



THE PARLIAMENT OF
TRINIDAD AND TOBAGO

BILL ESSENTIALS

Date Introduced: 20 September, 2019

House: House of Representatives

Minister: Minister of Finance

Links: The links to the Bill, and its progress can be found on the Bill's home page through the Parliament's website, www.ttparliament.org

BILL ESSENTIALS

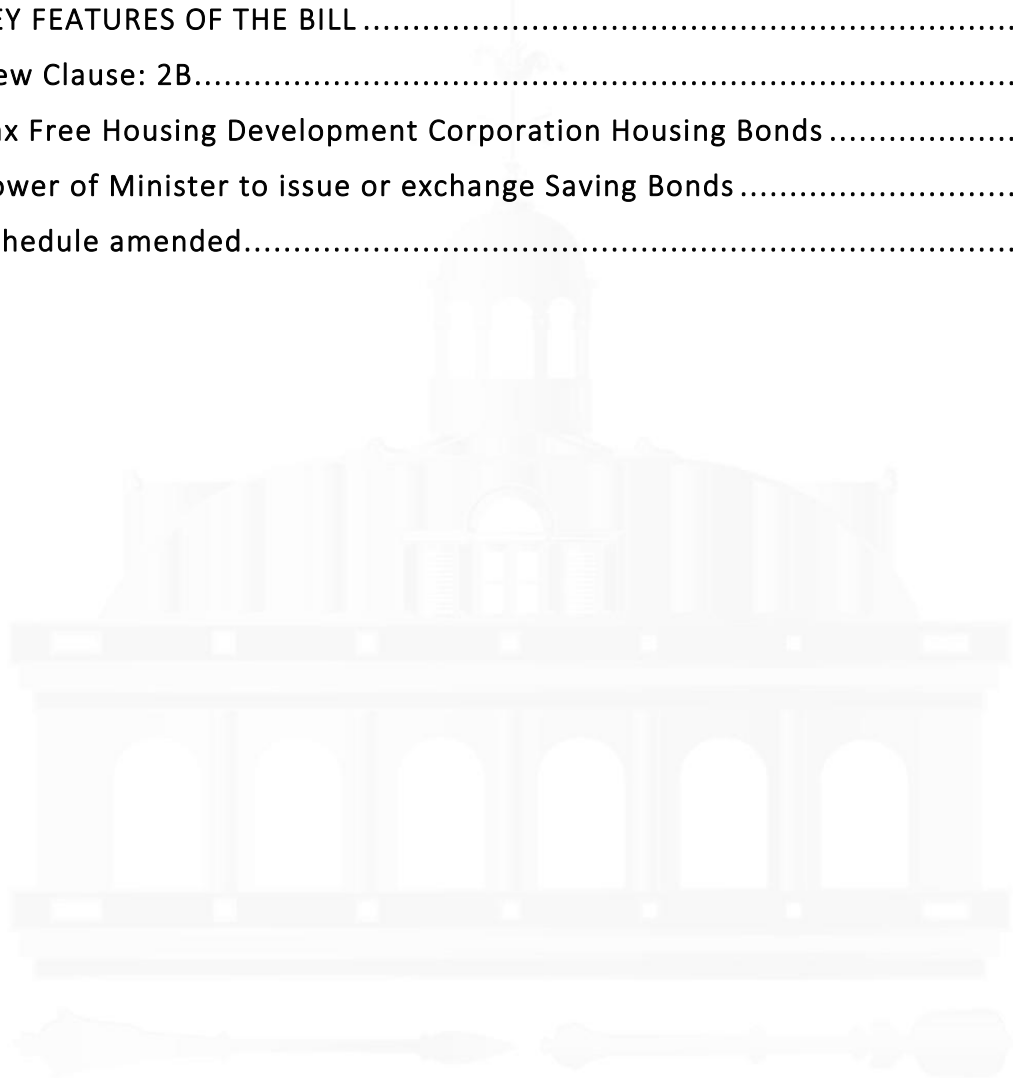
BILL ESSENTIALS NO. 24, 2018–2019

17 SEPTEMBER, 2019

The Government Savings Bonds (Amendment) Bill, 2019

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BACKGROUND

About the Government Savings Bonds (Amendment) Bill, 2019

The Government Savings Bonds (Amendment) Bill, 2019¹ (hereinafter referred to as “**the Bill**”) seeks to amend the **Government Savings Bonds Act**² (hereinafter referred to as “**the Act**”) to provide for tax free Government Bonds to be issued for the purchase of Housing Development Corporation (HDC) houses and to increase the total value of bonds issued under the Act. This Bill will be introduced in the House of Representatives by the Minister of Finance on September 20, 2019.

What is a Government Bond?

A Government bond is an instrument used by governments to borrow money. It is one of the most secure types of investments available as the likelihood that the government will not repay its debt is very low. During the life of the bond, the government pays interest to bondholders and the principal amount borrowed is returned either at the end of the period or over some specified period.³

How are Government Bonds Issued?

Government bonds are issued through an electronic auction system at the Central Bank. An auction is opened for approximately two weeks. Information on the bond is documented in a Bond Information Memorandum which explains in detail the purpose of the particular bond. This document is then published in the daily newspapers and posted on the Central Bank’s website.

KEY FEATURES OF THE BILL

New Clause: 2B

1. **Clause 3** of the Bill proposes to insert one (1) new clause after the existing Section 2A to provide for tax free Housing Development Corporation (HDC) housing bonds.

¹ <http://www.ttparliament.org/publications.php?mid=28>




² **Chap 71:41:** http://rgd.legalaffairs.gov.tt/Laws2/Alphabetical_List/lawspdfs/71.41.pdf

³ <http://www.central-bank.org.tt/pdf/Other/Public%20Education%20Pamphlet4.pdf>



Tax Free Housing Development Corporation Housing Bonds

2. **New section 2B** provides that tax free Housing Development Corporation (HDC) Housing Bonds issued under the Act are to be applied solely for the purpose of enabling individuals to purchase Housing Development Corporation houses.

Power of Minister to issue or exchange Saving Bonds

3. **Clause 4** of the Bill seeks to amend the existing Section 3 subsection (1) and paragraphs (a) and (b) of the Act, *inter alia* to:-
-  Allow for the Minister to also issue transferable bonds, in addition to the existing non-transferable bonds;
 -  Increase the total value of bonds which may be issued by the Minister under the Act, from two billion dollars (\$2,000,000,000.00) as amended⁴ to three billion dollars (\$3,000,000,000.00) to defray expenses from the issuance of bonds; and
 -  Allow for the Minister by Order as opposed to resolution passed by both Houses of Parliament, to specify additional sums of money which may be required from the issuance of transferable and non-transferable bonds.

Schedule amended

4. **Clause 5** of the Bill seeks to amend Part A and Part B of the existing Schedule to the Act, as inserted by the Finance (No. 3) Act of 2016⁵, by:-
-  Inserting after existing Item 4 in **Part A – Types of Bonds**, the new Item 5 reference:-
 1. Government Savings Bonds
 2. National Tax Free Savings Bonds
 3. Tax Free Housing Bonds
 4. National Savings Bonds
 - 5. Housing Development Corporation Housing Bonds**
 -  Inserting after existing Item 3 in **Part B – Regulations Applicable to Types of Bonds**, the new Item 4 reference:-

Regulations	Type of Bonds
1. Government Savings Bonds Regulations	Government Savings Bonds

⁴ Finance (No. 3) Act of 2016: <http://www.ttparliament.org/legislations/a2016-10.pdf>

⁵ Act No. 10 of 2016: <http://www.ttparliament.org/legislations/a2016-10.pdf>

2. National Tax Free Savings
Bonds Regulations

National Tax Free Savings Bonds

3. Tax Free Housing
Bonds Regulations

Tax Free Housing Bonds

**4. Tax Free Housing
Development
Corporation Housing
Bonds Regulations**

**Tax Free Housing Development
Corporation Housing Bonds**



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September 18, 2019

Disclaimer: Bills Essentials are prepared to support the work of the Members of the Parliament of the Trinidad and Tobago and is not intended to address the specific circumstances of any particular individual. They are produced under time and resource constraints and aim to be available in time for debate in the Houses.

The views expressed in Bill Essentials do not reflect an official position of the Legal Unit, nor do they constitute professional legal opinion. Bill Essentials reflect the relevant legislation as introduced and do not canvass subsequent amendments or developments. To determine the official status of the Bill or follow its progress click here: <http://www.ttparliament.org/publications.php?mid=28>