Focus on Trinidad & Tobago Budget 2026

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Caveat

Focus on Trinidad & Tobago Budget 2026 is based on the Budget Statement delivered by the Minister of Finance, the Honourable Davendranath Tancoo, in Parliament on 13 October 2025.

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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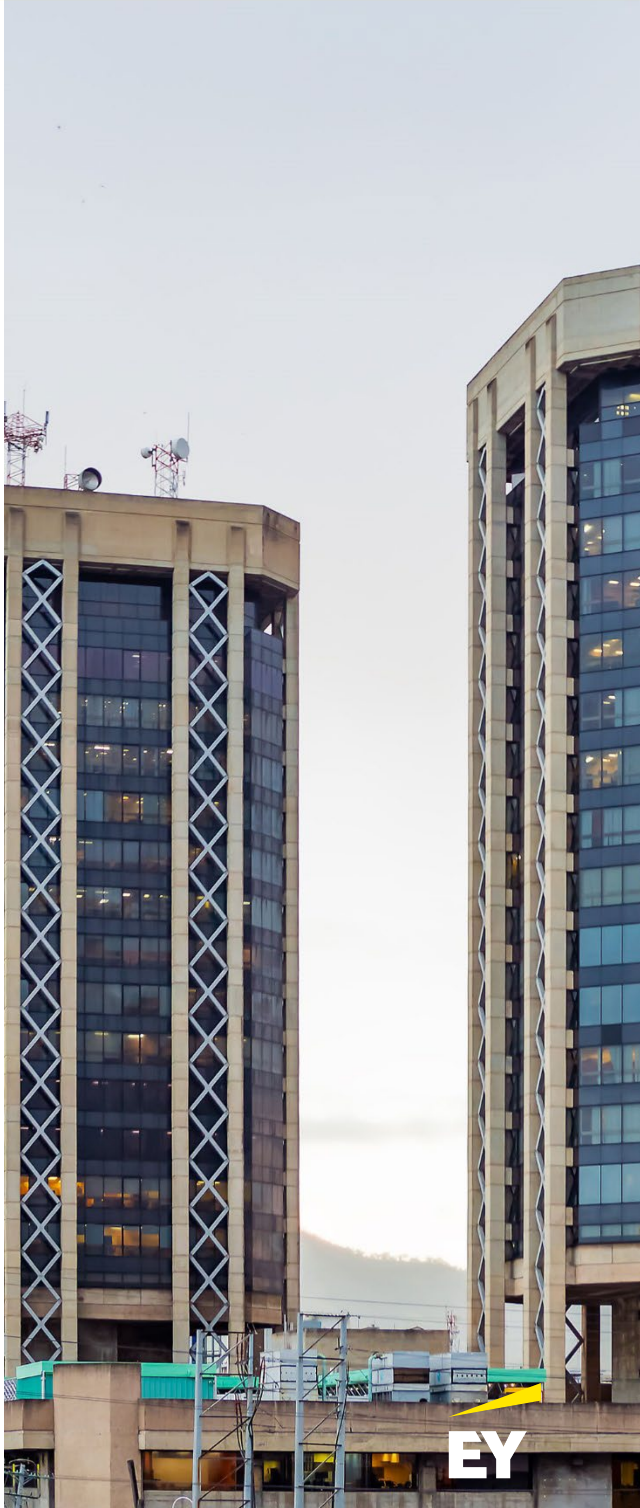

Executive summary

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T&T First: Building Economic Fairness through Accountable Fiscal Policies

It is increasingly difficult to ignore the fragility of our economic landscape, yet paradoxically simple to trace its unraveling through the steady erosion of key macro-economic indicators. The persistent decline in oil and gas production, once the bedrock of our prosperity, coupled with erratic commodity pricing, has cast a shadow over our fiscal outlook.

The Central Bank reported a 2.1% contraction in GDP for the first quarter, whilst the All-TT Index of publicly listed companies has shed 8% of its value year-to-date. Deficit spending, once a stop-gap solution, now seems woven into the fabric of our fiscal framework. Consequently, our debt-to-GDP ratio has surged to 84.6% and the cost of servicing this debt has climbed to 10.2% of national revenue, a burden that grows heavier with each passing quarter.

Perhaps most sobering is the depletion of our foreign exchange reserves, which have dwindled to USD $4.6 billion, or just 5.4 months of import cover as of August 2025, the lowest level witnessed in decades.

Against this stark backdrop, the Minister delivered his inaugural National Budget address, framed by strategic pillars aimed at producing tangible, sustainable benefits for the citizens of T&T. The gravity of the moment demands bold recalibration and, to the government’s credit, it has responded with decisive, forward-leaning policy choices in several critical sectors of the economy.

Though the National Budget encompasses a wide array of initiatives, given space constraints, only a few key areas can be highlighted, those where policy shifts are particularly noteworthy.

Executive summary continued

Safeguarding the National Insurance System

It has been apparent for several years that the NIS system was at risk of not being able to satisfy its obligations within the next decade. Decisive action was necessary but came with significant political risk. It is therefore both commendable and courageous for the newly installed government to take the bold step of increasing the contribution rate and extending the age of retirement over time.

Elimination of CEPEP and URP

Despite their original intent to alleviate poverty and stimulate community development, these programmes have long been criticised as "make-work" schemes with limited value-added outcomes and susceptibility to misuse.

In a bold departure from the status quo, the government has announced its intention to eliminate CEPEP and URP, citing their infiltration by criminal elements and inefficacy in delivering meaningful employment. The Minister declared the establishment of a $475 million Employment Fund, supplemented by $310 million from the Unemployment Fund, to support the creation of full-time, better-paid jobs.

Establishment of the Financial Oversight and Appropriations Committee (FOAC)

In recognition that the country's expenditure cadence is not sustainable, and that value for money paramount, it is encouraging to see the Prime Minister take ownership of the establishment of the FOAC to review, approve and monitor all major Budget Items, such as Ministerial expenditure, projects and investment decisions, across all Ministries.

International Tax Compliance

It is laudable that after long, arduous and costly delays, the country is nearing completion of the legislative and administrative initiatives necessary to be finally removed from the EU Code of Conduct Group's list of uncooperative tax jurisdictions. This removal should eliminate countervailing tax measures, alleviate reputational damage, reduce scrutiny and re-establish access to funding programmes and other benefits.

Sale of State Assets / Capital Markets Development

The establishment of state sponsored real estate investment trusts to professionally manage real property assets holds the potential to unlock capital revenues for the government, whilst strengthening and diversifying our capital market and broadening public participation in national wealth creation.

While few welcome the prospect of increased taxation, the realities of our fiscal position have made it a necessary course to narrow the deficit from $8.7 billion in fiscal year 2025 to the projected $3.865 billion in fiscal 2026. Recognising this, the government has opted for a measured and deliberate approach, seeking to balance revenue generation with economic stability and ensuring that the burden is placed on those most able to discharge the obligation.

Asset Levy

In introducing an asset levy on banks and insurance companies, T&T has joined a growing regional consensus on fiscal reform. This move mirrors similar levies implemented in Jamaica and Barbados, where financial institutions are required to contribute a modest percentage of their asset base to public revenue. Such measures reflect a pragmatic shift, recognising that those with the greatest capacity to contribute should play a more active role in supporting national development. It is a policy that balances fiscal necessity with regional precedent.

Executive summary continued

Increase In Duties On Alcohol And Tobacco

Among the adjustments announced, the increase in excise duties on alcohol and tobacco is a predictable policy lever in the current economic climate. These are discretionary goods with well-documented social and health costs and taxing them more heavily aligns with both fiscal prudence and public policy objectives.

Electricity Surcharge

The introduction of a $0.05 per kilowatt-hour surcharge on industrial and commercial electricity consumption may understandably raise concerns about increased operating costs. However, this measure must be viewed in context: T&T continues to enjoy some of the lowest electricity rates globally. In that light, the surcharge represents a modest adjustment, one that seeks to balance fiscal responsibility with the preservation of our competitive energy advantage.

Landlord Business Surcharge

The newly introduced income tax surcharge on commercial and residential rental income represents a more pragmatic and equitable approach to property taxation. Unlike the abandoned Property Tax regime, which relied on the contentious and often imprecise measure of annual rental value, this surcharge is levied on actual income earned. In doing so, it aligns taxation with economic reality, ensuring that the burden falls on those who derive tangible financial benefit from property ownership, rather than on notional estimates.

One notable area where the government has opted for continuity rather than reform is the fixed exchange rate regime. Despite mounting pressures from the persistent imbalance between foreign exchange demand and supply, the policy remains largely unchanged. Instead, the government has chosen to counter these pressures through increased transparency, targeted rationing of foreign exchange to productive sectors and essential goods and, based upon public pronouncement by the Central Bank Governor, the strategic use of monetary policy, such as increasing interest rates and tightening consumer credit to temper demand. These interventions may well serve as prudent interim measures. However, if structural imbalances persist, a gradual market-based adjustment may eventually become not only inevitable, but necessary.

In conclusion, T&T stands at a familiar crossroads faced by many resource-dependent economies: grappling with declining energy revenues, persistent fiscal and external imbalances and diminishing foreign exchange buffers. In response, the new administration has embraced the moment by resolving difficult but necessary policy choices aimed at restoring stability and charting a sustainable path forward. Success will depend on disciplined execution, transparent governance and a shared commitment to patience and perseverance.

With clarity of purpose and collective resolve, T&T can transform challenge into opportunity and lay the groundwork for a more resilient future.

Energy Sector update

T&T's energy sector is currently undergoing a critical period of transition, with stakeholders acknowledging the urgent need for strategic transformation. In this context, the 2026 Budget Statement outlines an optimistic outlook for the sector, predicated on prices of US$4.25 per MMBtu for natural gas and US$73.25 per barrel for crude oil.

Key energy sector highlights from the Minister's Budget Statement include:

- **Crude Oil Production:** Output showed signs of recovery, increasing from 52,357 barrels per day in April to 55,257 barrels per day by August 2025. This rebound was largely driven by bpTT, EOG Resources and Heritage Petroleum, with new production from the Mento Development Project. Additionally, Perenco's acquisition of bpTT and Woodside's shallow-water assets is expected to boost output from mature fields.
- **Natural Gas Production:** Gas production rose from 2.41 billion cubic feet per day in April to 2.73 billion cubic feet per day by May 2025. This increase was led by bpTT's Cypre Phase 1 and the Mento field, with Phase 2 of Cypre projected to further enhance supply.
- **Foreign Investment:** Investment in upstream activities is forecasted at US$2.2 billion for 2025 and US$2.5 billion for 2026.
- **Deepwater Exploration:** The Deepwater Bid Round, which offered 26 blocks, concluded with four bids. Additionally, a US$42.5 million Production Sharing Contract (PSC) was signed with ExxonMobil for the TTUD-1 Block.
- **Strategic Gas Fields:** The government obtained an OFAC license from the U.S. Treasury to advance development of the Dragon Gas Field with approximately 4.2 trillion cubic feet of natural gas. Additionally, the Manatee field, with reserves exceeding 2 trillion cubic feet, is expected to be a key driver of future growth.
- **Renewable Energy Initiatives:** The Brechin Castle solar plant began operations in July 2025 and is on track to become the largest in the English-speaking Caribbean. Wind energy development is also progressing, with identified potential of 2.75 GW onshore and 32 GW offshore. The government is also laying the groundwork for a Green Hydrogen Economy, targeting 25 GW of offshore wind capacity and production of 1.5 million tonnes of hydrogen by 2044, scaling up to 4 million tonnes by 2065. These efforts support the national goal of reducing emissions by 15% by 2030.
- **Regional Energy Cooperation:** Collaboration with Grenada, Suriname and Guyana is expanding in areas such as exploration, renewable energy and technical capacity building.

Energy Sector update continued

The government's strategy, focused on reviving crude oil and natural gas production, attracting foreign investment and re-engaging major industry players, such as ExxonMobil, demonstrates a pragmatic approach to economic stabilisation and energy revenue security. Concurrently, the emphasis on renewables signals a strategic shift towards sustainability and long-term energy resilience.

It is worth noting that attracting new investment under the PSC regime may not necessarily require changes to existing tax laws or incentives, as such arrangements typically indemnify contractors from taxes on income and profits. However, operators under the traditional Exploration & Production (E&P) regime, particularly those working onshore and in marine areas, stand to benefit from targeted fiscal reforms aimed at boosting production, especially from mature or marginal fields.

Moreover, energy companies remain among the most affected by the ongoing VAT refund backlog. As such, any proposed changes to the VAT framework should consider the potential impact on these companies, particularly regarding the recoverability of input VAT. Inability to reclaim VAT could lead to higher costs across importation, exploration and production activities, potentially adding inflationary pressure within the sector.

Another pressing issue is the protracted pace of tax dispute resolution, which continues to pose a challenge across industries but is especially consequential for the energy sector as unresolved tax matters can erode investor confidence and influence decisions around reinvestment.

Ultimately, the success of this energy transition will hinge on effective execution, regulatory clarity, modernisation of the fiscal regime and the ability to navigate evolving geopolitical and market risks. While the Minister's Budget Statement articulates a confident and forward-looking vision, the true measure of success will be the government's ability to translate that vision into tangible, sustained outcomes.

Budget arithmetic – Fiscal 25/26

Total revenue
$55.367b

Oil revenue
$11.254b

Non-oil revenue
$43.402b

Capital revenue
$0.711b

Oil price per barrel
US$73.25

Gas price per MMBtu
US$4.25

Fiscal deficit
$3.865b
2.17% of GDP

Total expenditure
$59.232b

Education and training allocation
$8.766b

Health allocation
$8.214b

National security allocation
$6.366b

Infrastructure and transport allocation
$3.783b

Public utilities allocation
$3.395b

Rural development / local government allocation
$1.807b

Agriculture allocation
$1.130b

Housing allocation
$0.662b

2 Macro-economic indicators

Economic growth contracted 2.1 % in the first quarter of 2025 as compared to 0.9% one year earlier.

Unemployment decreased to 4.9% as at March 2025 from 5.5% as at December 2024.

Headline inflation increased from its lowest historical value of 0.3% at November 2019 to peak at 8.7% as at December 2022. There has been a significant decline to 1.4% as at August 2025.

The adjusted general government debt ratio which had been rising since 2015, reaching 84.6% in June 2025, compared to 82% at June 2024.

The repo rate remains unchanged at 3.5% since the reduction from 5% in March 2020 in response to the COVID-19 pandemic.

As of August 2025, net official reserves were US$4.61 billion (or 5.4 months of import cover), compared to US$5.54 billion (or 7.8 months) as at August 2024.

The HSF NAV balance stood at US$6.3 billion as at August 2025.

Sources: Central Bank of T&T, Ministry of Finance, Central Statistical Office

Macro-economic indicators continued

Energy Sector

The Energy Commodity T&T Price Index, an indicator of average energy export prices, which has been declining over the years saw a further decrease from 105.7 in January 2025 to 99.4 in August 2025.

WTI crude oil prices decreased by 14.7% from US$75.14 in January 2025 to US$64.08 in August 2025. This also reflects a decrease of 15.2% from US$75.55 in August 2024. Henry Hub natural gas prices decreased by 29.3% from US$4.13 per mmbtu in January 2025 to US$2.91 per mmbtu in August 2025.

The daily average crude oil production was 51.8k bopd in the first quarter of 2025, compared to the 49.9k bopd recorded in the first quarter of 2024. At August 2025 crude oil production stood at 55.3k bopd.

Natural gas production averaged 2,486.3 mmcf/d in the first quarter of 2025, down from the 2,640.0 mmcf/d recorded in the same period of 2024, and lower than the 2,674.3 mmcf/d from the last quarter of 2024. At May 2025, natural gas production rebounded to approximately 2,730 mmcf/d.

Sources: Central Bank of T&T, Ministry of Finance, Central Statistical Office

Macro-economic indicators continued

	Q3-23	Q4 -23	Q1-24	Q2-24	Q3-24	Q4-24	Q1-25	Q2-25
REAL SECTOR								
Real GDP Growth (%)[1,*]	-1.5	-1.3	0.9	-2.0	2.0	3.4	-2.1	n.a.
Energy	-10.1	-7.4	-0.8	-5.6	2.1	6.4	-4.8	n.a.
Non-Energy	2.3	1.2	1.6	-0.5	2.0	2.3	-1.0	n.a.
Headline Inflation (% average)	4.2	1.0	0.6	0.7	0.4	0.4	0.8	1.5
Headline Inflation (% period end)	3.9	0.7	0.8	0.7	0.4	0.5	1.0	1.5
Unemployment Rate (%)	3.2	4.1	5.4	4.8	4.1	5.5	4.9	n.a.
Crude Oil Production ('000s b/d)	4,856.5	4,617.9	4.539.6	4,492.7	4,764.8	4,829.4	4,662.9	n.a.
Natural Gas Production (mmcf/d)	2,537.0	2,533.7	2,640.0	2,318.3	2,516.3	2,674.3	2,486.3	n.a.
LNG Production (millions of cubic metres)	4,257.3	4,255.2	4,441.1	3,622.7	3,898.6	4,800.2	4,248.0	4,630.4
EXTERNAL SECTOR[2]								
Exports (US$b)[3]	2.5	2.3	2.5	2.4	2.5	2.6	2.7	n.a.
Imports (US$b)[3]	1.8	1.7	2.0	1.8	1.8	2.0	1.6	n.a.
Current Account Balance	0.5	0.5	0.6	0.3	0.4	-0.1	0.5	n.a.
Gross Official Reserves (GOR) (US$b)	6,377.6	6,257.9	5,521.8	5,983.2	5,664.5	5,604.3	5,272.1	4,904.5
GOR in months of Imports of Goods and Services	8.0	7.8	7.7	8.4	8.0	8.0	6.1[r]	5.7
PUBLIC FINANCE								
Government Revenues (TT$b)	14.2	13.1	11.0	11.0	12.4	13.6	10.5	12.5
Energy	6.8	3.9	2.8	3.5	3.2	4.3	4.1	3.7
Non-Energy	7.3	8.7	7.8	7.3	9.2	9.3	6.4	8.7
Government Expenditures (TT$b)	17.4	12.0	13.2	14.1	17.2	13.0	14.5	13.7
Overall Fiscal Balance (-/+) (TT$b)	-3.3	1.1	-2.2	-3.1	-4.8	0.6	-4.0	-1.3
Adjusted General Government Debt (TT$b)	136.4	137.6	135.1	141.1	140.6	141.9	144.8	147.9
Adjusted General Government Debt/GDP (%)	78.2	80.2	78.5	82.0	81.7	81.2	82.8	84.6

1. The Bank compiles a Quarterly Index of Real Economic Activity (QIEA) to gauge short-term economic activity.
2. Energy goods data comprise estimates by the Central Bank of T&T.
3. Exports and imports are reported on a FOB (Free on Board) basis. Energy exports include exports of petroleum, petroleum products and related materials and the exports of petrochemicals.

Sources: Central Bank of T&T, Ministry of Finance, Central Statistical Office

Fiscal measures

Asset Levy

The Minister announced the imposition of an Asset Levy, at the rate of 0.25%, which is to be charged on assets held by the commercial banks and the insurance companies operating in T&T. The Minister indicated that the Asset Levy will not apply to financial institutions and insurance companies licensed to operate under the provisions of the T&T Special Economic Zones Act, 2022. This measure will become effective on 1 January 2026 and is expected to contribute $575 million in annual revenues.

We await the enactment of the relevant legislation for further details on the Asset Levy. As a matter of interest, we note that similar levies have been enacted in Barbados and Jamaica. In this regard, Barbados imposes a tax, at the rate of 0.35%, on the average domestic assets of banks operating in Barbados. In the case of Jamaica, a tax, at the rate of 0.25%, is applied to the assets of certain financial institutions.

In particular, the class of assets which would be subject to the levy would be of considerable importance. For instance, the question arises as to whether the tax would be applicable on all assets, i.e. both foreign and domestic, or would be limited to only local assets. We note that for the purposes of the Barbados tax on assets, the term "domestic assets" is defined as the assets of a bank held in the national currency. The manner in which the asset base is to be computed will also be critical. So, for instance, in Jamaica, the rules for determining the asset base provide for certain deductions such as prudential loan loss provisions.

The question also arises as to whether the Asset Levy will be deductible for Corporation Tax purposes. We note that in Jamaica the asset tax is not allowable as a tax deduction.

Left to be seen is the impact, if any, of the Asset Levy on the cost of credit and services from banks to businesses and other customers.

Safeguarding and Strengthening the National Insurance System

The Minister proposed a series of measures aimed at securing the long-term sustainability of the National Insurance System (NIS), which provides relief to workers, retirees, their families and dependents through pensions and benefits such as survivors, sickness, maternity and funeral grants. These reforms are designed to safeguard the NIS and protect the income security of more than 200,000 citizens who rely on it for social support.

The Minister noted that annual benefit expenditure now exceeds $6 billion, an increase of more than 65% over the past two decades. Since 2020, benefit payments have consistently outpaced contribution inflows, requiring the National Insurance Board of T&T (NIBTT) to liquidate investment assets to meet obligations. The 11th Actuarial Review projects that, without reform, the Fund could be depleted by 2033.

Fiscal measures continued

The current combined contribution rate of 13.2%, last adjusted in September 2016, has remained unchanged for almost a decade despite higher benefit payments and an ageing workforce.

Proposed Adjustments to Contribution Rates and Pension Age

To restore the financial position of the NIS fund, the Minister proposed a phased increase in the combined contribution rate as follows:

- 5 January 2026: increase from 13.2% to 16.2%.
- 4 January 2027: further increase to 19.2%.

The Minister also announced a gradual increase in the retirement age for a full NIS pension. Effective 1 January 2028, the retirement age will rise by one year every two years until it reaches 65 years in 2036. Individuals retiring before 1 January 2028, will continue to qualify for a full pension at age 60 and existing pensioners will not be affected. The minimum monthly pension of $3,000 remains unchanged.

Impact on Persons and Stakeholders

Employees will experience modest increases in NIS deductions but gain from a stronger and more reliable pension system over the long term.

Employers will face higher payroll contributions, particularly in labour-intensive sectors, but benefit from greater predictability and reduced risk of future unplanned rate increases.

Existing pensioners will not be affected. Their benefits, including the $3,000 minimum pension, will continue unchanged.

Survivors, dependents and recipients of grants such as maternity, sickness and funeral benefits will indirectly benefit from the strengthened financial position of the NIS, ensuring uninterrupted payments.

The phased contribution increases and gradual retirement-age adjustment balance short-term affordability with long-term sustainability. By spreading the measures across several years, the government enables households and employers to plan ahead while securing the continued viability of the NIS.

Removal of Tax on Private Pensions

Effective 1 January 2026, the government proposes to remove Income Tax from private pensions. Whilst the proposed measure specifically mentions private pensions, we assume that this will also extend to private annuities. We note as well that the Minister did not specifically address the treatment of public sector pensions.

The exemption of tax on these amounts will enable retirees to retain their pension income and potentially improve their quality of life in retirement. Further this may be more beneficial for higher-income earners who are more likely to have substantial private pension savings, and whose income may be in excess of the personal allowance of TT$90,000.

Introduction of Electricity Surcharge for Commercial and Industrial Customers

The Minister has proposed the implementation of an electricity surcharge, effective 1 January 2026, applicable to Commercial and Industrial customers. This surcharge will be levied as a fixed charge of TT$0.05 per kilowatt-hour (kWh) at the bill level.

The initiative is intended to promote energy conservation, reduce the government's subsidy burden and establish a predictable revenue stream. The Minister also indicated that essential public services, including schools, hospitals and street lighting, will be exempt from this surcharge.

Fiscal measures continued

While local electricity rates will continue to remain substantially lower than those of its trading partners, the proposed measure could lead to an increase in the cost of doing business, which may incentivise manufacturers to explore more cost-efficient power alternatives. However, self-generation of electricity requires multiple bureaucratic approvals. The government could look to models in places like Barbados, where private citizens and companies are permitted to generate their own electricity and sell excess power back to the grid, which encourages innovation, lowers costs and supports a more sustainable energy ecosystem.

Landlord Business Surcharge

In an effort to broaden the tax net, the government has proposed the introduction of a Landlord Business Surcharge to address tax evasion among unregistered landlords and enhance data collection for policy development.

Effective 1 January 2026, all landlords of commercial and residential properties will be required to register with the Board of Inland Revenue, paying a one-time registration fee of $2,500 and thereafter a surcharge of:

- 2.5% of the gross annual rental income of $20,000.
- 3.5% of the gross annual rental income exceeding $20,000.

This measure is expected to raise a minimum of $70 million from registration fees alone.

While the Minister noted that this initiative aims to promote fairness, broaden the tax base and improve transparency in the rental market, several operational aspects remain unclear: particularly how the Surcharge will be administered and whether it will be incremental to a landlord's income/corporate tax liability.

Without clarity on these issues, and given the high upfront registration fee, the measure risks discouraging voluntary compliance among small-scale landlords, thereby potentially impacting compliant individuals and companies whose income is derived from rental activities. Clear guidance and effective enforcement will be critical to its success, and it is hoped that the government's plan to modernise, strengthen and equip the Inland Revenue Division will help ensure that this proposed Surcharge does not only serve as an additional burden on compliant taxpayers.

Removal of Value Added Tax on Food Items

The Minister proposes the removal of Value Added Tax on basic food items effective 17 October 2025. Some of the items identified are table salt, mauby, coconut water, as well as locally produced pumpkin, watermelon, cucumber, lettuce and tomatoes, amongst others.

In November 2012, a similar measure was introduced whereby 7,000 food items were added to Schedule 2 (Zero-Rating Schedule) of the VAT Act. The change was part of a government initiative led by then Prime Minister Kamla Persad-Bissessar to ease the financial burden on consumers due to rising food prices.

The rise in food prices is a global phenomenon and has been a major challenge of the successive governments. By removing the VAT on these items, this measure is seeking to increase the affordability of food with favourable prices to the benefit to the consumer.

Historically, there have been reports of the failure by merchants to adjust prices thereby eroding the effect of such a measure which is aimed at benefiting the consumer. For this initiative to be successful it would require effective monitoring, enforcement and consumer awareness.

Fiscal measures continued

Agriculture Incentives

Noting that agriculture continues to account for less than 1% of T&T's GDP, the Minister expressed the intention to place the agricultural sector at the forefront of the diversification agenda and food security mission.

The following fiscal measures are proposed with the aim of spurring domestic agricultural activity in the context of CARICOM's "25 by 2025" initiative to achieve a 25% decrease in food imports by 2030 through agro-export promotion:

- Extend Paragraph 5 of Schedule 2 of the VAT Act, which currently applies a VAT rate of 0% on *"preparations for agricultural use including peat moss, fertilisers, insecticides, herbicides and fungicides"* to provide a comprehensive zero-rating of preparations and chemicals.
- Removal of VAT on all machinery and equipment for use in the agricultural sector.
- Removal of VAT from all components for use in hydroponic and greenhouse farming.
- Removal of Customs Duty from feed used for poultry, cattle and pigs.

It is the intention to introduce the above fiscal measures in conjunction with the following notable non-fiscal programs:

- **Priority Commodities Programme** over three years for 15 high-demand products, with an annual focus on three crops and one livestock category.
- **Farming Practice Improvements** such as climate-resilient farming and crop insurance, greenhouse incentives and water-harvesting systems.
- **Youth Agricultural Fund** to be used for the integration of agriculture into schools and youth entrepreneurship.
- **Investment of $793.7 million** in infrastructure, irrigation, fisheries, land development and agri-tech initiatives.
- **Caroni initiatives** comprising land leases to former Caroni workers and developing residential lots at Caroni and Orange Grove.

VAT Reform

The Value Added Tax Act was introduced to T&T to provide for the imposition and collection of a value added tax (VAT), to abolish certain taxes and other impositions and for related purposes.

The VAT system, while effective for revenue generation, presents significant challenges including, but not limited to, administrative complexity, refund delays, fraud and evasion. These issues can strain business cash flow, discourage investment and undermine compliance if not effectively addressed.

Accordingly, this government has signaled its intention to review the existing VAT regime and, if feasible, replace it with a simplified, more efficient sales tax applied at the final transaction point.

A sales tax is a consumption tax on the sale of goods and services and is usually charged as a percentage of the retail cost at the point of purchase.

Some features of a sales tax include:

- Imposed on retail sales at the time of the final sale to the consumer.
- Sales Tax is levied on total value.
- Input tax credit not available.
- Cascading possible, i.e. taxed inputs are used to produce taxed outputs.
- Generally imposed only on tangible goods and selected services.
- Rates generally do not exceed 10%.

Fiscal measures continued

The concept of the sales tax system is simpler, more straightforward, easier to administer and eliminates the persistent and complex problem of calculating and auditing refund claims, resulting in greater compliance and more efficient tax audits.

The government plans to initiate this review in the current fiscal year with the necessary technical guidance but the transition will require comprehensive legal amendments, administrative restructuring, IT reconfiguration and close consultation with stakeholders across the economy.

At the same time, the government will clear the backlog of VAT refunds and bring closure to outstanding arrears, while ensuring that any transition to sales tax is revenue-neutral and socially balanced, with appropriate protections for low-income households.

Reduction in Price of Super Gasoline

Effective immediately, the Minister has instructed that the price of Super Gasoline at the gas station pump be reduced by $1 per litre.

In the 2023 budget address on 26 September 2022, there was an increase in the price of premium and super gasoline, by $1 to $7.75 and $6.97 respectively. The price of diesel was raised by $0.50 to $4.41. As of 13 October 2025, the price of super gasoline will now be $5.97 per liter whereas the price of premium gasoline and diesel remains unchanged.

This measure is expected to save $50 on filling an average fuel tank capacity.

Subsidy on Liquefied Petroleum Gas (LPG)

Recognising the need to align subsidies with current market conditions, the Minister has proposed a change to the subsidy on LPG that balances fiscal responsibility with social protection. The subsidy on LPG has been in place since 1976, with the last retail price adjustment occurring in 1998.

Effective 1 January 2026, the subsidy on LPG cylinders weighing 100+ pounds will be reduced by $0.50 per pound and the subsidy for smaller cylinders, including the commonly used 20-pound cylinder, will remain unchanged. This targeted approach ensures that those least able to absorb a price increase continue to receive support, while larger-scale users begin to bear more of the market cost.

Increases in Duty on Alcohol and Tobacco

The last increase in duty on various alcoholic beverages took effect 19 October 2016. The Minster has indicated an increase in duty on Beer, Rum and Spirits with immediate effect as follows:

Product	Excise Duty Prior to 19 October 2016	Current Excise Duty	Proposed Increase
Beer	$4.28 per litre at an original gravity of 1050° and so in proportion of any difference in quantity or gravity.	$5.14 per litre at an original gravity of 1050° and so in proportion of any difference in quantity or gravity.	$10.28 per litre at an original gravity of 1050° and so in proportion of any difference in quantity or gravity.
Rum and Spirits	$66.04 per litre at an original gravity of 1050° and so in proportion of any difference in quantity or gravity.	$79.25 per litre Alc./Vol. and so in proportion for any part of a liter or for any greater or lesser strength.	$158.50 per litre Alc./Vol. and so in proportion for any part of a litre or for any greater or lesser strength.

We noted that the rates quoted in the budget appear to be excise duty on CARICOM Imports and domestic manufacturing.

Fiscal measures continued

It is noteworthy that there was no mention of an increase in the import duty (Non CARICOM) on Beer (currently $10.54 per litre) or Rum and Spirits (currently $92.28 per litre). This appears inconsistent with the government's thrust to preserve foreign exchange and promote local manufacturing.

With regard to Tobacco products, the last increase in duty on Tobacco products came into effect on 20 October 2020. The Minster has indicated an increase in Duty on Tobacco products with immediate effect as follows:

Product	Excise Duty Prior to 19 October 2016	Current Excise Duty	Proposed Increase
Cigarettes containing tobacco	$4.38 per pack of 20 tobacco and so in proportion when not so packed.	$5.26 per pack of 20 tobacco and so in proportion when not so packed.	$10.52 per pack of 20 tobacco and so in proportion when not so packed.

The Legal Notice that effected the increase in the excise duty also increased the rate of duty to 78.84% on the importation of various tobacco products.

Luxury Electric Vehicles

The Minister proposes the removal of concessions on the importation of electric vehicles where the Cost, Insurance and Freight (CIF) value exceeds $400,000. Once implemented, all electric vehicles whose CIF value exceed $400,000 will now attract customs duty, Value Added Tax and motor vehicle tax.

Effective 1 January 2026, the following rates will be applicable:

- Customs Duty: 10%.
- Value-Added Tax (VAT): 12.5%.
- Motor Vehicle Tax: A tiered rate based on Electric Motor Size.

The implementation of this measure is anticipated to reduce foreign exchange consumption and suppress the misuse of the previous concessions. The government has also indicated the importance of reducing carbon emissions and will maintain the concessions currently in place for mid to lower-priced vehicles.

Removal of Motor-Vehicle Tax Concessions for Returning Nationals

Effective 1 January 2026 the government proposed removing Motor-Vehicle Tax concessions on motor vehicles imported by returning nationals. This proposed change stems from concerns over fraud and abuse identified in a Strategic Analysis Report by The Financial Intelligence Unit, which highlighted issues during the period from October 2016 to September 2018.

Historically, the government implemented tax concessions in 1994 to encourage nationals to return home, allowing them to import vehicles with certain tax benefits. Although VAT relief was eliminated in February 2016, returning nationals continued to enjoy full relief on Customs Duty and Motor Vehicle Tax.

Concessions for Registered Animal Shelter Contributions

The Minister highlighted the importance of the role of animal shelters in advancing environmental sanitation in T&T. As such, the Minister proposes the following concessions to incentivise taxpayers to contribute to animal shelters:

- Companies may claim a deduction for contributions made to approved animal shelters when ascertaining their chargeable profits. The deduction will be capped at the lower of 15% of chargeable profits or $100,000 per year of income.

Fiscal measures continued

- Individuals may claim a stand-alone deduction on contributions made to approved animal shelters. The deduction will be capped at the lower of 20% of the individual's total income or $20,000 per year.

This measure will be effective from 1 January 2026 and to qualify, the shelter must be registered under the Non-Profits Organisations Act, 2019 or the Companies Act, Chap. 81:01, and approved by the Minister of Agriculture, Land and Fisheries.

Real Estate Investment Trust

A Real Estate Investment Trust (REIT) is a collective investment vehicle that can afford local investors the ability to indirectly participate in the capital appreciation and income generation of real estate investments. In this regard, the Minister has proposed the establishment of a State-sponsored REIT.

Under this initiative, high-value income-generating properties such as land, office buildings and commercial infrastructure will be transferred to a professionally managed REIT. Shares in the REIT will be listed on the T&T Stock Exchange, allowing both ordinary and institutional investors to earn regular dividends. The Minister indicated that a high-level technical committee will be appointed to guide this process. In this regard, a properly promoted REIT can offer the local investor fractional ownership in the real estate assets of the country in the context of a collective investment vehicle with the necessary safeguards provided by adequate regulation by the relevant authorities.

As a second phase, it may be worthwhile to consider extending the REIT concept to the private sector.

National Investment Fund

The Minister stated that the National Investment Fund Holding Company Limited (NIF) will introduce a TT$1 billion NIF Bond, offering citizens, small businesses and institutions a chance to invest and build wealth in a secure, tax-free environment without increasing public debt. This bond will be secured by 21% of the shareholding in First Citizens Group Financial Holdings Limited (FCGFH), valued at approximately $2 billion, while the government will maintain indirect and beneficial ownership of 60.11% of FCGFH. The proposed Initial Public Offering (IPO) is expected to take place in the second quarter of Fiscal 2026.

Modernisation and Strengthening of Tax Collection Authorities

In his budget statement, the Minister of Finance stated that the government is undertaking major reforms of the Inland Revenue Division (IRD) to address chronic understaffing and outdated systems that have hindered tax compliance and revenue collection. Immediate efforts include recruiting key personnel such as auditors, tax officers, and ICT staff, while upgrading the GenTax system to support a fully digital, end-to-end tax administration process. These changes aim to improve operational efficiency, enhance taxpayer services, and create a more transparent, data-driven tax system that encourages voluntary compliance.

Similarly, the Customs and Excise Division (CED) is being modernised through targeted staffing, expanded training and significant technology upgrades. A key initiative is the 18-month upgrade of the ASYCUDA system, in partnership with UNCTAD, which will streamline customs operations, reduce clearance times, and strengthen risk management. Additional reforms include enhanced audit capabilities, improved enforcement tools and better infrastructure to safeguard revenue and secure national borders. Together, these reforms are designed to restore credibility, improve efficiency and ensure stronger oversight across both divisions.

Fiscal measures continued

Transfer Pricing

Transfer pricing rules seek to prevent pricing manipulation between related parties in order to achieve a tax advantage. These rules achieve their purpose by treating related parties as if they were independent entities so as to ensure that the prices charged between them accord with the arm's length principle.

In this regard, the Minister stated that a study by the Economic Commission for Latin America and the Caribbean estimated that T&T lost approximately $17.5 billion over eight years due to the failure to act on transfer pricing. While this figure highlights the potential scale of revenue leakage, it warrants careful scrutiny, especially given the inherent complexity of quantifying profit shifting across sectors.

The Minister emphasised the wide-ranging benefits to T&T of transfer pricing, including securing revenues and adjusting profit shifting in key sectors, particularly oil, gas, petrochemicals, finance and services.

The Minister indicated that he will, very soon, bring draft legislation before Parliament. The primary legislation will be followed by secondary legislation and regulations that will provide detailed rules, methodologies and compliance obligations to ensure smooth and effective implementation. Concomitantly, a comprehensive training programme will be rolled out at the Inland Revenue Division. The Minister has given the assurance that this would be achieved within a two-year time frame. This would be welcome indeed given that transfer pricing legislation was promised as far back as the Budget Statement of October 2011.

Increase in Fees and Charges

The Minister proposes increasing the following fees and charges effective 1 January 2026:

	Existing	Proposed
Container Processing Fees	$525	$1,050
Customs Declaration Transaction User Fee	$40	$80
Environmental Tyre Tax	$20	$40
Wild Animals and Birds	$100	$200

Tax on Single Use Plastics

To address environmental harm caused by single-use plastics, the government proposes to introduce a 5% tax on the CIF (Cost, Insurance and Freight) value of such products at the point of importation, effective 1 January 2026. Revenue from this tax will be dedicated to funding national recycling programmes, waste management initiatives and public environmental education.

This measure may have an inflationary impact and consideration may be given to deferring the timeline for implementation to allow manufacturers to source alternatives. Additionally, it gives importers of plastic raw materials with similar harmful effects a competitive advantage.

Fiscal measures continued

Penalties on Offences

During his speech, the Minister proposed the implementation of more rigorous consequences in the form of increased fines for non-compliance by individuals and companies in the following areas:

Offences	Existing Fine	Proposed Fine
Environmental Tyre Tax	$3,000.00	$5,000.00
Application for Registration of a Pesticide	$2,000.00	$4,000.00
Brewers	$4,000.00	$10,000.00
Driving while disqualified from holding or obtaining a driving permit	No Fee	$5,000.00
Careless Driving	No Fee	$15,000.00
Driving or being in charge of a vehicle while blood alcohol levels exceed prescribed limit	No Fee	$15,000.00

The proposed increases are expected to contribute additional revenue for the government in the amount of $180 million.

These amendments will take effect from 1 January 2026.

Construction Incentives

1. Reducing the Cost of Construction Materials

Under the Trade Ordinance (No. 19 of 1958), T&T maintains a Negative List of goods that require specific import licenses.

Currently, Item (i) 4 on the Negative List includes:

Clays, crushed limestone, boulders, sand, gravel, plastering sand, porcellanitic, argillite and oil sand.

The government has proposed removing these items from the Negative List, effective 1 January 2026. This amendment would allow for unrestricted importation of these materials, subject only to standard customs procedures.

Rationale for the Amendment

The proposed change aims to:

- Lower the cost of construction materials, which have escalated over the past decade.
- Stimulate activity in the construction sector, a key contributor to national GDP and employment.
- Create jobs in related trades such as plumbing, electrical installation, tiling, masonry, carpentry and fabrication.

This measure is expected to increase the affordability of housing and support infrastructure development, given the importance of these aggregate components in the construction process.

2. Non-Renewal of Direct Tax Incentives for Developers

It is important to note that the Minister did not announce any extension of the direct tax exemptions previously granted to developers under the Income Tax Act. These exemptions, which are set to expire on 31 December 2025, include:

Expired Incentive Provisions

- Section 45C: Exemption on gains and profits from the initial sale of residential land sites as part of a land development project.
- Section 42D: Exemption on premiums and rents from letting newly constructed commercial buildings or multi-storey car parks and on gains and profits from their initial sale.
- Section 45E: Exemption on premiums and rents from letting newly constructed multi-family dwellings and on gains and profits from their initial sale.

Fiscal measures continued

Implications

- From 1 January 2026, the standard income tax rates will apply to all such developments.
- The expiry of Section 45E is not expected to materially impact developers, as there is no evidence of qualifying projects having been undertaken. This is largely due to uncertainty surrounding the interpretation of the provision.

National Digital Payment System

Historically, citizens of T&T faced inefficiencies, such as long lines and cash payments across various ministries, leading to fragmented transactions and potential errors.

In the Minister's view, the National Payment and Innovation Company of T&T (NPIC-TT) represents a transformative initiative aimed at modernising government financial operations.

The NPIC-TT introduces a unified platform for all government collections and disbursements, encompassing licensing fees, taxes, social grants and pension payments. This system connects every ministry, agency and statutory body to a single payment backbone, revolutionising public financial management.

With real-time tracking of all transactions, the NPIC-TT enhances reconciliation, oversight and significantly reduces fraud and bureaucratic delays. Citizens should benefit from multiple payment options using various methods, such as debit and credit cards, vouchers or digital wallets.

This initiative should streamline processes and save millions in administrative costs while improving government revenue through better compliance. It fosters convenience, equity and accountability, ultimately strengthening public trust in the government.

In essence, it transforms the State into a digital, efficient and responsive entity focused on the needs of its citizens.

Other Measures

The Minister also proposed the undermentioned measures in his Budget Statement:

- **Research & Development Impact Fund**

  An allocation of $10 million to the Research & Development Impact Fund of the University of the West Indies aimed at encouraging the country's researchers and innovators to focus on vital sectors, such as climate resilience, citizen security, sustainable agriculture and health innovation.

- **National Innovation & Incubator Programme**

  Through partnership with the Unit Trust Corporation and UWI Ventures Limited, the government will allocate $15.75 million to strengthen entrepreneurship and innovation in T&T. This measure will grant mentorship, financing and a support structure to 100 young graduates and aspiring entrepreneurs to grow ideas into sustainable businesses.

- **Period Poverty Intervention**
  - Establishment of a Women's Health Fund through an initial investment of $5 million from the Ministry of Finance and the Ministry of the People, Social Development and Family Services. Planned interventions of the Fund include distributing free menstrual kits in educational institutes and educating various groups on menstrual health.
  - A tax incentive will be offered to encourage contributions to the Fund.

Fiscal measures continued

- **eLEVATE TT**

  An allocation of $5.72 million in support of the eLEVATE programme to upskill 15,000 educators using modern teaching methods that align with national priorities and the 2025-2030 Education Policy.

- **NextClass**

  An investment of $4.64 million into the NextClass Programme to utilise an AI-powered platform intended to support teachers and create a personalised learning environment by offering features inclusive of lesson planning, real-time student tracking, automated grading and development tools.

- **PEARL Project**

  The Promoting Early Assessment for Resilient Learners (PEARL) Project aims to assist thousands of children and families with vision, hearing, growth and development issues before they hinder learning. The programme, with an allocation of $7.89 million, will implement universal screening in schools to promote early detection of difficulties.

- **Importation of Foreign Used Vehicles**

  Increase in the permissible age for importing private cars (SUVs, sedans and station wagons) from three years and under to six years and under from the date of manufacture and to increase the permissible age for importing light commercial vehicles (pick-ups and panel vans) from seven years and under to ten years and under from the date of manufacture.

4 Status of fiscal measures 2025

Proposed Measures	Implications	Status
Tax and NIS Amnesty	Introduction of a new tax amnesty with respect to penalties and interest on outstanding taxes and returns for the years up to and including the year ended 31 December 2023. A NIS amnesty covering penalties and interest on outstanding contributions as at 30 September 2024.	Enacted in the Finance Act, 2024
VAT Bonds	Issuance of interest bearing VAT bonds in settlement of outstanding VAT refunds in excess of $250,000.	Enacted in Legal Notice No. 22 of 2025
Sporting Equipment	Exemption on all sporting equipment, excluding clothing, from taxes and duties.	Enacted in Legal Notices Nos. 249 and 250 of 2024
Electric Vehicle Charging Equipment	Exemption on all electric vehicle charging equipment and related accessories from taxes and duties.	Enacted in Legal Notices Nos. 249 and 250 of 2024
Agriculture	Making the agricultural sector tax-free.	Not Implemented
Housing and Village Improvement Programme (HVIP)	Increase in the price paid to contractors under the HVIP from to $200,000 per house for a basic unit on flat terrain.	Implemented by the Ministry of Housing
School Supplies and Book Grant	Continuation of the School Supplies and Book Grant of $1,000 to support needy students at primary and secondary schools based on a means test process.	Implemented by the Ministry of Education
Agriculture Internship Programme	Providing 30 associate degree graduates with an internship at the Ministry of Agriculture.	Implemented by the Ministry of Agriculture

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Proposed tax rates for income year 2026

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	$90,000
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

Dividends received from resident companies

Distributions received from the first and second unit schemes of the Unit Trust Corporation

Pensions payable under the National Insurance Act

Income and dividends distributed by the CLICO Investment Fund (Note 5)

Other prescribed exemptions are available

Other

Health surcharge	$4.80/$8.25 per week
National Insurance	updated rates proposed by government

Proposed tax rates for income year 2026 continued

CORPORATION TAX

Basic corporate rate (based on chargeable profits) (Note 6) ____ 30%

Financial institutions (companies licensed to carry on banking business or the business of banking under the Financial Institutions Act) (Note 6) ____ 35%

Petrochemical companies rate (Note 7) ____ 35%

An approved small company (exempt from tax for six years commencing 1 January 2023) subject to qualify criteria ____ 0%

SME listed company

First five years from the listing on the T&T Stock Exchange ____ 0%

Years 6-10 ____ 50% of the standard rate of Corporation Tax

BUSINESS LEVY

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

- A company is liable to higher of Corporation Tax or Business Levy
- Not payable for the first 36 months from the date of registration

GREEN FUND LEVY

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

TAX ALLOWANCES

Audio, visual and video productions sponsorships (Note 8) ____ 150%

Promotion of the fashion industry (Note 8) ____ 150%

Art and culture allowance (Note 8) ____ 100%

Sports and sportsmen sponsorships/promotion (Note 8) ____ 100%

Promotional expense uplift (Note 17) ____ 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 18) ____ 150%

Technology solutions and digitalisation (Note 18) ____ 150%

Creation of employment in technology industry (Note 18) ____ 150%

Donations under Deed of Covenant (Note 3) ____ 15% of total income

Apprenticeship Allowance (Note 19) ____ 150%

CAPITAL ALLOWANCES

Manufacturing Trades

Initial allowance – plant and machinery (Note 9) ____ 90%

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 10) ____ 10%

Office equipment ____ 30%

Fixtures and fittings ____ 30%

Plant and machinery ____ 30%

Motor vehicles ____ 30%

Boats ____ 30%

Computers and heavy equipment (including rigs) ____ 33.3%

Aircrafts (second-hand) ____ 40%

Proposed tax rates for income year 2026 continued

WITHHOLDING TAX RATES

Dividends and other distributions (Note 12)	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
France	Spain	Venezuela

PETROLEUM TAX

Tax	Rate of Tax
Petroleum Profits Tax	50% of taxable profits (petroleum operations in deepwater blocks 30%)
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
Royalties	12.5% of the net petroleum won and saved from the licensed or contract area (Note 13)

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 effective 1 January 2020.

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 1 January 2020.

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.

Other Petroleum Allowances

- 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 2026 continued

Other Petroleum Allowances cont'd

- A deepwater block is where more than 50% of the acreage is deeper than 400m and must be certified by the MOEEI.
- 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 utilised only for PPT purposes.
- Expenditure in investing in carbon capture and storage and enhanced oil recovery shall be entitled to 30% of actual expenditure capped at TT$500,000.

SUPPLEMENTAL PETROLEUM TAX

Weighted average crude prices (US$/bbl)	Marine	New Field Development*	Land and Deepwater Block	New Well in Existing Field*
0.00 - 50.00	0%	0%	0%	0%
50.01 - 70.00		15%		15%
50.01 - 90.00	33%		18%	
70.01 - 90.00		20%		20%
90.01 - 200.00	SPT Rate = Base SPT + 0.2%* (P - $90.00)			
200.01 and over	55%	42%	40%	42%

**Shall be approved and certified for development by the MOEEI.*

The rates of SPT applicable to small onshore and small shallow marine producers are as follows:

Weighted average crude prices (US$/bbl)	Rates
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	40%

SPT Deductions, Incentives and Credits

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

Royalties and overriding royalties (Note 13)__100% of amounts paid from crude oil disposals assessed to SPT
Sustainability incentive__25% discount on the SPT rate (Note 14)
Investment tax credit__30% of the qualifying capital expenditure as a deduction against the SPT assessed (Note 15)
Note that SPT paid is allowed as a deduction in computing taxable profits.

VALUE ADDED TAX

Standard rated goods and services__12.5%
Registration threshold__commercial supplies in excess of $600,000 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 and software
- Computer accessories
- Peripherals

Proposed tax rates for income year 2026 continued

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 (Note 11)	6%
Online Purchase Tax (Note 16)	7%
Environmental Tyre Tax	$20/tyre

STAMP DUTY

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

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

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

$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 2026 continued

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: Applies to income or dividends distributed to resident individuals and companies that are unit holders of the CLICO Investment Fund.

Note 6: The rate of Corporation Tax payable for income year 2017 was 25% for every dollar up to TT$1 million of chargeable profits and 30% for every dollar in excess of TT$1 million of chargeable profits. Prior to income year 2017, the rate of Corporation Tax was 25% of chargeable profits.

Note 7: 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 8: The aggregate allowance for these items is capped at $12 milllion.

Note 9: 20% in the case of petrochemical and other companies enjoying benefits under the Fiscal Incentives Act.

Note 10: Applies to the amount of the excess over $500,000 expended to construct or set up the child-care facility.

Note 11: When paid to non-resident insurer, insured to withhold and remit tax.

Note 12: 3% in the case of distributions paid to a parent company and 8% in all other cases.

Note 13: 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 14: Applies to mature marine oil fields or small marine oil fields as certified by the MOEEI.

Note 15 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 MOEEI must certify all development activities carried out in mature marine and land oil fields and enhanced oil recovery projects.

Note 16: Online Purchase Tax 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.
- Entered from a transit.

The OPT shall be payable by the importer.

Note 17: 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 18: The maximum allowance is capped at $3 million. It is uncertain whether the aggregate claim for these proposed measures would be capped at $3 million.

Note 19: Allowance equal to 150% of the expenditure actually incurred in hiring individuals ages 16-25 (capped at 20% of wages).


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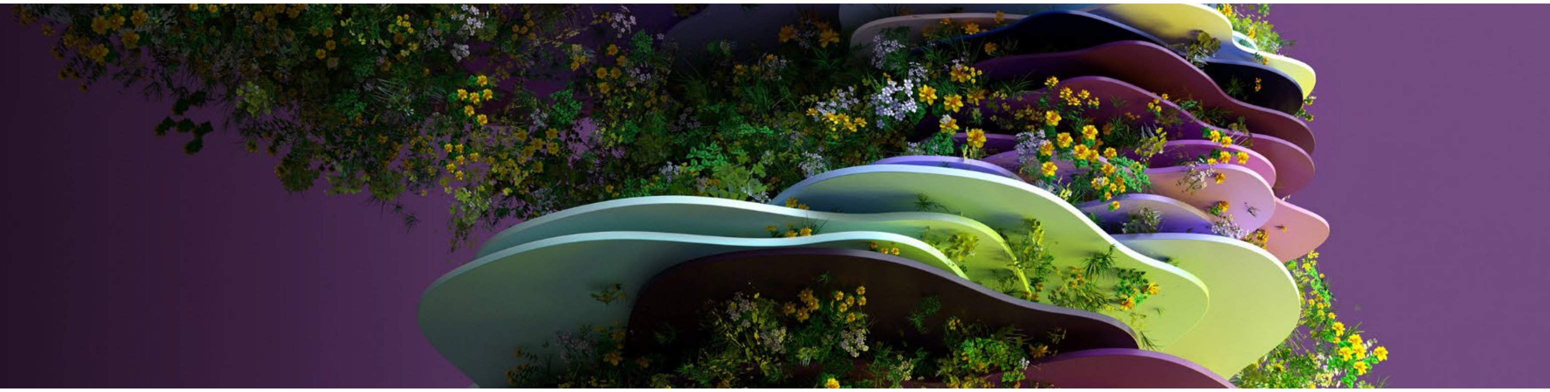
6

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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