

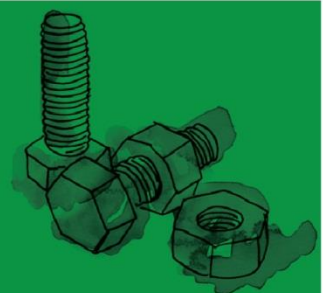


Secretariat Unit

Bill Essentials

The Finance Bill, 2016

An Act to provide for the variation of certain duties and taxes and to introduce provisions of a fiscal nature and for related matters.



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Purpose of the Bill

The Finance Bill 2016 provides for the variation of certain duties and taxes and to introduce provisions of a fiscal nature and for related matters.

Major changes proposed by Legislation

The Finance Bill seeks to amend several pieces of legislation namely:

- Immigration Act Chap. 18:01¹
- Motor Vehicles and Road Traffic Act Chap. 48:50²
- Income Tax Act Chap. 75:01³
- Corporation Tax Act Chap. 75:02⁴
- Value Added Tax Act Chap. 75:06⁵
- Miscellaneous Taxes Act Chap. 77:01⁶

Key Features of proposed Legislation

Part I- Preliminary

- Part I of the Bill provides for preliminary matters such as its short title and commencement dates of the sections of the Act.
- Sections 5(a), 6 and 8 come into force on the date the Act is assented to.
- Section 7(a) comes into force on February 1st, 2016.
- All other sections come into force on January 1st, 2016.

Part II – Immigration Regulations

- Part II of the Bill seeks to amend the Regulations of the Immigration Act Chap 18:01.
- Clause 3 of the Bill provides for the amendment of the Regulations of the Immigration Act by inserting after regulation 53A, regulation 53B, which provides for the exemption from the payment of the fees shown in the Seventh Schedule, for the issue of a passport or other travel document for a citizen of Trinidad and Tobago, over sixty years of age.

¹ http://rgd.legalaffairs.gov.tt/laws2/alphabetical_list/lawspdfs/18.01.pdf

² http://rgd.legalaffairs.gov.tt/Laws2/Alphabetical_List/lawspdfs/48.50.pdf

³ http://rgd.legalaffairs.gov.tt/Laws2/Alphabetical_List/lawspdfs/75.01.pdf

⁴ http://rgd.legalaffairs.gov.tt/Laws2/Alphabetical_List/lawspdfs/75.02.pdf

⁵ http://rgd.legalaffairs.gov.tt/Laws2/Alphabetical_List/lawspdfs/75.06.pdf

⁶ http://rgd.legalaffairs.gov.tt/Laws2/Alphabetical_List/lawspdfs/77.01.pdf

Part III – Motor Vehicles and Road Traffic

- Part III of the Bill would amend the Motor Vehicles and Road Traffic Act Chap 48:50 in order to exempt senior citizens from the payment of fees for the issue of a driving permit.
- Clause 4 inserts the definition of “citizen of Trinidad and Tobago” into the Interpretation Section, (Section 2) of the Act. It further amends Sections 44(2), 61(A) and 89 to give effect to this exemption.

Part IV – Income Tax

- Part IV of the Bill proposes to address matters peculiar to the Income Tax Act Chap. 48:50.
- Clause 5 would provide for the repeal and replacement of section 18 of the Income Tax Act, Chap. 75:01 to increase the personal allowance of an individual from sixty thousand dollars to seventy-two thousand dollars.
- Clause 5(a) would also amend section 5A (1) of the Income Tax Act, for consistency.

Part V – Corporation Tax

- Part V of the Bill addresses the amendment of the Corporation Tax Act Chap. 75:02.
- Clause 6 would provide for the amendment of section 3A of the Corporation Tax Act, Chap. 75:02 to increase the rate of business levy from 0.2 per cent to 0.6 per cent.

Part VI – Value Added Tax

- Part VI of the Bill provides for the amendment of the Value Added Tax Act, Chap. 75:06.
- Clause 7 seeks amend Sections 7, 21 and 22 to reduce the rate of value added tax from fifteen per cent to twelve and one half per cent.

Part VII – Miscellaneous Taxes

- Part VII proposes an amendment to the Miscellaneous Taxes Act, Chap. 77:01.
- Clause 8 seeks to provide an increase in the rate of the green fund levy from 0.1 per cent to 0.3 per cent.

Considerations

- The Bill is a Money Bill as defined in Section 66 of the Constitution of the Republic of Trinidad and Tobago Act, Chap. 1:01⁷ and therefore must comply with Order 59 of the Standing Orders of the House of Representatives 2015 and Order 57 of the Standing Orders of the Senate 2015.
- Under section 66(1) of the Constitution of Trinidad and Tobago “Money Bill” means a public Bill which, in the opinion of the Speaker, contains only provisions dealing with all or any of the following matters, namely:
 - a) the imposition, repeal, remission, alteration or regulation of taxation;

⁷ <http://rgd.legalaffairs.gov.tt/laws2/Constitution.pdf>

- b) the imposition, for the payment of debt or other financial purpose, of charges on public money or the variation or repeal of any such charges; the grant of money to the State or to any authority or person, or the variation of the revocation of any such grant;
- c) the appropriation, receipt, custody, investment, issue or audit of accounts of public money;
- d) the raising of any guarantee of any loan or the repayment thereof, or the establishment, alteration, administration or abolition of any sinking fund provided in connection with any loan; or
- e) subordinate matters incidental to any of the matters referred to in this subsection.

Proposed Amendments

- The Immigration Act – Immigration Regulations

Previous Version	Proposed Amendment
53B did not exist.	53B. Notwithstanding regulation 53A, a citizen of Trinidad and Tobago who is sixty years of age or over is exempt from the payment of the fees shown in the Seventh Schedule in respect of the issue of a passport or any other travel or entry document.”

- The Motor Vehicles and Road Traffic Act

Previous Version	Proposed Amendment
The interpretation section was amended to include the definition for “citizen of Trinidad and Tobago”	“citizen of Trinidad and Tobago” has the meaning assigned in section 2 of the Immigration Act;”
<i>Section 44 (2)</i> On the issue of a driving permit there shall be payable such fee as may from time to time be prescribed.	Subject to sections 61A (4) and 89(1A) , on the issue of a driving permit there shall be payable such fee as may from time to time be prescribed.
<i>Section 61A (1)</i> Subject to subsection (3) , an applicant for the issue of a new driving permit who is the holder of a permit which expired, shall pay to the Licensing Authority prior to the issue of the new permit the sum of	Subject to subsections (3) and (4) , an applicant for the issue of a new driving permit who is the holder of a permit which expired, shall pay to the Licensing Authority prior to the issue of the new permit the sum of -
<i>Section 61A (4)</i> Did not exist.	61A (4) A citizen of Trinidad and Tobago who is sixty years of age or over is exempt from the payment of fees for the issue of a new driving permit under this section.”
Section 89(1A) Did not exist.	Notwithstanding subsection (1), a citizen of Trinidad and Tobago who is sixty years of age or over is exempt from the payment of the fees in respect of a driving permit in the First Schedule.”

First Schedule 7(f) persons who have attained the age of sixty-five years may renew their driving permits without charge	7 (f) persons who have attained the age of sixty years may renew their driving permits without charge
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- The Income Tax Act

Previous Version	Proposed Amendment
Section 5A (1) For each year of income, there shall be levied and paid to the Board at the rate of 0.2 per cent a tax to be known as a business levy on the gross sales or receipts, other than emolument income under section 100, of a person.	For each year of income, there shall be levied and paid to the Board at the rate of 0.6 per cent a tax to be known as a business levy on the gross sales or receipts, other than emolument income under section 100, of a person.
The following section was repealed and replaced: (1) An individual to whom section 17 applies, shall be entitled to a personal allowance of sixty thousand dollars. (2) A person in receipt of pension income accruing or derived from Trinidad and Tobago who— (a) is not resident in Trinidad and Tobago; and (b) has attained the age of sixty years, shall be entitled to a personal allowance of sixty thousand dollars.	In ascertaining chargeable income for any year— (a) an individual to whom section 17 applies; and (b) an individual who is not resident in Trinidad and Tobago and in receipt of pension income accruing or derived from Trinidad and Tobago, is entitled to a personal allowance of seventy-two thousand dollars.

- The Corporation Tax Act

Previous Version	Proposed Amendment
3A. (1) There shall be levied and paid to the Board a tax to be known as business levy on the gross sales or receipts of a company for each year of income at the rate of 0.2 per cent .	3A. (1) There shall be levied and paid to the Board a tax to be known as business levy on the gross sales or receipts of a company for each year of income at the rate of 0.6 per cent .

- The Value Added Tax Act

Previous Version	Proposed Amendment
7. (1) The amount of the tax shall be calculated in accordance with this Act at the rate of fifteen per cent or such other rate as the Minister by Order specifies, except in the case of an entry or a supply that is zero-rated.	7. (1) The amount of the tax shall be calculated in accordance with this Act at the rate of twelve and one half per cent or such other rate as the Minister by Order specifies, except in the case of an entry or a supply that is zero-rated.
21. (1) The circumstances referred to in section 20(2)(b) in which a person may make a commercial supply without being registered are— (a) where— (i) during the period of twelve months ending with the month immediately before the month in	21. (1) The circumstances referred to in section 20(2)(b) in which a person may make a commercial supply without being registered are— (a) where— (i) during the period of twelve months ending with the month immediately before the month in

<p>which the supply is made, the value of his commercial supplies was not more than three hundred and sixty thousand dollars; and (ii) there are reasonable grounds for believing that the value of his commercial supplies during the period of twelve months commencing with the month in which the supply is made will not be more than three hundred and sixty thousand dollars; or (b) where, at any time before the supply is made, the Board has declared, in writing, that it is satisfied that the value of his commercial supplies during the period of twelve months commencing with the month in which the supply is made will not be more than three hundred and sixty thousand dollars.</p>	<p>which the supply is made, the value of his commercial supplies was not more than five hundred thousand dollars; and (ii) there are reasonable grounds for believing that the value of his commercial supplies during the period of twelve months commencing with the month in which the supply is made will not be more than five hundred thousand dollars; or (b) where, at any time before the supply is made, the Board has declared, in writing, that it is satisfied that the value of his commercial supplies during the period of twelve months commencing with the month in which the supply is made will not be more than five hundred thousand dollars.</p>
<p>22. (1) The Board may, by notice in writing given to a person, declare, for the purposes of section 21, that it is satisfied that the value of his commercial supplies during the period of twelve months commencing with such month, after the notice is given, as the Board specifies in the notice will not be more than three hundred and sixty thousand dollars (2) The Board may, by notice in writing given to a person, declare that there are reasonable grounds for believing that the value of the commercial supplies to be made by that person during the period of twelve months commencing with such month, after the notice is given, as the Board specifies in the notice will be more than three hundred and sixty thousand dollars, and for the purposes of section 21 the giving of that notice constitutes reasonable grounds for so believing.</p>	<p>22. (1) The Board may, by notice in writing given to a person, declare, for the purposes of section 21, that it is satisfied that the value of his commercial supplies during the period of twelve months commencing with such month, after the notice is given, as the Board specifies in the notice will not be more than five hundred thousand dollars (2) The Board may, by notice in writing given to a person, declare that there are reasonable grounds for believing that the value of the commercial supplies to be made by that person during the period of twelve months commencing with such month, after the notice is given, as the Board specifies in the notice will be more than five hundred thousand dollars, and for the purposes of section 21 the giving of that notice constitutes reasonable grounds for so believing.</p>

- **The Miscellaneous Taxes Act**

Previous Version	Proposed Amendment
<p>62. (1) With effect from 1st January 2001, there shall be levied and paid to the Board a tax at the rate of 0.1 per cent to be known as a Green Fund Levy, on the gross sales or receipts of a company carrying on business in Trinidad and Tobago, whether or not such company is exempt from the business levy.</p>	<p>62. (1) There shall be levied and paid to the Board a tax at the rate of 0.3 per cent to be known as a Green Fund Levy, on the gross sales or receipts of a company carrying on business in Trinidad and Tobago, whether or not such company is exempt from the business levy.</p>

Reference Material

- Ministry of Finance, October 5, 2015- Budget Statement 2015 by Minister of Finance, Colm Imbert.⁸

Newspaper References

- Trinidad Guardian Newspaper, January 4, 2016 – “New VAT Regime now Feb 1”⁹
- Trinidad Newsday Newspaper, October 6, 2015 – “Some ‘goodies’ mixed in with belt-tightening”¹⁰

Other Useful References

- KPMG, October 5, 2015- 2016 Budget Commentary¹¹
- PricewaterhouseCoopers, October 2015- Collaborating towards Economic Prosperity Budget Memorandum 2016.¹²



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⁸ <http://www.finance.gov.tt/budget-statement-2016-presentation/>

⁹ <http://www.guardian.co.tt/business/2016-01-04/new-vat-regime-now-feb-1>

¹⁰ <http://www.newsday.co.tt/news/0,218067.html>

¹¹ <https://www.kpmg.com/TT/en/IssuesAndInsights/ArticlesPublications/Documents/KPMG-Budget-Commentary-2016.pdf>

¹² <http://www.pwc.com/tt/en/publications/assets/pwc-budget-memorandum-2016.pdf>