



# Trinidad and Tobago's 2025 Budget Commentary

**“Steadfast and resolute, forging pathways to prosperity”**

September 30, 2024

<https://kpmg.com.tt>

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*With Passion and Purpose, we work shoulder to shoulder with you, integrating innovative approaches and deep expertise to deliver real results.*

**This is our Promise**

# Managing Partner's message

## Post-pandemic recovery: sustainable growth

All amounts are in TT\$ unless otherwise stated.

We are pleased to present our annual post-budget commentary on Trinidad and Tobago's (T&T) 2025 National Budget Statement, which was presented by the Honourable Minister of Finance, Colm Imbert on September 30, 2024. The Minister's 2025 Budget speech centered on the theme of "Steadfast and Resolute: Forging Pathways to Prosperity".

The budget anticipates revenues of \$54.224 billion for Fiscal Year 2025, a slight increase from \$54.012 billion in 2024. This projection reflects the resilience of the Trinidad and Tobago economy and its capacity for sustained growth amid global energy market fluctuations.

While the energy sector contracted by 5.6% in 2023, it is expected to recover with a projected growth of 2.6% in 2024. However, concerns linger regarding vulnerabilities, particularly a forecasted 15% decline in oil revenue for 2025. Conversely, the non-energy sector has shown stability, achieving growth rates of 2.5% in 2023 and 2.2% in 2024. Notwithstanding this, a decline in non-oil revenue indicates the need for strategic measures, prompting the Minister to propose asset divestments aimed at generating revenue and encouraging private sector involvement.

Consequently, given the volatility and decline in oil revenues, tourism represents a crucial opportunity to bolster the non-energy sector. Recognizing the importance of tourism in diversifying our economy, the government has prioritized initiatives to boost this sector. Anticipated initiatives are expected to yield significant economic benefits and create employment opportunities, contributing to a more resilient and diversified economy. The devil will obviously be in the details as we are underperforming as a tourist destination while our Caribbean neighbours are prospering.

While tourism remains a vital sector for enhancing the economy, agriculture is equally essential for ensuring the future success and stability of our economic growth. The Food Import Bill of \$7.2 billion in 2023 highlights vulnerabilities in our food security. The Minister's proposal to make agriculture a tax-free industry by early 2025 aims to stimulate local production and reduce reliance on imports. If successfully implemented, we expect to see renewed buoyancy in this sector and a reduction in the outflow of foreign currency from the island.

Furthermore, as part of ongoing efforts to enhance the economy, the complete enactment of the Special Economic Zones Act in July 2024 is set to attract investments, further stimulate economic growth, and strengthen our competitiveness in the global market.

In response to the Privy Council ruling on the Trinidad and Tobago Revenue Authority (TTRA), a Tax Amnesty will be introduced before full TTRA implementation, offering individuals and businesses a final chance to settle outstanding taxes. This initiative also includes a National Insurance Board (NIB) Amnesty and is effective from October 01, 2024 to December 31, 2024.

While some of these measures focus on revenue collection, the government is also working to comply with European Union regulations regarding non-cooperative tax jurisdictions. Trinidad and Tobago must enhance tax transparency and governance, as these are vital for maintaining international market access and ensuring economic stability. The government's commitment to aligning with international standards is essential for protecting the country's economic interests and promoting a favorable business environment.

# Managing Partner's message (cont'd)

## Navigating challenges, fostering diversification, and building resilience

Meanwhile, the collection of property taxes, totaling \$91 million for residential properties, underscores a positive compliance trend, with funds earmarked for local government infrastructure and community development.

To further enhance the country's compliance with international standards on anti-money laundering (AML) and counter-terrorist financing (CFT) is the advancing of a robust regulatory framework, with the Gambling (Gaming and Betting) Control Act expected to be fully proclaimed by January 2025. This will require all gaming establishments to register and pay licensing fees by mid-2025.

With respect to financial modernization, the government is pushing toward a cashless society, leveraging advancements seen in various developed nations. New legislation and policies are set to potentially improve financial efficiency and security for businesses and consumers alike.

In a bid to support the most vulnerable, the Minister proposed increasing the Minimum Wage for Public Sector employees from \$20.50 to \$22.50 per hour, representing a 9.8% increase. While this move aims to enhance income, it is coupled with considerations regarding potential inflationary impacts. Additionally, the government proposed a 5% wage increase for public sector workers for the period 2020-2022, applicable to those who accepted the 4% increase for the 2014-2019 period.

The 2025 National Budget lays out a comprehensive framework for addressing the challenges and opportunities facing Trinidad and Tobago. The focus on diversifying revenue streams, bolstering sectors like tourism and agriculture, and enhancing governance and compliance are critical steps towards achieving sustainable economic growth.

We hope to see the implementation of much of the initiatives outlined in the budget to achieve the necessary growth and transformation of the Trinidad and Tobago economy.

Our post-budget bulletin serves to provide some insights and analyses on the fiscal measures announced in the Honourable Minister's 2025 Budget Speech and it is hoped that our comments act as a catalyst for discussions on how this budget affects you. We look forward to your feedback on our publication.



### Dushyant Sookram

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# Budget 2025 snapshot

All amounts are in TT\$ unless otherwise stated

 **\$54.224 B**  
Total revenue

 **\$59.741 B**  
Total expenditure

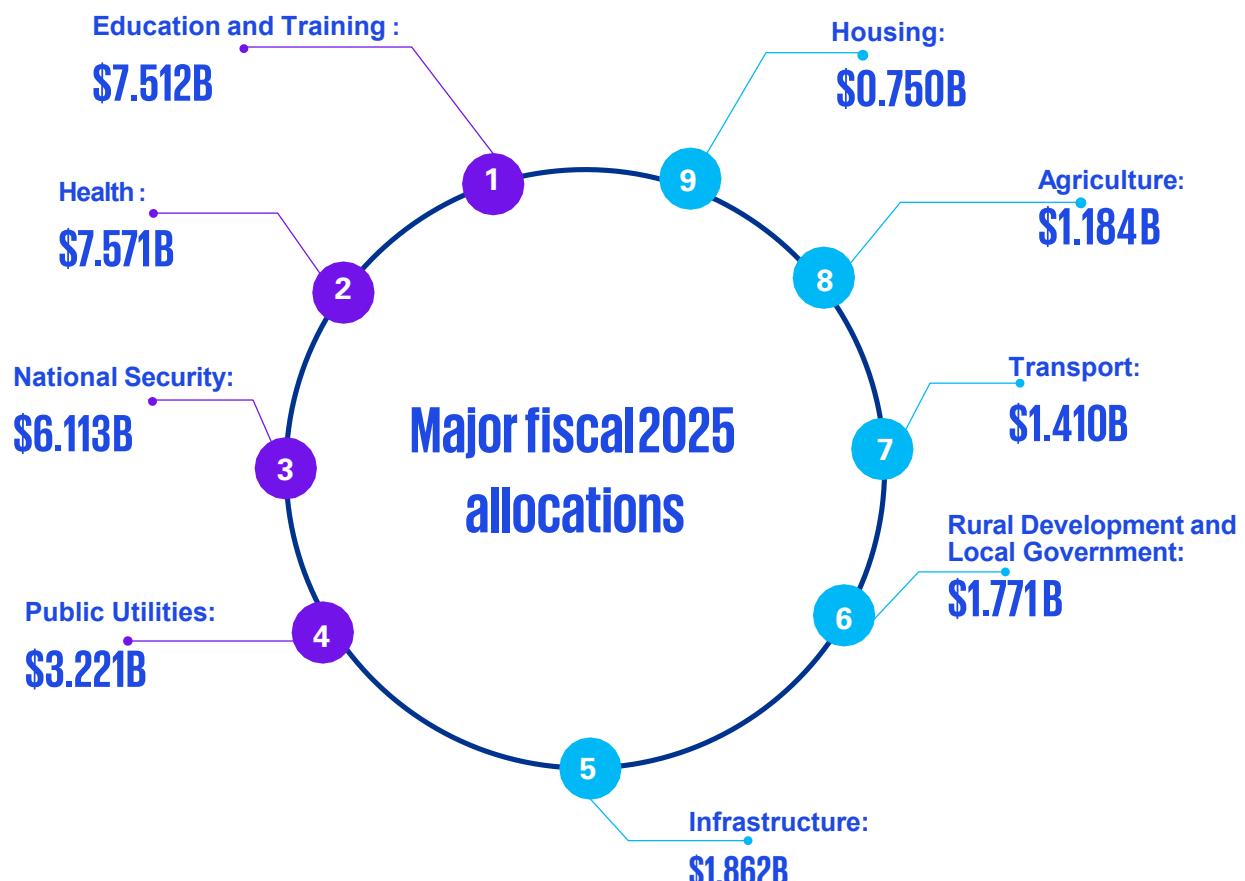
 **\$14.174 B**  
Oil revenue

 **2.91%**  
Fiscal Debt to GDP

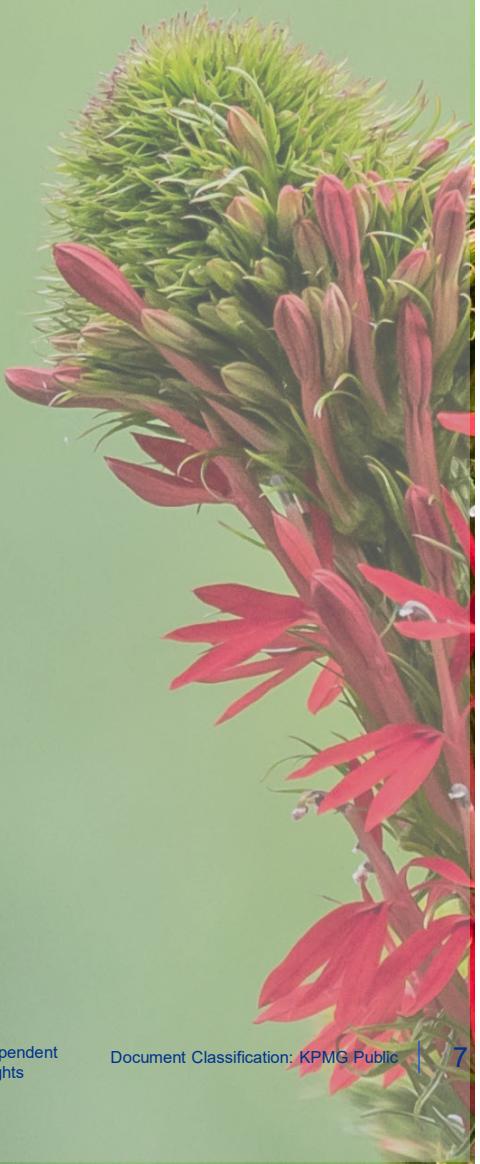
 **\$35.039 B**  
Non-oil revenue

 **\$5.517 B**  
Fiscal deficit

## Key allocations of projected expenditure:



# Economic overview



# Economic overview

The theme "Steadfast and Resolute: Forging Pathways to Prosperity" reflects the Government of Trinidad and Tobago's commitment to building a resilient economy in the face of global uncertainties. By fostering a diversified and resilient economy, T&T would be better able to withstand external shocks and capitalize on emerging opportunities in the global marketplace.

The current global economic landscape remains precarious, and is affected by geopolitical tensions, supply chain disruptions and an economic slowdown in China. Another concern is the elevated level of global inflation, as central bankers and policymakers around the world grapple with the complex task of stabilizing prices without stifling economic growth. Projected figures suggest a gradual easing of cost-driven pressures, with global inflation expected to decrease from 7% in 2023 to 5% in 2024.

Despite these external pressures, Trinidad and Tobago has demonstrated remarkable resilience. Our inflation rate has dropped significantly, showcasing our capacity to manage internal economic challenges effectively. As domestic inflation has impressively fallen below 1%, ongoing global inflation continues to put upward pressure on imported goods, which may strain our foreign exchange reserves.

Recent data underscores a steady recovery, with GDP growth reflecting increased economic activity and confidence. For 2024, real GDP growth has improved to 1.9%, marking three consecutive years of positive growth, as our economy saw a growth of 1.3% in 2023, building on a 1.5% increase from 2022. This trend indicates a revival in economic activity, enhanced confidence, and a favourable outlook for our economic environment.

While the fiscal deficit is projected to widen from 1.7% to 3.5% due to lower energy revenues, our strong external buffers, including substantial reserves and the Heritage and Stabilization Fund, provide a safety net as we implement strategies for long-term stability.

According to the latest available quarterly labour force and employment data from the CSO, the unemployment rate increased to 5.4% in the first quarter of 2024 from 4.1% in the fourth quarter of 2023. The Minister advised that this is a normal pattern for the first quarter of every year, due to the changes in economic activity following heightened activity during the Christmas period.

Moving forward, T&T should continue to focus on leveraging our strengths, addressing challenges proactively, and ensuring that our economic policies lead to a prosperous future for Trinidad and Tobago. Together, we can forge pathways to resilience and opportunity in the global marketplace.



# Digital economy



# Digital economy

The 2025 Budget reflects the government's commitment to advancing the digital economy and modernizing the financial sector, also aiming to enhance citizens' digital proficiency.

## TTBizLink:

TTBizLink has emerged as a transformative entity in the digital landscape for trade and business. This innovative platform has greatly streamlined and simplified business operations, facilitating easier navigation of regulatory requirements concerning licenses, permits, certificates, and other essential approvals. The Minister has announced the introduction of 11 new e-services, adding to the existing suite of over 45 e-services currently available on the platform.

## Automated Fingerprint Identification System (AFIS):

The Immigration Division's initiative to implement an AFIS aimed at enhancing border management and national security. This upgrade will allow for real-time monitoring of travelers and improved threat response. Key features include secure data exchange protocols with Law Enforcement Agencies and a centralized database for authorized personnel, aiding in the identification of potential illegal entrants and suspicious activities. Overall, this investment seeks to bolster the Immigration Division's effectiveness and collaboration with law enforcement, contributing to a safer environment.

## Implementation of an Online Digital Embarkation/Disembarkation Card:

The Government has approved the implementation of a digital embarkation and disembarkation card that aligns with international best practices. In 2025, a legal team will assess requirements, establish specifications for the online E/D Card system, review similar implementations in other countries, and identify necessary legislative changes to ensure compliance with data protection and privacy regulations.

## ePassports:

Cabinet has authorized a switch from machine-readable passports to ePassports, enhancing security with embedded electronic chips that store personal and biometric data, making them harder to forge. This upgrade aligns T&T with global standards, enabling faster airport processing through automated border control gates and reducing wait times. ePassports, recognized internationally, are more durable and feature updatable security measures. With RFID technology for easier scanning, this transition will streamline travel and improve security.

## Financial Services:

In its ongoing efforts to innovate and modernize the financial sector, the government is advancing towards a cashless society. The Minister has noted that 85% of the population now has internet access and is utilizing mobile devices for transactions. This shift is fostering an environment that supports digital financial services, making it more convenient for individuals and businesses to conduct financial transactions.

## National Financial Inclusion Roadmap:

From the National Financial Inclusion Survey Report it was noted that a major part of the population and micro-SMEs lacks bank accounts or find financial information challenging to understand. In collaboration with the Ministry of Finance a roadmap is being developed to assist individuals with a plethora of financial services.

## Other measures:

- The Government aims to collaborate with an NGO to provide essential digital skills and knowledge to vulnerable groups
- An E-Book Platform operational by June 2025 which guarantees access to e-textbooks covering all subject areas taught in primary and secondary schools.
- Expansion of the Electronic Monitoring System (EMS) aims to accommodate more non-violent offenders, reduce reliance on remand facilities, lower costs for the State, and decrease reoffending rates through support programs, with plans to acquire an additional 150 rugged monitoring devices in 2025.
- Role out of Phase II of the Developers Hub (D'Hub) which provides training, support and opportunities for developers to build apps and solutions for Government service delivery.

## Conclusion:

In conclusion, the Minister's emphasis on the need for a robust and effective cybersecurity environment underscores its status as a top national priority. As we continue to move more services online, the risk of cyberattacks increases, making it essential to implement strong cybersecurity measures to safeguard the security and integrity of our data. This proactive approach is vital for protecting both individuals and the nation as a whole in an increasingly digital landscape.

# Proposed fiscal measures



# Proposed fiscal measures

All amounts are in TT\$ unless otherwise stated

Tax and NIS Amnesty	
<b>Proposal</b>	A tax amnesty has been introduced to provide taxpayers with a final opportunity to settle outstanding taxes before the Trinidad and Tobago Revenue Authority (TTRA) becomes fully operational. Understanding the challenges businesses face in recovering from COVID-19, the initiative also includes an amnesty for national insurance payments. Running from October 1st, 2024, to December 31st, 2024, this initiative aims to generate significant cash flows
<b>KPMG's view</b>	The tax amnesty is expected to motivate non-compliant taxpayers to address their tax and NIS obligations, considering the challenges faced by businesses recovering from COVID-19. We await further details from the Minister regarding the applicable years and tax types.
<b>Who are affected</b>	All taxpayers
<b>Timing</b>	Effective October 01, 2024 to December 31, 2024

VAT Bonds	
<b>Proposal</b>	The Minister proposed to issue interest-bearing VAT bonds during fiscal 2025, in the sum of \$3 billion, with a target issuance date of January 31, 2025. Additionally, small and medium, enterprises (SMEs) who are owed VAT refunds would be paid in cash by December 31, 2024.
<b>KPMG's view</b>	The issuance of \$3 billion in interest-bearing VAT bonds is expected to enhance liquidity for businesses, enabling them to sustain operations and invest in growth. We await further details from the Minister on how the issuance will be structured to avoid disruptions in the local foreign exchange market. Additionally, applicable SMEs will benefit from improved cash flows when refunds are issued.
<b>Who are affected</b>	VAT Registered Businesses
<b>Timing</b>	Effective fiscal 2025

# Proposed fiscal measures (cont'd)

Agriculture	
<b>Proposal</b>	The Minister proposed to solidify the government's commitment to making agriculture a tax-free industry by addressing existing ambiguities in tax laws that affect the interpretation of agricultural goods and equipment.
<b>KPMG's view</b>	This initiative is expected to yield significant benefits for Trinidad and Tobago's economy by providing increased clarity and certainty for agricultural businesses, facilitating easier compliance with tax regulations. This clear framework for tax concessions is poised to encourage investment in the agricultural sector, boost productivity, and enhance food security, ultimately contributing to the industry's growth. Additionally, by increasing local production and reducing reliance on imports, this initiative should help lower our food import bill and alleviate pressure on foreign exchange reserves.
<b>Who are affected</b>	Agricultural sector
<b>Timing</b>	Effective first quarter 2025

Agriculture Internship Programme	
<b>Proposal</b>	The establishment of an Agriculture Internship Programme aimed at providing valuable opportunities for 30 Associate Degree graduates from the Eastern Caribbean Institute of Agriculture and Forestry (ECIAF). This initiative is designed to create a mutually beneficial relationship between the Ministry of Agriculture and the interns, facilitating an exchange of innovative theories and practical experiences in the agricultural sector.
<b>KPMG's view</b>	The initiative is a significant step toward strengthening the agricultural sector and enhancing food security in our nation. It fosters a new generation of skilled professionals equipped to navigate the complexities of modern agribusiness and pave the way for Trinidad and Tobago to be well-positioned for a prosperous future in agribusiness. Ultimately, by cultivating local expertise and enhancing productivity, this programme can play a vital role in reducing our food import bill, contributing to a more self-sufficient and resilient food system for all citizens.
<b>Who are affected</b>	Select graduates of the ECIAF
<b>Timing</b>	Effective fiscal 2025

# Proposed fiscal measures (cont'd)

All amounts are in TT\$ unless otherwise stated

Public Sector Wage Negotiations	
<b>Proposal</b>	Back pay for public sector workers for the years 2020-2022 is proposed at 5% for unions that accepted the 4% increase during the 2014-2019 period.
<b>KPMG's view</b>	Offering a 5% rate for back pay negotiations better aligns with the cost of living. This initiative aims to adjust wages to reflect the current economic climate, alleviating the effects of inflation and supporting the purchasing power of affected employees during these challenging times.
<b>Who are affected</b>	Public Sector Workers
<b>Timing</b>	N/A

Minimum Wages of Government Workers	
<b>Proposal</b>	Increasing the salary of minimum wage workers employed in the public sector from \$20.50 an hour to \$22.50 an hour.
<b>KPMG's view</b>	This 9.8% increase in the minimum wage would enhance the standard of living for public sector employees, helping to counteract inflation rates affecting households.
<b>Who are affected</b>	Various minimum wage government workers employed in the public sector
<b>Timing</b>	Effective November 01, 2024

# Proposed fiscal measures (cont'd)



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## National Digital Literacy Project

<b>Proposal</b>	Recognising the critical importance of digital literacy in today's fast-paced digital landscape. To address the existing disparities in ICT development in rural and underserved communities, the Government plans to partner with an appropriate NGO to launch a National Digital Literacy Programme.
<b>KPMG's view</b>	This initiative aims to provide essential digital skills to vulnerable groups, fostering inclusivity and enhancing digital literacy. This effort not only promotes personal and professional growth but also strengthens community resilience, as equipped individuals can engage more effectively in the economy and society. Such proactive measures are vital for ensuring that everyone has the opportunity to thrive in a digital age, ultimately contributing to improved well-being and quality of life.
<b>Who are affected</b>	Individuals from rural and underserved communities
<b>Timing</b>	Effective fiscal 2025

## Digital Literacy Certification for Students

<b>Proposal</b>	The Minister proposed the implementation of a comprehensive Digital Literacy Certification Programme to complement the Rotaract initiative within the Ministry of Education. This programme aims to enhance human capital development, foster global competitiveness in emerging digital sectors, and promote equitable digital inclusion across diverse socioeconomic groups..
<b>KPMG's view</b>	The launch of the Digital Literacy Certification Programme reflects the government's strong commitment to education and future workforce development. By equipping individuals with essential digital skills, this initiative will not only enhance their personal and professional prospects but also strengthen our communities and economy as a whole. As students become more proficient in digital technologies, they will be better prepared to engage in the workforce and contribute to the growth of emerging digital sectors, ultimately propelling T&T's human capital development.
<b>Who are affected</b>	All Students
<b>Timing</b>	Effective fiscal 2025

# Proposed fiscal measures (cont'd)

Solar Powered sustainability Project in Secondary Schools	
<b>Proposal</b>	Implementation of a transformative Solar Powered Sustainability Project in 26 secondary schools, aimed at reducing reliance on traditional electricity sources and encouraging the use of abundant, sustainable energy.
<b>KPMG's view</b>	This initiative to implement the Solar Powered Sustainability Project in secondary schools is a pivotal step towards fostering environmental responsibility and sustainability. By transitioning to renewable energy sources, this project will significantly reduce the carbon footprint of these schools and promote a culture of eco-consciousness among students. Further, it diminishes the carbon footprint of these institutions and equips future generations with the tools to adopt sustainable practices.
<b>Who are affected</b>	Selected Secondary Schools
<b>Timing</b>	Effective fiscal 2025

Online Numeracy Programme for Adults	
<b>Proposal</b>	Expand the Adult Literacy Programme (ALP) to include CEPEP and URP workers as well as individuals from correctional institutes and in various youth programmes. Additionally, the Ministry of Education will implement an Online Numeracy Programme. This program will offer classes through the School Learning Management System aimed at enhancing the numeracy skills of the ALP participants.
<b>KPMG's view</b>	We commend the Honourable Minister for this forward-thinking initiative which expands the Adult Literacy Programme and introduces the Online Numeracy Programme. This measure targets the needs of vulnerable adults and provides them with essential skills that can significantly enhance their employability and overall well-being.
<b>Who are affected</b>	Adults with limited education and numeracy skills
<b>Timing</b>	Effective fiscal 2025

# Proposed fiscal measures (cont'd)

All amounts are in TT\$ unless otherwise stated

Book Grant	
<b>Proposal</b>	The Minister announced the intent to continue this \$1,000 book grant in 2025, applying the same means test used in 2024.
<b>KPMG's view</b>	The is should aid in alleviating financial burdens of lower income households and ensures that needy students have access to essential schoolbooks, enhancing their educational experience and promoting academic success. This initiative levels the playing field for disadvantaged students, potentially improving performance and graduation rates while demonstrating the government's commitment to education.
<b>Who are affected</b>	Underprivileged students
<b>Timing</b>	Effective September 2025

CSEC Remedial Mathematics Programme	
<b>Proposal</b>	The Minister proposed to launch an After School CSEC Mathematics Tuition Project across 26 Secondary Schools.
<b>KPMG's view</b>	This measure would assist in addressing the decline in CSEC Mathematics performance. Further, it should enhance students' critical mathematical skills, which lays the foundation for developing analytical and problem-solving skills and by extension better prepares them for future workforce demands.
<b>Who are affected</b>	Select secondary school Mathematics students
<b>Timing</b>	Effective fiscal 2025

# Proposed fiscal measures (cont'd)

All amounts are in TT\$ unless otherwise stated

Housing and Village Improvement Programme	
<b>Proposal</b>	The Minister's proposed to increase the funding for the Housing and Village Improvement Programme (HVIP) from \$150,000 to \$200,000, per starter house on flat land and further adjustments for houses built on difficult terrain.
<b>KPMG's view</b>	<p>The Minister's proposed enhancements to the Housing and Village Improvement Programme (HVIP) aim to improve living conditions and enhance the well-being of citizens in need, fostering greater community stability and productivity. These improvements are anticipated to reduce social issues, resulting in lower healthcare and welfare costs, which would alleviate budgetary pressures and potentially decrease the deficit.</p> <p>Furthermore, higher home ownership rates could increase property tax revenues and stimulate local economies through related expenditures, ultimately fostering sustainable economic growth and community resilience. However, potential cost overruns could exacerbate the budget deficit and lead to delays or complications in the construction process.</p>
<b>Who are affected</b>	Low-income households
<b>Timing</b>	Effective fiscal 2025

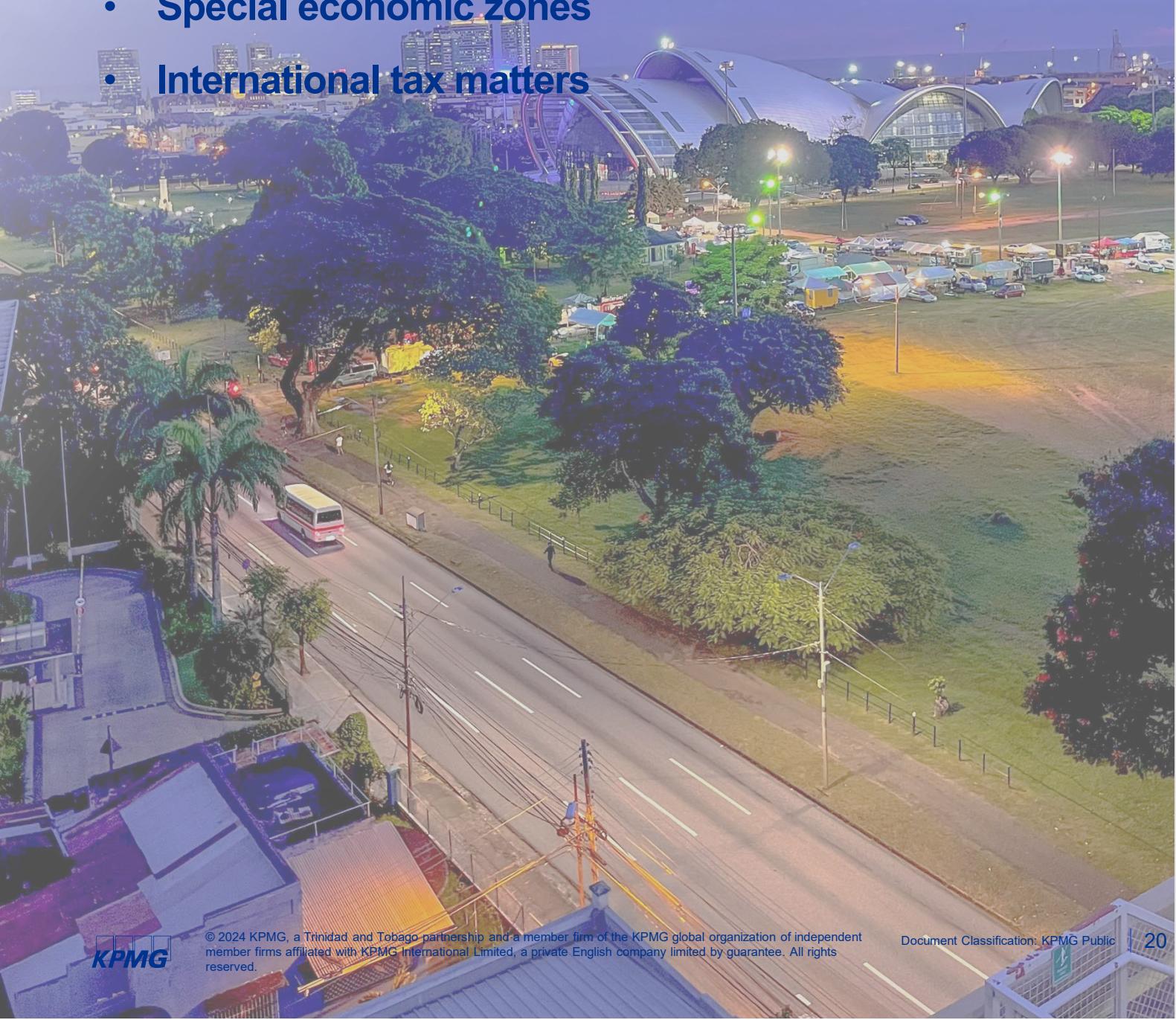
Sporting Equipment	
<b>Proposal</b>	To promote healthier lifestyles, the Government plans to exempt all sporting equipment from taxes and duties, with the exception of clothing.
<b>KPMG's view</b>	<p>The Government's initiative to exempt sporting equipment from taxes and duties can significantly benefit the public health system. By encouraging more individuals to engage in physical activities, this initiative has the potential to foster healthier lifestyles, ultimately leading to a reduced burden on free medical care and medication costs for the government. A healthier population translates to lower healthcare expenses, as preventive measures can decrease the incidence of lifestyle-related diseases.</p>
<b>Who are affected</b>	All Citizens
<b>Timing</b>	Effective January 01, 2025

# Proposed fiscal measures (cont'd)

Electric Vehicle Charging Equipment	
<b>Proposal</b>	The Minister's proposed to eliminate all taxes on electric vehicles charging equipment is a significant move towards promoting sustainable transportation in Trinidad and Tobago.
<b>KPMG's view</b>	The Minister's initiative to eliminate taxes on electric vehicle (EV) charging equipment is a significant step toward sustainable transportation in Trinidad and Tobago. From KPMG's perspective, this move offers several benefits, including a reduction in the carbon footprint and lower operational costs for EV owners, making electric vehicles more economically viable. It also lessens reliance on fuel subsidies, which can help address future budget deficits. However, challenges remain, such as the initial costs of installing charging stations and the current market's readiness for widespread EV adoption.
<b>Who are affected</b>	Owners of electric vehicles
<b>Timing</b>	Effective January 01, 2025

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# Industry experts' comments

“ Have your say ,”

We asked three top industry leaders in Trinidad & Tobago to share their thoughts on the areas that were addressed in this year's budget. Hereunder are their comments:

## Supervisor, Financial Reporting & Tax – Oil & Gas Industry

“We welcome the Minister's proposal to issue VAT bonds, commencing in early 2025, to settle the significant VAT receivables we carry with the VAT office. This temporary measure should alleviate the cash flow challenges that has plagued us and the many entities within our industries.

We are hopeful that the effective operationalization of the Trinidad and Tobago Revenue Authority (TTRA) will provide a permanent solution for the untimely settlement of VAT receivables.

The proposed amnesty which we expect to cover periods up to Year of Income 2023 is also welcomed and would be beneficial in remediating issues such as erroneous tax and interest obligations levied by the Board that arose from limitations with their systems.”

## Finance Manager – Manufacturing Industry

“We welcome the Minister's announcement of VAT refunds/bonds to companies owed. Cash flow has been an issue for larger companies with heavy capital investments.

We await additional information on the tax amnesty, specifically which years and types of taxes it will cover.

We are encouraged by the Minister's plans to stimulate further exploration and investment in the upstream sector.

As for transfer pricing, this is long overdue, and we look forward to reviewing this legislation. We are eager to learn more about achieving 30% of our energy needs from renewable sources by 2030. We are excited to explore how we can contribute to this initiative and understand the incentives available to support our efforts.”

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# Industry experts' comments - Cont'd

“ Have your say ,”

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## Chief Financial Officer- Banking & Finance

The budget needs to be considered against the backdrop of challenging local economic fundamentals of declining energy sector revenues, increasing imports putting strain on foreign reserves as well as declining exports from other sectors, notably the Minister didn't give the budget deficit for the year just ended, with this budget adding to the deficit by 5.5Bn.

A critical way to address this deficit in the long term that we have not seen any significant inroads and more importantly impact in the past despite it being the talking narrative, are incentivizing, and facilitating though policies and infrastructure alternative sources of revenues and while some indication was given of initiatives in Tourism with plans for new hotels, marinas, allocation to agriculture and incentives to renewal energy companies the underlying threats to the business environment of the difficulties in doing business in Trinidad, lack of accountability and transparency in public offices and processes, poor and declining transport and other infrastructure and escalating and increasingly emboldened crime, has stymied and will continue adversely impacting Trinidad and Tobago's development.

The increase in the minimum wage for public sector employees will be a welcomed move and perhaps also drive some adjustment in private sector salaries among that bracket of employees. Crime and national security are the most critical issues for the population, and while the proposed allocation is noted, an assessment of how effective initiatives have been needs to be done, is the population getting value for the billions of dollars spent every year combatting crime? We can't do the same thing every year while the criminal elements including white collar and cyber criminals constantly change their modus operandi and expect to have success.

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# Property tax

In March 2024, the Honourable Minister of Finance announced in the House of Representatives that, as of February 2024, the government had begun issuing Notices of Assessment under the Property Tax Act to several residential property owners and occupiers.

The issuance of these notices has raised several public concerns, particularly regarding the valuation process for residential properties under the Property Tax Act. In response to these concerns, the government introduced the Property Tax (Amendment) Bill 2024 to address the issues raised by the public.

**The Property Tax (Amendment) Bill 2024 was assented on March 27, 2024, introducing several key changes:**

- Reduction in Residential Property Tax Rate:** The rate of residential property tax has been reduced from 3% to 2%.
- Extended Powers for the Minister:** The Minister of Finance has been given extended authority to modify time limits under the Property Tax Act, including deadlines for tax payments and the imposition of penalties, if necessary.
- Effective Date of the Act:** The commencement of the Property Tax Act is officially deemed to have taken effect on January 1, 2024.
- Extension of Notice of Assessment Deadline:** For the year 2024, the Board of Inland Revenue (BIR) has been granted an extension to issue Notices of Assessment, with a final deadline of June 30, 2024. Note that this deadline was further extended to October 31, 2024, via Legal Notice No. 175 of 2024.

## Extended Property Tax Deadline Date

Legal Notice No. 175 of 2024 also provides an extension to November 29, 2024 to all owners and occupiers of residential land in receipt of a Notice of Assessment from the Board of Inland Revenue to pay Property Tax without incurring any penalties.

## Penalty and Interest

Any payments remitted after November 29, 2024, will incur a penalty of 10% and interest at the rate of 15% per annum from November 30, 2024, subject to any further extensions granted by the Minister of Finance.

## Inability to Pay

Property owners or occupiers facing financial hardship may apply to the BIR for a deferral of their property tax. This application must demonstrate that factors, such as age, impaired health, or other special circumstances prevent the individual from improving their financial situation. If approved, a deferral is granted for two years, with the option to reapply if the financial hardship persists.

# Property tax - Cont'd

## Revenue Estimates

In the draft estimates of revenue for the 2024 financial year, it was projected that \$150M would be collected from property taxes. As of September 20, 2024, the Minister of Finance reported that \$91M had already been collected by the BIR.

## Refunds from Overpayments

Following the enactment of the Property Tax (Amendment) Bill 2024, taxpayers who made payments under the 3% rate will receive a new Notice of Assessment with the revised 2% rate and the difference will be refunded.

## Commercial and Industrial Properties

No recent announcements have been made by the Minister with respect to the collection of Property Tax on commercial and industrial properties.

# Special economic zones

The Special Economic Zones (SEZ) Act was recently expanded with the proclamation of Parts VI to XII, with effect from July 5, 2024, by the President of Trinidad and Tobago. Initially, only Parts 1 to V were enacted by the President on January 31, 2022.

The SEZ Act repeals the Free Zones Act and brings into effect the SEZ regulations and allows any public, private or public-private partnership to apply to the TT SEZ Authority for specific licenses. Entities operating under Section 15(2) of the Free Zones Act, have been granted a six-month transition period, to December 31, 2024, to determine if they are interested in becoming an Operator, SEZ Enterprise or Single Zone Enterprise under the new legislation.

The structure of the new SEZ regime consist of the following entities: -

- **SEZ Authority** provide the necessary supervision and regulation of SEZs and will be a critical part of the overarching governance of the new SEZ regime.
- **SEZ Operators** will be responsible for the management of an SEZ.
- **SEZ Enterprises** will be an enterprise approved by the SEZ Authority and located in a Special Economic Zone.
- **Single Zone Enterprises** will be a Zone under whose operation is restricted to one business entity.

According to the Ministry of Trade and Industry, SEZs will be designated as one of the following specific types of activities, to encourage activities that are critical to national development such as:

- **Free Port:** A duty-free area at a port of entry where imported goods may be unloaded for warehousing, repackaging or processing of imported goods for value-adding activities and logistics services and sales.
- **Free Trade Zone:** A duty-free area that accommodates specific activities targeted for international trade
- **Industrial Park:** A purpose-built industrial estate that leverages domestic and foreign fixed direct investment in value-added and export-oriented manufacturing industries
- **Specialized Zone:** A place designated for specialized activities such as manufacturing, maritime, aviation, fishing and fish processing, agriculture and agro-processing, information and communications technology, creative industries, financial services, medical tourism, renewable energy, logistics and distribution and business process outsourcing
- **Development Zone:** An area where activities are focused on the development of a specific geographic region with emphasis on factors such as employment, skills training, entrepreneurship and rural development and overall social and economic development of the area

# Special economic zones - Cont'd

The Minister advised that in early September 2024, the Government approved the following sites as Special Economic Zones in accordance with the SEZ Act:

## For Industrial Parks:

- Phoenix Park Industrial Estate
- Dow Village Industrial Estate
- Factory Road Industrial Park
- Debe Industrial Park
- Point Fortin Industrial Park
- Tobago Cove Eco-Industrial and Business Park
- Piarco AeroPark

## For Specialized Zones:

- Moruga Agro-processing and Light Industrial Park; and
- Chaguaramas.

Subject to meeting various eligibility criteria, some SEZ incentives include: -

- 15% Corporation Tax rate
- Exemptions and waivers on customs duties, VAT, and other taxes, contingent on meeting eligibility criteria.

The eligibility criteria, as set out in Schedule 4 of the SEZ Act, was revised as per the provisions of Legal Notice No. 116 of 2024.

The SEZ framework is anticipated to streamline regulatory processes, improve the business environment, and ultimately attract both local and international investments while promoting sustainable economic development. This comprehensive approach aligns with global best practices and aims to create a dynamic economic landscape in Trinidad and Tobago aims to foster investment, boost exports, and enhance economic diversification.

Further, as at September 2024, the Minister advised that the Phoenix Park Industrial Estate (the Park) has 9 Foreign Direct Investments and 16 Local Direct Investments representing a current distribution of 65% of the Park. Further, the total investment value of companies at the Park is approximately TT\$642 million.

# International tax matters

Transfer pricing plays a crucial role in tax strategy for multinational corporations, allowing them to manage their tax obligations by shifting profits to lower-tax jurisdictions. For Trinidad and Tobago, establishing a robust transfer pricing regime is vital for enhancing tax revenue and minimizing potential tax leakage from these enterprises.

Central to this effort is the internationally recognized Arm's Length Principle, which requires that transactions between related parties reflect the prices that would be agreed upon between unrelated parties. This principle helps ensure fair tax practices and that the country receives its rightful share of tax revenues.

The Minister advised that the expertise of the Inter-American Centre of Tax Administrations (CIAT) has been instrumental in developing this framework, leveraging their global experience in tax administration and transfer pricing.

Our recent legislative progress includes the passage of the Base Erosion and Profit-Shifting (BEPS) Inclusive Framework (Country-by-Country) Reporting Act, 2024. This act mandates that multinational enterprises disclose detailed reports about their global operations, thereby addressing strategies that exploit tax loopholes to minimize liabilities.

Trinidad and Tobago has proactively enhanced its tax transparency and regulatory framework, aligning with international best practices, including the guidance from the OECD and Global Forum. These efforts aim to address the European Union's criteria for removing jurisdictions from its list of non-cooperative tax jurisdictions.

To further comply with EU regulations and maintain international market access, T&T is committed to improving tax governance and transparency. This alignment with global standards is essential for safeguarding economic interests and fostering a favorable business environment. The Ministry of Finance is engaged in ongoing dialogues with international bodies to support these initiatives and ensure compliance with evolving international tax standards.

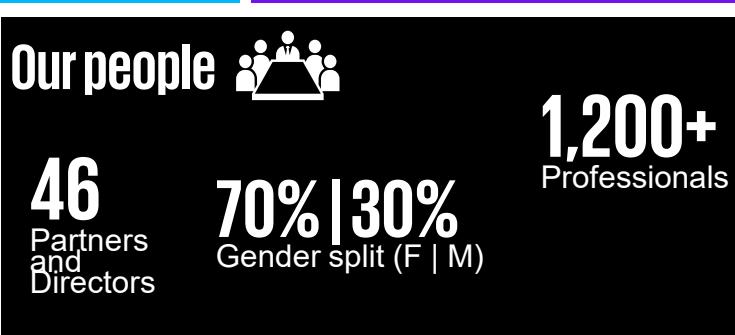
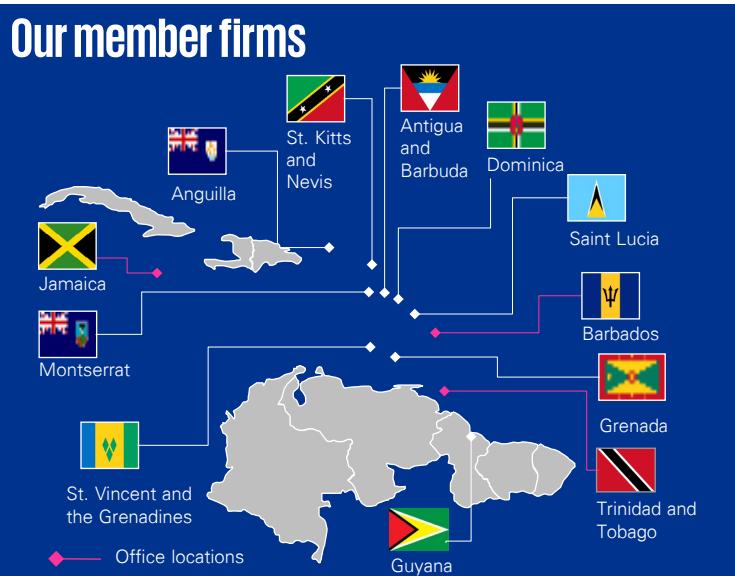
These efforts are essential for maintaining international market access and economic stability. The government's commitment to aligning itself with international standards, is crucial for safeguarding the country's economic interests and fostering a favourable business environment.

# KPMG in Caricom

KPMG in Trinidad and Tobago forms part of the international network of member firms that operate in 143 countries and territories, with more than 273,000 partners and employees. These professionals collaborate across industries, sectors, and national boundaries to deliver professional services for the benefit of their clients, KPMG people, and the capital markets.

Member firms are located in Jamaica, Trinidad and Tobago, and Barbados (also servicing St. Lucia, Antigua and Barbuda, Anguilla, Dominica, Grenada, Guyana, Montserrat, St. Kitts and Nevis, and St. Vincent and the Grenadines). Our practice has strong professional contacts with the KPMG member firms in the Bahamas, Bermuda, Cayman Islands, all of which have similar cultures and operating environments.

KPMG Caricom operates across the region with a specific understanding of the cultural, economic, and political facets of each individual economy. In-depth industry knowledge is available through the global KPMG network which provides access to skilled member firm professionals, across a wide range of industry sectors.



# KPMG in Caricom



## Audit

- Statutory audit
- Non-statutory audit
- Assurance

## Tax

- Tax advisory
- Personal and corporate tax
- International tax
- M&A tax
- Transfer pricing
- Tax due diligence

## Advisory

- Management consulting
- Risk consulting
- Deal advisory

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# Thank you



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