



PARLIAMENT  
Republic of Trinidad and Tobago

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# Information Brief

**The Value Added Tax (Amendment to Schedule 2) Order, 2016.**

## The Negative Resolution Procedure

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1. Section 8 of the **Value Added Tax Act, Chap 75:06**, under which the Order is made, states that:  
*“The Minister may by Order amend Schedule 2 and an Order under this subsection is subject to **negative resolution** of Parliament<sup>1</sup>.”*
2. In relation to the negative resolution procedure, **Section 75 (7) of the Interpretation Act Chap 3:01** states that the expression “subject to the negative resolution of Parliament” when used in relation to any statutory instruments or statutory documents means that those instruments or documents shall, as soon as may be after they are made, but within the prescribed period, be laid before each House of Parliament. Where either House within the prescribed period of forty (40) days, resolves that any of those instruments or documents shall be annulled, that instrument or document is void as from the date of the resolution, but without prejudice to the validity of anything done thereunder or to the making of a new instrument or document.
3. As it relates to Trinidad and Tobago every statutory instrument shall be published in the Gazette and shall come into effect on the date of said publication (**Section 12 (1) Statutes Act Chap 3:02** Laws of Trinidad and Tobago).
4. Therefore, a statutory instrument comes into effect on the date of publication in the Trinidad and Tobago Gazette. Further, **Section 75(7) Interpretation Act** states that said instruments must be “made” before they are laid before each House. **Section 75 (1)** states that the word “make”, used in relation to written law includes “enact or issue”.

## What is Value Added Tax (VAT)

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5. Value Added Tax, or VAT, is applied to both goods and services in Trinidad and Tobago and is included in the final price of the product. The standard rate of VAT was reduced from 15% to 12.5% effective February 1, 2016. VAT-registered businesses must collect VAT from customers, submit VAT returns and pay any VAT that they owe to the Inland Revenue Division of the Ministry of Finance. VAT-registered businesses can deduct any

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<sup>1</sup> **Section 8(4) Value Added Tax Act, Chap 75:06**

VAT that they pay when purchasing goods and services for the business from the VAT that they collect from customers<sup>2</sup>.

## The Value Added Tax (Amendment to Schedule 2) Order, 2016

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6. The **Value Added Tax (Amendment to Schedule 2) Order, 2016** (Legal Notice No. 17 of 2016) was made under **Section 8** of the **Value Added Tax Act, Chap 75:06** and gazetted on the 29th day of January, 2016. Under **Section 8(4)** of the Act, Minister may by Order amend Schedule 2 and an Order under this subsection is subject to negative resolution of Parliament.
7. **Schedule 2**, refers to goods and services which are zero-rated. According to **Section 8(3)**,  
*“where the entry or supply of any goods or the supply of any services is zero-rated, the rate at which tax is regarded as being charged shall be nil, and consequently no tax shall be charged on the entry or supply”.*
8. Attached at Appendix I is a document issued by the Ministry of Finance which provides further details on some of zero-rated items which will be affected by the amendment to **Schedule 2**.



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*Kindly note that this information is provided to Members of Parliament in support of their parliamentary duties and is not intended to address the specific circumstances of any particular individual.*

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<sup>2</sup> <http://www.finance.gov.tt/services/income-tax/registering-for-vat/>



### Government of the Republic of Trinidad and Tobago **MINISTRY OF FINANCE**

Amendments have been made to Schedule 2 of the Value Added Tax Act Chap. 75:06, which specifies the items which are zero-rated for VAT. The final list of zero-rated items came into effect on **February 1st, 2016** by the Value Added Tax (Amendment to Schedule 2) Order 2016.

The standard rate of VAT was reduced **from 15% to 12½ %**, effective February 1<sup>st</sup>, 2016.

**Goods/services not listed on the zero-rated list will be subject to VAT.**

The following provides further details on some items listed in Schedule 2. For a full list of all zero-rated items and VAT exempt services, please visit the Ministry's website at: [www.finance.gov.tt](http://www.finance.gov.tt)

#### - **FOOD ITEMS:**

- ❖ **Rice** – all varieties and types of rice have remained zero-rated, including parboiled rice, basmati rice etc.
- ❖ **Wheat Flour** – Wheat flour meaning flour made of wheat, have remained zero-rated. However, VAT of 12 ½% will be applied to other varieties of flour such as rice flour, cassava flour, potato flour etc.
- ❖ **Milk** – Milk means animal milk (full cream or partially or completely skimmed), dry or powdered milk, dry or powdered skimmed milk, and evaporated milk. These items have remained zero-rated. However, cream, creamers, condensed milk and milk which is concentrated, or which contains added sugar or other sweetening matter, are subject to VAT.
- ❖ **Margarine** – Margarine has remained zero-rated. However, fresh butter will be subject to VAT. Fresh butter means natural butter, whey butter or recombined butter (whether fresh, salted, rancid or canned) derived exclusively from milk.
- ❖ **White and whole wheat bread** – Plain white and whole wheat breads have remained zero-rated. However artisan breads, rye breads or other types and varieties of bread will be subject to VAT.
- ❖ **Baby formula and baby milk substitute** have remained zero-rated.

- ❖ **Dairy** - Cheddar cheese and rennet free cheese have remained zero-rated however, other varieties of cheese such as mozzarella cheese, gouda, feta etc. will be subject to VAT.
- ❖ **Processed Meat** – Corned beef has retained the zero-rating. However, prepared and preserved turkey, chicken, ham or other cuts of pork or beef and items such as luncheon meat, sausages etc. are no longer zero-rated and will be subject to VAT.
  - Similarly, salted, brined, dried or smoked hams or other cuts of pork and beef such as salted pigtail and salted beef are no longer zero-rated and the standard rate of VAT will apply to these items.
- ❖ **Spices** - Curry has remained zero-rated, therefore such items as curry powder, curry leaves etc. will not be taxed. However, other spices such as black pepper, cinnamon, masala, nutmeg etc. will be subject to VAT.
- ❖ **Processed Fish** – Sardines, smoked herring and salted fish (whether or not they are sold in tins or packages) have all remained zero-rated. However, the standard rate of VAT will be applied to prepared or preserved salmon, crab, shrimps and prawns.
- ❖ **Yeast, baking powder and pure white vinegar** have remained zero-rated.
- ❖ **Uncooked and unstuffed pasta** – This category includes plain, raw or uncooked pasta of different varieties such as macaroni, spaghetti or penne; these items have remained zero-rated. Even vermicelli, an ingredient in the popular dessert, sawine, is a type of pasta and is therefore zero-rated. However stuffed pasta or frozen or canned pasta such as ravioli and frozen lasagne are subject to VAT.
- ❖ **Unprocessed food of a kind used for human consumption** –Unprocessed food refers to food which contains no additives and that is not produced through the application of any process, except for freezing, chilling, packaging, a mechanical process or a process that is done only by the elements of the weather such as natural drying. These foods are zero-rated.
  - Items such as frozen potato fries which contain additives, are considered as processed foods.
- ❖ **Fresh & Canned Produce** – Fresh, raw produce such as potatoes, onions, pumpkin etc.. are considered unprocessed foods and therefore remain zero-rated. However, prepared or preserved produce and vegetables such as preserved or canned tomatoes, mushrooms, olives etc. are subject to VAT.
- ❖ **Sugar** – Brown sugar remains zero-rated. However, white sugar and other varieties of sugar are subject to VAT.

- ❖ **Oatmeal, meal or cereal which must be boiled in milk to make a porridge** have remained zero-rated. However, cereal grains otherwise worked (for example, hulled, rolled, flaked, pearled, sliced or kibbled), except rice; germ of cereals, whole, rolled, flaked or ground are standard rated.
- ❖ **Dried Legumes** – dried leguminous shelled vegetables whether skinned or split, namely, peas and beans, split peas, chickpeas, red beans, red and white kidney beans, cow peas, black eye peas, lentil, broad beans, pigeon peas, etc. have all remained zero-rated. However this category only includes dried legumes, therefore canned item such as canned pigeon peas or red beans are subject to VAT.

#### - **GOODS & SERVICES:**

- ❖ **Books** – The books and printed material which have remained zero-rated are workbooks, activity books, exercise books and other books used for educational purposes in schools, colleges and other educational institutions. Other books and printed material such as newspapers, magazines, photograph and stamp albums, will be subject to VAT.
- ❖ **Personal Hygiene** – Essential personal items have remained zero-rated, namely, toothpaste, personal deodorants and antiperspirants, soap in the form of bars, cakes and moulded pieces/shapes, laundry soap in the form of bars, cakes, moulded pieces/shapes, sanitary towels and tampons, baby diapers, baby napkins and baby napkin liners, adult diapers and toilet paper.
- ❖ **Domestic Travel between Trinidad and Tobago** has remained zero-rated.
- ❖ **Steelband instruments** have remained zero-rated.

#### - **AGRICULTURAL SUPPLIES:**

- ❖ **Animals** - Live birds, fish, crustacean, mollusc or other animal of a kind general used as, or which generally produces food for human consumption, such as different varieties of fish, shellfish, crab, oysters etc. have remained zero-rated.
- ❖ **Draught animals** – Draught animals, meaning animals used for drawing, pulling or carrying a load such as bulls, oxen etc. have remained zero-rated.
- ❖ **Animal Feed** - Animal feeding stuff for live birds, crustacean etc. (as listed above) and draught animals have remained zero-rated.

- ❖ **Seeds & Plants used to make animal feed** - Seeds, plants and other means of propagation of plants that are used to produce food or animal feeding stuff for live birds, crustacean etc. (as listed above) and draught animals have remained zero-rated.
- ❖ **Fertilizer & Herbicide** - Peat moss, fertilizers, insecticides, herbicides, fungicides and other such preparations for agricultural use have remained zero-rated.
- ❖ **Agricultural Equipment** – self-propelled agricultural equipment, agricultural tractors and agricultural implements that are attached to agricultural tractors have remained zero-rated. Agricultural implements propelled by draught animals (load-bearing animals such as oxen and bulls) and agricultural devices to be carried by the operator such as brush cutters, lawnmowers, wheelbarrows etc. have also remained zero-rated.
- ❖ **Pest control services supplied for the purpose of agriculture** such as fertilization and irrigation services have remained zero-rated.

- **HEALTHCARE & MEDICAL SUPPLIES:**

- ❖ **Prescription Medication** - Medicines and drugs available only by prescription have remained zero-rated.
- ❖ **Other Medicines & Drugs** - Several other drugs and medicines, namely, analgesics, antacids, antiflatulents, laxatives and anthelmintics; whether in the form of liquid, tablets, capsules or other solid dosage forms for oral or rectal use have all remained zero-rated. Cough and cold preparations in the form of liquid, tablets, capsules or other solid dosage forms for oral and nasal use have also remained zero-rated. In addition, oral rehydration preparations in the form of salts or solutions of W.H.O/Pharmacopoeia standards have remained zero-rated.
- ❖ **Diabetic Supplies** - Diagnostic testing kits for diabetics and devices for testing glucose in blood and urine have remained zero-rated, as well as insulin syringes with needles and devices of a type not exceeding 100 units (1.0 mL) capacity, for the administration of U-100 insulin.
- ❖ **Equipment used by the Disabled** - Orthopaedic supplies including crutches, surgical belts, trusses, splints and other fracture devices, artificial body parts and hearing aids and other such devices which are worn, carried or implanted into the body to compensate for a defect of disability, have all remained zero-rated, with the exception of artificial teeth and dental fittings which are subject to VAT.
- ❖ **Eye Care** - Contact lenses, spectacle lenses of glass and of other materials and glasses for corrective spectacles have all remained zero-rated. Frames will be subject to VAT.

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