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**First Session Eighth Parliament Republic of
Trinidad and Tobago**



REPUBLIC OF TRINIDAD AND TOBAGO

Act No. 2 of 2002

[L.S.]

AN ACT to provide for the variation of certain taxes and
to introduce other provisions of a fiscal nature and
for related matters.

[Assented to 24th December, 2002]

ENACTED by the Parliament of Trinidad and Tobago as Enactment
follows:—

1. (1) This Act may be cited as the **Finance** Short title and
commencement
(Miscellaneous Provisions) Act, 2002.

(2) This Act shall come into operation on the 1st day of January, 2003.

Chap. 46:01
amended

2. The Children Act is amended—

(a) in section 24—

(i) by deleting the words “cigarettes or cigarette papers” and substituting the words “tobacco products”; and

(ii) by deleting the words “five hundred dollars”, “one thousand dollars” and “one thousand five hundred dollars” and substituting the words “two thousand dollars”, “five thousand dollars” and “seven thousand five hundred dollars”, respectively;

(b) in section 25, by deleting the words “cigarettes or cigarette papers” wherever they occur and substituting the words “tobacco products”;

(c) in section 26(1), by deleting the word “cigarettes” and substituting the words “tobacco products”;

(d) by inserting after section 26, the following section:

^{“Vendor to display sign”} 26A. (1) Every vendor of tobacco products shall cause to be displayed at all times in a prominent place in that part of the premises where the tobacco products are offered for sale, a sign, written in large, bold, legible, upper case characters that reads as follows:

**THE SALE OF
TOBACCO PRODUCTS
TO INDIVIDUALS
UNDER THE AGE OF
EIGHTEEN YEARS IS
PROHIBITED.**

(2) A person who fails to comply with subsection (1) commits an offence and is liable on summary conviction to a fine of one thousand dollars.”;

(e) in section 27—

(i) by deleting the words “cigarettes or cigarette papers” wherever they occur and substituting the words “tobacco products”; and

(ii) by deleting the words “cigarettes and cigarette papers” and substituting the words “tobacco products”; and

(f) by repealing section 28 and substituting the following section:

<sup>“Application
of Part II</sup> 28. (1) For the purposes of this Part—

“tobacco products” means cigarettes, cigars, chewing tobacco, pipe tobacco or tobacco in any of its forms and cigarette paper;

“cigarette” includes cut tobacco rolled up in paper, tobacco leaf or other material in such form as to be capable of immediate use for smoking;

“cigarette paper” means paper used for rolling tobacco to be used for cigarettes.

(2) This Part shall apply to smoking mixtures intended as a substitute for tobacco in like manner as it applies to tobacco products.”.

Chap. 48:50
amended

3. The Motor Vehicles and Road Traffic Act is amended in—

(a) section 17A, by inserting after subsection (2), the following subsection:

“ (3) Notwithstanding subsection (1), with effect from 1st May, 2003, no locally assembled motor vehicle using new or used foreign parts shall be registered for use under this Act.”;

(b) the First Schedule, by deleting item 25 and substituting the following item:

“ 25. (1) Registration of locally assembled motor vehicles using foreign parts—

(a) motor vehicle with engine size not exceeding 1799 cc—\$20,000.00;

(b) motor vehicle with engine size exceeding 1799 cc—\$30,000.00.

(2) Subitem (1) shall cease to have effect from 1st May, 2003.”; and

(c) the Fourth Schedule, in Part I of Appendix A, by deleting subparagraph (6) and substituting the following subparagraph:

“ (6) Completely built-up foreign used motor vehicles imported by persons other than returning nationals, seventy-five per cent of the tax specified in subparagraphs (1), (2), (3) or (4).”.

4. The Income Tax Act is amended—Chap. 75:01
amended

(a) by inserting after section 13A, the following section:

“ 13B. (1) Subject to this section, where an individual converts a house into an approved guest house there shall be allowed in the year in which the certificate of completion for the approved guest house was issued, a deduction of the approved capital expenditure incurred by the individual in respect of the conversion to such guest house.

(2) The deduction referred to in subsection (1) shall not be allowed unless the individual—

(a) obtains from the Minister, approval for conversion into a guest house prior to the commencement of conversion; and

(b) furnishes the Board with a certificate of completion of the conversion issued by the appropriate State agency.

(3) The individual referred to in subsection (1) shall, prior to the commencement of a conversion, apply to the Minister for approval of the conversion, such application being accompanied by—

(a) the building plans for the conversion;

(b) any other requisite approvals which may be required from other State agencies for the conversion; and

- (c) any other information as may be required by the Minister.

(4) The Minister shall, where the individual meets the requirements under subsection (3) and after consultation with the Tourism and Industrial Development Company of Trinidad and Tobago, grant written approval to the individual for the conversion, such approval stating—

- (a) the date on which approval for the conversion is granted;
- (b) the nature of the conversion in respect of which approval is granted; and
- (c) any other information which the Minister considers necessary.

(5) In this section—

“approved capital expenditure” means such sum as the Board is satisfied has been expended on the purchase of building materials used in the conversion of a house into a guest house;

“approved guest house” means a building in respect of which approval is granted by the Minister under subsection (4), comprising not more than six separate bedrooms occupied for the purpose of providing for reward

sleeping accommodation together with services and facilities ancillary thereto provided for its guests, not being persons resident in the guest house under a contract of service;

“Minister” means the member of Cabinet to whom responsibility for tourism is assigned.”;

(aa) in section 16, by inserting after subsection 2(d) the following paragraph:

“(e) no loss incurred in connection with a guest house in any year in respect of which an allowance is granted under section 13A, shall be set off against the profits arising from any other trade, business, profession or vocation carried on by the person to whom the allowance is granted.”.

(b) by inserting after section 18, the following sections:

“Allowances
for purchase
of house

18A. (1) Subject to subsections (2), (3) and (4), where in a year of income commencing 1st January, 2003, an individual who is a resident acquires by way of purchase or construction, a house to be used as his residence and was not the owner of a house at any time prior to 1st January, 2003, that person shall be entitled to an allowance

of ten thousand dollars per year in respect of such acquisition.

(2) The allowance referred to in subsection (1) may be claimed by such individual referred to in subsection (1), for each of the first five years commencing from the year in which the house is acquired.

(3) Where in a year of income an individual claims the allowance referred to in subsection (1), the allowance shall not be granted unless the individual—

(a) furnishes the Board with proof of ownership of the house;

(b) satisfies the Board that the house which is to be used as his residence is a first-time acquisition; and

(c) satisfies the Board that the taxes payable by him in that year of income under the Land and Buildings Taxes Act and the Municipal Corporations Act, have been paid in

respect of the year to which the claim relates.

(4) Where an individual acquires by way of purchase or construction a house together with one or more other individuals, the allowance under subsection (1) may be claimed by the individual in such proportion as may be determined by the owners, save that—

(a) the individual claiming the allowance shall satisfy the Board that he is a first time owner who occupies the house as a residence; and

(b) the aggregate allowance shall not exceed ten thousand dollars in any year.”.

(5) For the purposes of this section, “first-time acquisition” means—

(a) the purchase for the first-time of a completed house or any share therein on or after 1st January, 2003; or

(b) the construction for the first-time of

a house completed
on or after 1st
January, 2003.

Deduction for
purchase of
certain
shares
Chap. 81:03

18B. (1) An individual, who purchases shares in a society registered under the Co-operatives Societies Act whereby there is a net increase for the year of income in the total nominal value of shares up to ten thousand dollars held by him, in that society is entitled in the year of income to a deduction of an amount equal to the increase, but not exceeding ten thousand dollars per annum.

(2) An individual claiming a deduction under subsection (1) shall furnish the Board with a certificate from every society in which he held shares in the year of income in respect of which the deduction is being claimed and the certificate shall show—

- (a) the number of shares held by him at the end of the year of income immediately preceding the year in which the deduction is being claimed and the nominal value of these shares; and

(b) the number of shares purchased or withdrawn by him in the year of income in respect of which a deduction is being claimed and the nominal value of his shareholding at the end of that year of income.

(3) Where in the year of income immediately preceding the year of income in which the deduction is being claimed, an individual was allowed a deduction in respect of shareholding in a society other than that in which he holds the shares in respect of which he makes a claim, he shall in addition to the certificate referred to in subsection (2), furnish the Board with a certificate from that other society and that certificate shall show—

(a) the number of shares held in that society at the end of the year of income immediately preceding and the nominal value of those shares; and

(b) the number of shares held in that society at the end of the year of income in respect of which the deduction is being claimed and the nominal value of those shares.”;

(c) in section 27—

(i) in subsection (1)—

(A) in paragraph (c), by deleting the words “or scheme; or” and substituting the words “or scheme;”;

(B) in paragraph (d), by inserting after the semicolon, the word “or”; and

(C) by inserting after paragraph (d), the following paragraph:

“(e) has made a contribution under the Retiring Allowances (Legislative Service) Act, ”; and

Chap. 2:03

(ii) by inserting after subsection (1), the following subsection:

“(1A) Subsection (1)(e) shall be deemed to have come into operation on 1st January, 1996.”;

(d) in section 28—

- (i) by repealing subsection (10) and substituting the following subsection:

“ (10) Where an amount is payable by a trustee or trust corporation under an approved pension fund plan or by a company under an approved deferred annuity plan for a year of income by way of a refund of contributions or refund of premiums, as the case may be, there shall be deducted or withheld a tax equal to ten per cent of the amount payable, and—

- (a) that tax shall be paid to the Board by the fifteenth day of the month following that in which that tax was deducted or withheld;
- (b) there shall be payable a penalty of one hundred per cent of the tax owed for failure to pay to the Board by the fifteenth day of the month following that in which the tax was deducted or withheld; and
- (c) there shall be payable from the due date, interest at the rate of twenty per cent a year on the amount of tax remaining unpaid,”;

(ii) in subsection (11), by deleting paragraph (c) and substituting the following paragraph:

“(c) there shall be deducted or withheld from any amount paid to a person, in a year of income as a benefit under the amended plan, by the person paying that amount, an amount equal to twenty-five per cent thereof, and—

- (i) any amount so withheld or deducted shall be remitted to the Board on the fifteenth day of the month following that in which the tax was withheld or deducted, on account of the payee’s tax for the year under this Act;
- (ii) there shall be payable a penalty of one hundred per cent of the tax owed for failure to remit to the Board by the fifteenth day of the month following that in which the tax was deducted; and
- (iii) there shall be payable interest at a rate of twenty per cent a year on that tax by the fifteenth day of the month

following that in which the tax was deducted.”; and

- (iii) in subsection (15), by deleting the words “under section 27(1)(c), or (d)” and substituting the words “under section 27(1)(c), (d) or (e)”;
- (e) in section 76(6), by inserting after the words “any other penalty provided in this Act,” the words “unless the Board otherwise directs,”;
- (f) in section 77(1), by deleting the words “The Board may,” and substituting the words “Notwithstanding section 76(4), the Board may”;
- (g) in section 99(4), by inserting after the words “such additional sum” the words “unless the Board otherwise directs,”;
- (h) in section 103(2), by inserting after the words “on payment of the amount he failed to pay,” the words “unless the Board otherwise directs,”;
- (i) in Part I of the Third Schedule—
 - (i) by deleting the words “28 cents” and substituting the words “25 cents”; and
 - (ii) by deleting the words “35 cents” and substituting the words “30 cents”; and
- (j) in the Seventh Schedule—
 - (i) in Class A, by deleting the item entitled “Bakers’ Plant”; and
 - (ii) in Class B, by inserting the item entitled “Bakers’ Plant”.

Chap. 75:02
amended

5. The Corporation Tax Act is amended—

(a) by repealing sections 8 and 9;

(b) in section 10G(1)—

(i) by deleting the words “subject to this section” and substituting the words “subject to section 10L”; and

(ii) by deleting the words “three hundred thousand dollars” in the last line and substituting the words “four hundred and fifty thousand dollars”;

(c) by inserting, after section 10H, the following sections:

“Deduction of
expenditure
by promoters
or sponsors of
sporting
activities and
sportsmen

10I. (1) Subject to section 10L, where in a year of income commencing from the year 2003, a company promotes or sponsors sporting activities or events or sportsmen, there shall be allowed as a deduction, in ascertaining the chargeable profits of the company for that year of income an allowance equal to one hundred and fifty per cent of the actual expenditure incurred in respect of such promotion or sponsorship, up to a maximum of four hundred and fifty thousand dollars.

(2) In the case of a sportsman sponsored by a company, the deduction shall only apply where the sportsman is a national of Trinidad and Tobago.

(3) In this section, “sporting activities or events” means athletics, badminton, basketball, amateur boxing, martial arts, wrestling, cricket, cycling, model aeroplane flying, football, rugby, golf, hockey, netball, baseball, polo, swimming, tennis, weightlifting, yachting and such other activities or events as may be prescribed, under subsection (4), by the Minister with responsibility for sports.

(4) The Minister to whom responsibility for sports is assigned may, by Order, amend the list of sporting activities or events detailed in subsection (3).

(5) For the purposes of this section “sportsman” means an individual engaged in sporting activities or events.

Deduction of
expenditure
by sponsors
for audio,
visual or
video
productions

10J. Subject to section 10L, where in a year of income commencing from the year 2003, a company sponsors audio, visual or video productions for the purposes of local education or local entertainment or reflecting local culture for radio or television, there shall be allowed as a deduction, in ascertaining the chargeable profits of the company for that year of income, an allowance

equal to one hundred and fifty per cent of the actual expenditure incurred in respect of such productions up to a maximum of four hundred and fifty thousand dollars.

Deduction of
expenditure
by a
production
company

10K. Where in a year of income commencing from the year 2003, a production company incurs expenditure in respect of its own audio, visual or video productions for educational purposes or promoting or reflecting local entertainment or local culture for radio or television, there shall be allowed as a deduction, in ascertaining the chargeable profits of the company for that year of income, an allowance equal to one hundred and fifty per cent of the actual expenditure incurred in making such productions up to a maximum of four hundred and fifty thousand dollars.

Assessing
chargeable
profits

10L. (1) For the purpose of ascertaining the chargeable profits of a company for a year of income, the aggregate allowance that may be claimed under sections 10G, 10I and 10J shall not exceed the sum of four hundred and fifty thousand dollars.

(2) In the case of a production company this company will, in addition to the deduction allowed under section 10K, also be entitled to claim an aggregate allowance of up to a maximum of four hundred and fifty thousand dollars with respect to sums paid to sporting activities and artistic works not related to its own business.

Double
deductions
prohibited

10M. For the removal of doubt a company which is granted an allowance under sections 10E, 10G, 10H, 10I, 10J and 10K shall not also be entitled to a deduction under section 10 of the Income Tax Act as applies to the Corporation Tax Act.

Chap. 75:01

Chap. 75:02

Certification
by the
Minister

10N. For the purposes of sections 10J and 10K the Minister shall issue a certificate in the manner prescribed, to the effect that the productions referred to therein, are for educational purposes or promote or reflect local entertainment or culture and a deduction shall not be allowed by the Board in the absence of such certificate.”;

(d) by inserting after section 19A(2), the following subsection:

“ (3) The Board may waive or reduce the penalty for late filing in circumstances where it is just and equitable to do so.”;

(e) in the First Schedule—

(i) by deleting the words “thirty-five per cent wherever they occur in paragraphs 1 and 2, and substituting the words “thirty per cent”;

(ii) in paragraph 1, by deleting the words “paragraph 2” appearing after the words “except as otherwise provided” and substituting the words “paragraphs 2 and 3”; and

(iii) by inserting the following paragraph:

“ 3(1) Companies engaged in the—

(a) liquefaction of natural gas;

(b) manufacture of petrochemicals;

(c) physical separation of liquids from a natural gas stream and natural gas processing from a natural gas stream;

(d) transmission and distribution of natural gas;

(e) wholesale marketing and distribution of petroleum products; and

(f) any other activity prescribed by Order of the Minister with responsibility for finance, shall be subject to corporation tax at the rate of thirty-five per cent per annum.

(2) For the avoidance of doubt, companies engaged in the wholesale marketing and distribution of petroleum products shall not include companies—

(a) operating a liquid petroleum gas filling plant or conducting a refilling operation;

(b) involved in the sale and distribution of leaded and unleaded gasoline, diesel and kerosene lubricants and other car care products; or

(c) operating service stations.”; and

(f) by repealing the Second Schedule.

6. (1) The Stamp Duty Act is amended—

(a) by deleting section 60;

(b) in the First Schedule—

(i) in the item described as “Bond, Covenant, or Instrument of any kind whatsoever, whether by way of principal or collateral security for the payment of money,” by

Chap. 76:01
amended

deleting the words commencing with the words “Where the payment is to continue for a term of life or any other indefinite period” and ending with the words “0.25”;

(ii) in the item described as “Conveyance or transfer of any stock or funded debt or shares of any company or corporation”—

(A) by deleting the words “On sale—” and substituting the words “On sale of any stock or funded debt or shares not listed by a self-regulatory organisation—”; and

(B) by inserting after paragraph (1), the following paragraph:

“ (1A) On shares listed by a self-regulatory organisation not sold or transferred in accordance with the rules of the self-regulatory organisation . . . five per cent of the market value of the transaction.”; and

(iii) in the item described as “Policy of Insurance—”

(A) by deleting all the words commencing with the words “Upon any life or lives, or upon any event or contingency relating to or depending upon any life

or lives:” and ending with the words “\$5,000 of the amount insured . . . 5.00”; and

- (B) by inserting below the words “Against loss or damage by fire . . . 0.25”, the following words:

“EXEMPTION

Policy of Insurance upon any life or lives or upon any event or contingency relating to or depending upon any life or lives.”; and

- (c) in section 68, by renumbering that section as “68(1)” and inserting the following subsection:

“ (2) Notwithstanding subsection (1), the President may remit or refund stamp duties payable where it appears to him just and equitable to do so.”.

(2) Subsection (1)(a) and (b) shall be deemed to have come into operation on the 14th day of September, 2001.

7. The Miscellaneous Taxes Act is amended in Part XIII— Chap. 77:01 amended

- (a) in section 54(1), in the definition of “taxable insurance contract”—

(i) in paragraph (g), by deleting the fullstop after the word “insurance” and substituting the words “; and”; and

- (ii) by inserting after paragraph (g), the following paragraph:

“(h) a contract under which the policy holder is a

resident of Trinidad and Tobago who has attained the age of sixty years.”;

(b) by inserting after section 54(1), the following section:

“ 54. (1)(A) Paragraph (h) of section 54(1) shall be deemed to have come into effect from 14th September, 2001.”;

(c) by inserting after section 59, the following section:

“Tax
Authority
may audit

59A. (1) The Tax Authority may at any time audit insurance companies to ensure that the correct taxes are paid to the Authority.

(2) The Tax Authority shall, in respect of the collection and recovery of taxes and an audit under subsection (1), have all the powers which the Board of Inland Revenue has in relation to income tax under the Income Tax Act.”; and

(d) by inserting after section 60, the following section:

“Tax
Authority
may waive
interest

60A. The Tax Authority may waive interest accrued in respect of—

- (a) outstanding taxes; and
- (b) penalties,

where it considers it just and equitable to do so.”.

8. The Liquor Licences Act is amended—Chap. 84:10
amended

- (a) by repealing section 28; and
- (b) by repealing section 60 and substituting the following section:

“Sale of
intoxicating
liquor to
children

60. (1) A person who knowingly sells or allows another person to sell intoxicating liquor to a child under the age of eighteen years, whether for the child's own use or not, commits an offence and is liable on summary conviction for a first offence to a fine of two thousand dollars, and in the case of a second offence to a fine of five thousand dollars, and in the case of a third or subsequent offence to a fine of seven thousand five hundred dollars.

(2) A licence granted or transferred to or renewed in favour of a person convicted under subsection (1), shall be suspended for a period of one year.

(3) A person who is licensed under this Act to sell intoxicating liquor shall cause to be displayed at all times, in a prominent place in that part of the premises where the liquor is offered for sale, a sign, written in large, bold, legible, upper case characters, that reads as follows:

THE SALE OF INTOXICATING LIQUOR TO INDIVIDUALS UNDER THE AGE OF EIGHTEEN YEARS IS PROHIBITED.

(4) A person who fails to comply with subsection (3) commits an offence and is liable on summary conviction to a fine of one thousand dollars.

Chap. 85:04
amended

9. The Income Tax (In Aid of Industry) Act is amended—

(a) in section 1, by repealing subsection (2);

(b) by inserting after section 1, the following section:

“Application
of Act

1A. This Act shall, except as may be otherwise expressly provided herein, be applicable to all manufacturing trades.”;

(c) by repealing section 2 and substituting the following section:

“Interpreta-
tion

2. (1) In this Act, references to a year of assessment shall be construed as references to a former year of assessment or, as the circumstances require, a year of income, and references to years of assessment shall be construed accordingly.

(2) In this Act “manufacturing trade” means any activity involving the mechanical, physical or chemical

transformation of materials, substances or components into new products but does not include the printing and publication of newspapers, magazines, reviews and other periodicals by the proprietors for their account.

(3) For the purposes of Parts II, III and V “production business” has the meaning assigned to it in the Petroleum Act.”;

Chap. 75:04

(d) in section 9(1), by repealing paragraph (a) and substituting the following paragraph:

“(a) for the purposes of a manufacturing trade; and”;

(e) in section 16(1), by deleting the words “one half of the expenditure” and substituting the words “sixty per cent of the expenditure incurred in the provision of machinery and plant for the purposes of that trade.”;

(f) by renumbering the section numbered as section 16A in the second place where it occurs, as section 16B;

(g) by repealing section 62 and substituting the following section:

“Application
of Part VIII

62. None of the provisions of this Part shall apply to any manufacturing trade other than the mining, working and processing of asphalt and none of the provisions of Part IX shall apply to this Part.”;
and

(h) by repealing the First Schedule.

Act No. 14 of 1987
amended

10. The Finance Act, 1987 is amended in section 5(2)—

(a) by deleting the words “fifty per cent” and “fifteen per cent” and substituting the words “one hundred per cent” and “twenty per cent”, respectively; and

(b) by deleting the words “unless the Board otherwise directs” and inserting after the words “such additional sum” the words “unless the Board otherwise directs,”.

Act No. 37 of 1989
amended

11. Section 39(8) of the Value Added Tax Act, 1989 is repealed and the following subsection substituted:

“ (8) An assessment under subsection (1) shall not be made, amended or vacated after—

(a) six years from the end of the tax period to which the assessment relates; or

(b) three years from the date of filing of the return to which the assessment relates,

whichever is the later.”.

Passed in the House of Representatives this 13th day of December, 2002.

J. SAMPSON-JACENT

Clerk of the House

Passed in the Senate this 17th day of December, 2002.

D. DOLLY

Clerk of the Senate