – \$2,000,000.00	0%	\$0.00 – \$850,000.000	0%
\$2,000,000.01 – \$2,250,000.00	5%	\$850,000.00 – \$1,250,000.00	3%
\$2,250,000.01 – Over	7.5%	\$1,250,000.01 – \$1,750,000.00	5%
		\$1,750,000.01 – Over	7.5%

Unlike Property Tax, which shall be levied annually, these exorbitantly high rates of Stamp Duty result in a liability which crystalizes upfront, upon the acquisition of the real estate. For this reason, the following analysis seeks to examine these two levies by way of present and future value comparisons, assuming the purchase of a property by a non first-time homeowner over a mortgage period (MP) of 25 years.

Assumptions

1. Discount Rate: 7.5% (Commercial Banks mortgage lending rate per CBTT as at December 2019).
2. Monthly Rent: A - \$10,000 / B - \$17,000 / C - \$25,000.

Present Value Analysis of Property Tax Payments

Property	Property Value	Stamp Duty	Property Tax (annually)	Property Tax (over MP)	Property Tax (over MP) Present Value
A	\$2,500,000	\$93,250	\$3,240	\$81,000	\$36,116
B	\$4,500,000	\$243,250	\$5,508	\$137,700	\$61,397
C	\$6,500,000	\$393,250	\$8,100	\$202,500	\$90,290

Future Value Analysis of Stamp Duty Payments

Property	Property Value	Stamp Duty	Property Tax (over MP)	Stamp Duty (Future Value at end of MP)
A	\$2,500,000	\$93,250	\$81,000	\$568,670
B	\$4,500,000	\$243,250	\$137,700	\$1,483,421
C	\$6,500,000	\$393,250	\$202,500	\$2,398,172

The foregoing, therefore, begs the question as to whether the Stamp Duty should be viewed as an advance property tax of sorts and, given its exceedingly high rates, whether the Property Tax framework, which gives rise to the associated liability, should be relaxed to take cognizance of same (or vice versa).

In the case of commercial and industrial properties, the position has been advanced that the Property Tax creates a clear disincentive to enhancing buildings, as well as modernizing plant and machinery. These arguments are not without merit and, for these reasons, we have seen other jurisdictions impose Property Tax only on the unimproved value of the underlying real estate. Furthermore, we would note that such value does not encompass anything affixed to the said property.

Proposed tax rates for income year 2022

INCOME TAX

Individual rate (based on chargeable income)	
Every dollar up to \$1,000,000 of chargeable income	25%
Every dollar that exceeds \$1,000,000 of chargeable income	30%

Allowances and Deductible Expenses

Personal allowance	\$84,000
Contribution to approved pension/retirement fund/ deferred annuity/70% NIS contribution	\$60,000
Tertiary education expenses (Note 1)	\$72,000
First-time home owner allowance (Note 2)	\$30,000
Maintenance or alimony (under Court Order)	amount paid (unlimited)
Donations under Deed of Covenant (Note 3)	up to 15% of total income
Purchase and installation of CNG kit	tax credit of 25% of acquiring and installing (up to \$10,000)
Purchase of solar water heating equipment	tax credit of 100% of cost (up to \$10,000)
Purchase of bonds (National Tax Free Savings Bonds Regulations) (Note 4)	tax credit of 25% of face value

Benefits in Kind

Motor vehicles/equipment	50% of wear and tear/ 50% of lease rental
Company owned housing	fair rental value
Staff loans	difference in CBTT repo rate and rate charged
Other benefits	cost to employer

Exemptions

- Initial sale of a residential house site (Note 5)
- Newly-constructed commercial buildings and multi-storey car parks (Note 6)
- Income and dividends distributed by the CLICO Investment Fund (Note 7)
- Multi-family dwelling (Note 8)
- Other prescribed exemptions are available

Other

Health surcharge	\$4.80/\$8.25 per week
National Insurance	refer to National Insurance Table

Proposed tax rates for income year 2022

CORPORATION TAX

Basic corporate rate (based on chargeable profits) (Note 9)	30%
Financial institutions (companies licensed to carry on banking business or the business of banking under the Financial Institutions Act) (Note 9)	35%
Petrochemical companies rate (Note 10)	35%
An approved small company (exempt from tax for five years commencing 1 January 2006)	0%

SME Listed Company

First five years from the listing on the Trinidad & Tobago Stock Exchange	0%
Next 5 years following the listing	50% of tax rate

Digital Sector - New Companies

50% tax exemption on the first \$100,000 of chargeable income for the first year
50% tax exemption on the first \$200,000 of chargeable income in the second year

BUSINESS LEVY

Rate (based on gross sales/receipts excluding exempt income (Note 11)) 0.60%

- ▶ The Company is liable to higher of Corporation Tax or Business Levy
- ▶ Not payable for the first 36 months from the date of registration
- ▶ Applicable threshold for individuals is \$360,000
- ▶ Applicable threshold for companies is \$360,000

GREEN FUND LEVY

Rate (based on gross sales/receipts including exempt income) (Note 12) 0.30%

TAX ALLOWANCES

Audio, visual and video productions sponsorships (Note 13)	150%
Promotion of the fashion industry (Note 13)	150%

Art and culture allowance (Note 13)	100%
Sports and sportsmen sponsorships/promotion (Note 13)	100%
Promotional expense uplift (Note 24)	150%
Training allowance	150%
Scholarship sponsorships	100%
Constructing or setting up a child care or homework facility for minor dependents of employees	** 100%
Investment in tech start-up and new tech business (Note 26)	150%
Technology solutions and digitalization (Note 26)	150%
Creation of employment in technology industry (Note 26)	150%
Heritage conservation (Note 27)	150%
Donations under Deed of Covenant (Note 3)	15% of total income

** Up to a maximum of \$500,000 for each facility but not exceeding \$3m in aggregate in a year of income.

CAPITAL ALLOWANCES

Manufacturing Trades

Initial allowance – plant and machinery (Note 14)	90%
Research and Development	40%

Wear and Tear Allowance – All Trades

Industrial buildings	10%
Building and improvements	10%
Childcare or homework facilities constructed or set up for minor dependents of employees (Note 15)	10%
Office equipment	30%
Fixtures and fittings	30%
Plant and machinery (Note 16) (Note 16a)	30%
Motor vehicles	30%
Boats	30%
Computers and heavy equipment (including rigs)	33.3%
Aircrafts – second-hand	40%

Proposed tax rates for income year 2022

CAPITAL EXPENDITURE DEDUCTIONS

Approved Property Development Company

Construction of commercial or industrial building _____ 20%
 Capital expenditure incurred in the construction of commercial, industrial or multi-family residential buildings which are completed on or before 31 December 2024.

WITHHOLDING TAX RATES

Dividends and other distributions (Note 17) _____ 3% / 8%
 Interest _____ 15%
 Royalties _____ 15%
 Annuities _____ 15%
 Management charges _____ 15%
 Rents and other payments _____ 15%

DOUBLE TAXATION TREATIES

Brazil	Germany	Sweden
Canada	India	Switzerland
CARICOM	Italy	United Kingdom
China	Luxembourg	United States of America
Denmark	Norway	Venezuela
France	Spain	

PETROLEUM TAX

Tax	Rate of Tax
Petroleum Profits Tax _____	50% of taxable profits (petroleum operations in deepwater blocks 35%)
Unemployment Levy _____	5% of taxable profits
Supplemental Petroleum Tax (SPT) _____	rates based on weighted crude oil prices (refer to SPT Table), less certain incentives

Petroleum Production Levy _____ lower of 4% of income
 from crude oil for producers of more
 than 3,500 barrels of oil per day or share of subsidy
 Petroleum Impost _____ % share to defray expenses of
 Ministry of Energy and Energy Industries (MOEEI)
 Green Fund Levy _____ 0.30% of gross sales or receipts (Note 12)
 Royalties _____ 12.5% of the net petroleum won
 and saved from the licensed or contract area (Note 18)

PETROLEUM ALLOWANCES

Tangible Costs

Tangible allowances are available from the year of expenditure at the rate of 20% of the expenditure calculated on a straight-line basis for five consecutive years commencing in the year of the expenditure.

Unrelieved Allowances as at 31 December 2019 will continue to be claimed in the manner in which they were calculated prior to 1 January 2020.

Intangible Drilling and Development Costs

The annual allowance granted with regard to intangible cost is 20% of the expenditure calculated on a straight-line basis for five consecutive years commencing in the year of the expenditure.

Unrelieved allowances as at 31 December 2019 will continue to be claimed in the manner in which they were calculated prior to 1 January 2020.

Carbon Capture and Storage Enhanced Oil Recovery

Tax credit of 30% of the cost of investment in Carbon Capture and Storage and Enhanced Oil Recovery.

Other Petroleum Allowances

- ▶ Allowance of 100% of exploration costs is available for the period 1 January 2014 to 31 December 2017. If such allowance is claimed, no claim is available under initial/annual allowance, deepwater uplift, or deep horizon uplift.
- ▶ Allowances in respect of expenditure on exploration wells in a deepwater block shall be calculated by reference to 140% of the expenditure incurred.

Proposed tax rates for income year 2022

Other Petroleum Allowances cont'd

- ▶ Allowances in respect of drilling of exploration wells in deep horizon on land or in shallow marine area shall be calculated by reference to 140% of the expenditure incurred and must be certified by the MOEEI.
- ▶ A deepwater block is where more than 50% of the acreage is deeper than 400m and must be certified by the MOEEI.
- ▶ Exploration wells in deep horizon means any exploration wells drilled at and beyond a true vertical depth of 8,000 ft on land or 12,000 ft in shallow marine area.
- ▶ Companies engaged in the upstream energy sector will only be allowed to claim loss relief of up to 75% of taxable profits effective 1 January 2020. No loss carrybacks are allowed. Carried-forward losses can be utilized only for PPT purposes.

SUPPLEMENTAL PETROLEUM TAX

Weighted average crude prices (US\$/bbl)	Marine	New Field Development*	Land and Deepwater Block
0.00 - 50.00	0%	0%	0%
50.01 - 90.00	33%	25%	18%
90.01 - 200.00	SPT Rate = Base SPT + 0.2%* (P - \$90.00)		
200.01 and over	55%	47%	40%

*Applies to new fields in shallow marine areas and must be approved and certified for development by the MOEEI.

Weighted average crude prices (US\$/bbl)	Small Onshore**
0.00 - 75.00	0%
75.01 - 90.00	18%
90.01 - 200.00	SPT Rate = Base SPT + 0.2%* (P - \$90.00)
200.01 and over	55%

**Applies to small onshore oil producers for fiscal years 2021 and 2022.

The threshold for the imposition of SPT for small onshore oil producers would be increased from US\$50 to US\$75, for fiscal years 2021 and 2022.

In calculating the SPT liability, certain deductions, discounts and credits are allowed.

SPT Deductions, Incentives and Credits

- Royalties and overriding royalties _____ 100% of amounts paid from crude oil disposals assessed to SPT
- Sustainability incentive _____ 20% discount on the SPT rate (Note 19)
- Investment tax credit _____ 25% of the qualifying capital expenditure as a deduction against the SPT assessed (Note 20)
- ▶ SPT paid is allowed as a deduction in computing taxable profits.

VALUE ADDED TAX

- Standard rated goods and services (Note 25) _____ 12.5%
- Registration threshold _____ commercial supplies in excess of \$500,000 for a 12-month period
- Zero-rated goods and services _____ 0%

- ▶ Prescription medicines and drugs
- ▶ Exports
- ▶ Various unprocessed food items for human consumption
- ▶ Crude oil, natural gas and iron ore
- ▶ Services supplied for consideration other than TT\$ to a recipient who is not within T&T
- ▶ Solar water heaters and photo-voltaic cells
- ▶ Certain specified vessels and rigs
- ▶ Certain specified back-office services supplied by Free Zone enterprises to financial institutions
- ▶ Laptop computers, notebook computers and tablet computers
- ▶ Mobile and digital equipment
- ▶ Mobile phones, software
- ▶ Computer accessories
- ▶ Peripherals

Proposed tax rates for income year 2022

Exempt services _____ N/A

- ▶ Financial services
- ▶ Rental of residential property
- ▶ Medical services
- ▶ Training and education (approved institutions)
- ▶ Real estate brokerage
- ▶ Accommodation in hotels, inns, guest houses (for stay that exceeds 30 days)
- ▶ Public postal services
- ▶ Betting, gambling and lotteries
- ▶ Bus and taxi services other than bus services provided by the PTSC

OTHER TAXES

Financial Services Tax _____	15%
Hotel Accommodation Tax _____	10%
Insurance Premium Tax _____	6%
Online Purchase Tax (Note 21) _____	7%
Property Tax _____	Note 22
Environmental Tyre Tax (Note 23) _____	\$20/tyre

STAMP DUTY

Conveyance/transfer of stock/funded debt/shares listed on a self-regulatory organization:

Shares sold or transferred in accordance with the rules of a self-regulatory organization _____ Nil

Shares not sold or transferred in accordance with the rules of a self-regulatory organization _____ 5% of the market value of the transaction

Conveyance/transfer of stock/funded debt/shares not listed on a self-regulatory organization:

\$0.00 – \$25.00	\$0.10
\$25.01 – \$50.00	\$0.25
\$50.01 – \$125.00	\$0.75
\$125.01 – \$250.00	\$1.00
\$250.01 – \$500.00	\$2.50
For every additional \$500.00 or part thereof	\$2.50

Conveyance or transfer on sale of commercial property:

\$0.00 – \$50.00	\$1.00
\$50.01 – \$100.00	\$2.00
\$100.01 – \$250.00	\$5.00
For every additional \$250.00 or part thereof up to \$1,500.00	\$5.00
\$1,500.01 – \$300,000.00	2%
\$300,000.01 – \$400,000.00	5%
\$400,000.01 – Over	7%

Conveyance or transfer on sale of residential property (with dwelling house):

\$850,000.00 – \$1,250,000.00	3%
\$1,250,000.01 – \$1,750,000.00	5%
\$1,750,000.01 – Over	7.5%

Conveyance or transfer on sale of residential property (with dwelling house) to first-time home owner:

\$0.00 – \$2,000,000.00	0%
\$2,000,000.01 – \$2,250,000.00	5%
\$2,250,000.01 – Over	7.5%

Conveyance or transfer on sale of residential property (no dwelling house):

\$450,000.00 – \$650,000.00	2%
\$650,000.01 – \$850,000.00	5%
\$850,000.01 – Over	7%

Proposed tax rates for income year 2022

NATIONAL INSURANCE TABLE OF CONTRIBUTION PAYMENTS (EFFECTIVE 5 SEPTEMBER 2016)

Earnings Class	Weekly Earnings (\$)	Monthly Earnings (\$)	Assumed Average Weekly Earnings (\$)	Employee's Contribution (\$)	Employer's Contribution (\$)	Total Weekly (\$)	Class Z Weekly (\$)
I	200.00 - 339.99	867.00 - 1,472.99	270.00	11.90	23.80	35.70	1.79
II	340.00 - 449.99	1,473.00 - 1,949.99	395.00	17.40	34.80	52.20	2.61
III	450.00 - 609.99	1,950.00 - 2,642.99	530.00	23.30	46.60	69.90	3.50
IV	610.00 - 759.99	2,643.00 - 3,292.99	685.00	30.10	60.20	90.30	4.52
V	760.00 - 929.99	3,293.00 - 4,029.99	845.00	37.20	74.40	111.60	5.58
VI	930.00 - 1,119.99	4,030.00 - 4,852.99	1,025.00	45.10	90.20	135.30	6.77
VII	1,120.00 - 1,299.99	4,853.00 - 5,632.99	1,210.00	53.20	106.40	159.60	7.98
VIII	1,300.00 - 1,489.99	5,633.00 - 6,456.99	1,395.00	61.40	122.80	184.20	9.21
IX	1,490.00 - 1,709.99	6,457.00 - 7,409.99	1,600.00	70.40	140.80	211.20	10.56
X	1,710.00 - 1,909.99	7,410.00 - 8,276.99	1,810.00	79.60	159.20	238.80	11.94
XI	1,910.00 - 2,139.99	8,277.00 - 9,272.99	2,025.00	89.10	178.20	267.30	13.37
XII	2,140.00 - 2,379.99	9,273.00 - 10,312.99	2,260.00	99.40	198.20	298.20	14.91
XIII	2,380.00 - 2,629.99	10,313.00 - 11,396.99	2,505.00	110.20	220.40	330.60	16.53
XIV	2,630.00 - 2,919.99	11,397.00 - 12,652.99	2,775.00	122.10	244.20	366.30	18.32
XV	2,920.00 - 3,137.99	12,653.00 - 13,599.99	3,029.00	133.30	266.60	399.90	20.00
XVI	3,138.00 and over	13,600.00 and over	3,138.00	138.10	276.20	414.30	20.72

Proposed tax rates for income year 2022

NOTES

- Note 1: Allowance does not apply to local and regional public tertiary institutions.
- Note 2: Applies to residences constructed or purchased on or after 1 January 2011. Allowance may be claimed for each of the first five years commencing from the date of acquisition.
- Note 3: Total income is the aggregate income after any deductions are made for expenses, allowances or loss relief.
- Note 4: Credit applies to bonds with a maturity period of five, seven or ten years with a face value not exceeding \$5,000. Any unclaimed tax credit may be claimed in the succeeding years of income.
- Note 5: Gains or profits derived from the sale are exempt from tax until the year ending 31 December 2025. The residential house site must be a part of a land development project.
- Note 6: Exemption from tax until the year ending 31 December 2025 in respect of:
a. Premiums and rents derived from letting
b. Gains or profits from initial sale
of newly constructed commercial buildings and multi-storey carparks, construction of which commenced on or after 1 October 2012.
- Note 7: Applies to income or dividends distributed to resident individuals and companies that are unit holders of the CLICO Investment Fund.
- Note 8: Exemption from income tax until the year ending 31 December 2025 in respect of the income derived from the letting or initial sale of a newly constructed multi-family dwelling of which construction commenced on or after 1 July 2016.
- Note 9: Reduced by 5% in certain circumstances effective 1 January 2022.
- Note 10: Applies to companies involved in the liquefaction of natural gas, manufacture of petrochemicals, physical separation of liquids from a natural gas stream, natural gas processing from a natural gas stream, transmission and distribution of natural gas, wholesale marketing and distribution of petroleum products as defined and any other activity so prescribed. Does not include companies operating a liquid petroleum gas filling plant or conducting a refilling operation, or companies involved in the sale and distribution of leaded and unleaded gasoline, diesel and kerosene lubricants and other car care products or operating service stations.
- Note 11: The rate of Business Levy increased from 0.2% to 0.6%, effective income year 2016.
- Note 12: The rate of Green Fund Levy increased from 0.1% to 0.3%, effective 21 January 2016.
- Note 13: The aggregate allowance for these items is capped at \$12m.
- Note 14: 20% in the case of petrochemical and other companies enjoying benefits under the Fiscal Incentives Act.
- Note 15: Applies to the amount of the excess over \$500,000 expended to construct or set up the child care facility.
- Note 16: For Natural Gas Compressors (Transmissions) the Wear and Tear Allowance rate has been increased from 25% to 33.3%.
- Note 16(a): It is uncertain as to the specific plant and equipment that would be included for this revised rate.
- Note 17: A reduction of the rate to 3% in the case of distributions paid to a parent company and 8% in all other cases.
- Note 18: The value of crude oil for the purposes of payment of royalties shall be the net volume of crude oil won and saved at the fair market value from the licensed area or contract area.
- Note 19: Applies to mature marine oil fields or small marine oil fields as certified by the MOEEL.
- Note 20: Applies to approved development activity in mature marine oil fields and mature land oil fields or the acquisition of machinery and plant for use in approved enhanced oil recovery projects. The MOEEL must certify all development activities carried out in mature marine and land oil fields and enhanced oil recovery projects.
- Note 21: Online Purchase Tax (OPT) shall be charged at the rate of 7% of the value of a good which is:
▸ Purchased by means of an electronic transaction;
▸ Imported into Trinidad & Tobago by air transportation;
▸ Consigned to a consumer; and
▸ Entered from a transit.
The OPT shall be payable by the importer.
- Note 22: The Property Tax Act, 2009, was assented to by the President on 31 December 2009 and was expected to come into operation on 1 January 2010. Taxpayers have, however, benefited from a moratorium on the payment of the tax since inception. Pursuant to the provisions of the Property Tax (Amendment) Act, 2018, the moratorium has been extended to 30 September 2017 or such later date as the Ministry of Finance may prescribe. The Minister established that it is the intention for the Government to commence the collection of Property Tax during the 2021 Fiscal Year, first starting with residential properties and then proceeding to commercial, industrial and agricultural properties, in that order.
- Note 23: Tyres falling under the Customs tariff numbers 4012.20.10, 4012.20.90 and 4012.20.00 shall be taxed on import. The tax shall be payable to the Comptroller of Customs and Excise.
- Note 24: A company may only qualify for a promotional expense uplift where the goods or agricultural produce has, as a result of such expenditure, been exported to a foreign market other than a country specified in the Sixth Schedule or for the first time to a country specified in the Sixth Schedule.
- Note 25: Luxury Items to be included as Standard Rated. List to be published in due course.
- Note 26: The aggregate claim for these proposed measures would be capped at \$3m.
- Note 27: Capped at a maximum of \$1m.

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- ▶ Corporate and/or partnership law advisory services
- ▶ Business immigration related services
- ▶ Corporate services

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- ▶ Corporate finance strategy
- ▶ Transaction diligence services

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- ▶ Indirect tax services
- ▶ International tax services
- ▶ Transaction tax services
- ▶ Accounting compliance reporting
- ▶ Corporate secretarial services

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7 Tax services

Business tax services

- ▶ Business tax compliance and advisory
- ▶ Tax planning
- ▶ Tax controversy/disputes
- ▶ Tax accounting

Accounting compliance reporting

- ▶ Bookkeeping
- ▶ Financial Statement Close Process support
- ▶ Statutory reporting (including compilation)
- ▶ Payroll
- ▶ Financial advisory support

Indirect tax services

- ▶ VAT compliance and advisory
- ▶ Property tax
- ▶ Insurance premium tax
- ▶ Hotel accommodation tax
- ▶ Stamp duty
- ▶ Financial services tax
- ▶ Credits and incentives

People advisory services

- ▶ Expatriate tax compliance and advisory
- ▶ Global employment tax services
- ▶ Global business immigration services
- ▶ Work permits
- ▶ Personal tax services

International tax services

- ▶ Cross-border corporate income tax advisory
- ▶ Double tax treaty analysis
- ▶ Tax-effective supply chain management
- ▶ Withholding tax

Transaction tax services

- ▶ Evaluation of significant tax exposures
- ▶ International tax
- ▶ Tax structuring
- ▶ Identification of post-transactional tax reduction options

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