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No. 15 of 2022

Third Session Twelfth Parliament Republic of
Trinidad and Tobago

HOUSE OF REPRESENTATIVES

BILL

AN ACT to make provisions of a financial nature and
other related matters

THE FINANCE (NO. 2) BILL, 2022

Explanatory Note

(These notes form no part of the Bill but are intended only to indicate its general purport.)

This Bill seeks to amend the Defence (Pensions, Terminal and Other Grants) Regulations, Government Notice No. 38 of 1968 made under the Defence Act, Chap. 14:01; the Police Service Regulations, Legal Notice No. 145 of 2007 made under the Police Service Act, Chap. 15:01; the Corporation Tax Act, Chap. 75:02; the Petroleum Taxes Act, Chap. 75:04 and the Value Added Tax Act, Chap. 75:06.

Clause 1 of the Bill would provide for the short title.

Clause 2 of the Bill would amend the Defence (Pensions, Terminal and Other Grants) Regulations, Government Notice No. 38 of 1968 made under the Defence Act, Chap. 14:01 to allow for the payment of an interim pension of three thousand, five hundred dollars per month to officers who retire compulsorily from the Trinidad and Tobago Defence Force.

Clause 3 of the Bill would amend the Police Service Regulations, Legal Notice No. 145 of 2007 made under the Police Service Act, Chap. 15:01 to allow for the payment of an interim pension of three thousand, five hundred dollars per month to officers who retire compulsorily from the Trinidad and Tobago Police Service.

Clause 4 of the Bill would amend the Corporation Tax Act, Chap. 75:02 by inserting a new section 10W to provide for an apprenticeship allowance to a company that incurs expenditure in the hiring of a young person who has completed secondary education for an apprenticeship training programme with that company. This allowance would be equal to 150 per cent of the actual expenditure incurred by a company, up to a maximum of 5 per cent of the total wages and salaries bill of the company in a year of income.

This clause would also exempt an approved small company as defined in the Corporation Tax Act from the payment of corporation tax for a period of six years commencing 1st January 2023. Sections 16A(5), 16B(1), 16C, 16D, 16E and 16H would also be amended to remove all references to the Small Business Development Company Limited and Industrial Development

Corporation in light of the fact that these entities no longer exist. The Minister of Finance shall designate an entity to replace the Small Business Development Company Limited and Industrial Development Corporation respectively by Order, made subject to the negative resolution of Parliament.

This clause would also provide for a one-time tax credit of fifty thousand dollars to a manufacturing company approved by the Minister with responsibility for Trade and Industry for the expenditure incurred by the manufacturing company in acquiring new machinery, new production lines or new equipment in the year 2023.

The clause would also provide for a one-time tax credit of fifty thousand dollars in income year 2023, to an EMI company registered as an e-money issuer under the E-Money Issuer Order, 2020 or to a PSP company registered by the Central Bank. The tax credit will be in respect of expenditure incurred in income year 2023, for *inter alia*, the acquisition of equipment, intellectual property related to software outsourcing and creation, product development or web development.

Clause 5 of the Bill would amend the Petroleum Taxes Act, Chap. 75:04 to increase the investment tax credit under section 26(1) from twenty-five per cent to thirty per cent of the qualifying capital expenditure incurred in respect of approved development activity in mature marine oil fields, approved development activity in mature land oil fields or the acquisition of machinery and plant for use in approved enhanced oil recovery projects.

This clause would also amend the First Schedule of the Petroleum Taxes Act to decrease the rate of the petroleum profits tax from 35 per cent to 30 per cent.

Part A of the Third Schedule of the Petroleum Taxes Act would also be amended in this clause by extending the regime for supplemental petroleum taxes beyond the financial years 2021 and 2022. The production limit of a small onshore producer would also be increased from less than two thousand barrels of crude oil per day to less than four thousand barrels of crude oil per day.

Part A of the Third Schedule of the Petroleum Taxes Act is further amended in this clause in paragraph 6A(1)(c) by decreasing the Base SPT rate from 25% to 20% in respect of petroleum operations in a new field in shallow marine areas where the weighted average crude oil price is between U.S. \$90.01 and U.S. \$200.00 per barrel.

This clause would also amend Part A of the Third Schedule of the Petroleum Taxes Act to now provide for the tax chargeable in respect of petroleum operations in a new well in an existing field in shallow marine areas that have been approved and certified for development by the Minister to whom responsibility for petroleum has been assigned. The definitions “existing field” and “new well” are also being newly inserted into the Third Schedule.

This clause would also amend Part B of the Third Schedule of the Petroleum Taxes Act by replacing the table relating to the Scale of Supplemental Petroleum Tax Rates. This new table would provide for, *inter alia*, the reduced supplemental petroleum tax rates for New Field Development (Column “B”) and the new supplemental petroleum tax rates for New Well in Existing Field (Column “D”).

Clause 6 of the Bill would amend Schedule 2 of the Value Added Tax Act, Chap. 75:06 to zero rate value added tax on new equipment for a manufacturing company which utilises alternate energy technologies and renewable energy options.

Clause 7 of the Bill would provide for the commencement of the Act.

THE FINANCE (NO. 2) BILL, 2022

Arrangement of Clauses

Clause

1. Short title
2. Chap. 14:01 amended
3. Chap. 15:01 amended
4. Chap. 75:02 amended
5. Chap. 75:04 amended
6. Chap. 75:06 amended
7. Commencement

BILL

AN ACT to make provisions of a financial nature and
other related matters

[, 2022]

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

1. This Act may be cited as the Finance (No. 2) Act, Short title
2022.

2. The Defence (Pensions, Terminal and Other Chap. 14:01
Grants) Regulations are amended by inserting after amended
regulation 3, the following regulation: G.N. No. 38 of 1968

“Interim
pension 3A. (1) Notwithstanding any other
provision of the Act, these Regulations or

any other written law, where there is sufficient evidence that a person who compulsorily retires is eligible for a pension under these Regulations, that person shall—

(a) pending the completion of any administrative or other requirements for the payment of that pension; and

(b) commencing on the date that the first payment of that pension would have become due if the administrative and other requirements referred to in paragraph (a) had been completed,

be paid an interim pension in the sum of three thousand five hundred dollars per month.

(2) A person referred to in subregulation (1) may, upon the completion of the administrative or other requirements referred to in subregulation (1), be granted such pension for which he is eligible under these Regulations, subject to the deduction of the amount previously paid to him under this regulation.

(3) Any amount paid pursuant to subregulation (1) to a person who is not eligible for a pension under these Regulations, may be recovered by the State as a civil debt.”.

Chap. 15:01
amended
L.N. No. 145 of 2007

3. The Police Service Regulations are amended by inserting after regulation 183A, the following regulation:

“Interim
pension

183B. (1) Notwithstanding any other provision of the Act, these Regulations or any other written law, where there is

sufficient evidence that a person who compulsorily retires is eligible for a pension under these Regulations, that person shall—

(a) pending the completion of any administrative or other requirements for the payment of that pension; and

(b) commencing on the date that the first payment of that pension would have become due if the administrative and other requirements referred to in paragraph (a) had been completed,

be paid an interim pension in the sum of three thousand five hundred dollars per month.

(2) A person referred to in subregulation (1) may, upon the completion of the administrative or other requirements referred to in subregulation (1), be granted such pension for which he is eligible under these Regulations, subject to the deduction of the amount previously paid to him under this regulation.

(3) Any amount paid pursuant to subregulation (1) to a person who is not eligible for a pension under these Regulations, may be recovered by the State as a civil debt.”.

4. The Corporation Tax Act is amended—

(a) by inserting after section 10V, the following section:

“Apprenticeship allowance 10W. (1) Where in a year of income commencing from 1st January 2023, a company

Chap. 75:02
amended

incurs expenditure in the hiring of a young person who has completed secondary education for an apprenticeship training programme with that company, 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, up to a maximum of five per cent of the total wages and salaries bill of the company for that year of income.

(2) A company qualifies for an allowance under this section where—

(a) the apprenticeship training programme instituted by the company is registered with the National Training Agency; and

(b) the period of the apprenticeship training programme is not more than one year.

(3) For the purposes of this section—

“secondary education” means a period of secondary school attendance contemplated within the meaning of section 6 of the Education Act; and

“young person” means a person between the age of sixteen and twenty-five years of age.”;

(b) in section 16A,

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

“(1A) Subject to sections 16B to 16E, an approved small company shall be exempt from the payment of corporation tax for a period of six years commencing 1st January 2023.”; and

(ii) in subsection (5), by deleting the words “Small Business Development Company Limited” and substituting the words “designated entity”;

(c) in section 16B(1),

(i) by deleting the words “Industrial Development Corporation” and substituting the words “designated entity”; and

(ii) in paragraph (g), by deleting the words “Industrial Development Corporation” and substituting the words “designated entity”;

(d) in section 16C,

(i) in subsection (1), by deleting the words “Industrial Development Corporation” and substituting the words “designated entity”; and

- (ii) in subsection (2),
 - (A) by deleting the words “Industrial Development Corporation” and substituting the words “designated entity”; and
 - (B) in paragraph (f), by deleting the words “Industrial Development Corporation” and substituting the words “designated entity”;
- (e) in section 16D, by deleting the words “Industrial Development Corporation” and substituting the words “designated entity”;
- (f) in section 16E,
 - (i) in subsection (1), by deleting the words “Industrial Development Corporation” and substituting the words “designated entity”; and
 - (ii) in subsection (2), by deleting the words “Industrial Development Corporation” and substituting the words “designated entity”; and
- (g) in section 16H,
 - (i) by deleting the words “inclusive,” and substituting the words “inclusive—”; and
 - (ii) by inserting in the appropriate alphabetical sequence, the following definition:
 - “ “designated entity” means the entity designated by the Minister of Finance

by Order and made subject to the negative resolution of Parliament;”

(h) by inserting after section 16J, the following sections:

“Tax credit for manufacturing companies 16K. (1) Where an approved manufacturing company incurs expenditure in the year 2023 in acquiring—

- (a) new machinery;
- (b) new production lines; or
- (c) new equipment,

that approved manufacturing company is entitled to a one-time tax credit of fifty thousand dollars for the expenditure incurred in the year 2023.

(2) The Minister with responsibility for Trade and Industry shall certify a company as an approved manufacturing company.

Tax credit for EMIs and PSPs 16L. (1) Where in the year of income 2023, an EMI company or a PSP company incurs expenditure in—

- (a) the acquisition of equipment;
- (b) intellectual property related to software outsourcing and creation;
- (c) product development;
- (d) web development;

(e) security and maintenance;

(f) hosting;

(g) regulatory costs; or

(h) bank settlement fees,

that EMI company or PSP company is entitled to a tax credit of fifty thousand dollars for the expenditure incurred in that year of income only.

(2) For the purposes of this section—

“EMI company” means a company which falls within the category of entities outlined in clause 3(1)(a) to (e) of the E-Money Issuer Order, 2020 and is registered as an e-money issuer under that Order;

“e-money issuer” has the meaning assigned to it under the E-Money Issuer Order, 2020;

“payment service” has the meaning assigned to it under the E-Money Issuer Order, 2020; and

“PSP company” means a company which falls within the category of entities outlined in clause 3(1)(a) to (e) of the E-Money Issuer

Order, 2020 and is registered as a payment service provider by the Central Bank, established under the Central Bank Act.”.

Chap. 79:02

5. The Petroleum Taxes Act is amended—

Chap. 75:04
amended

- (a) in section 26(1), by deleting the words “twenty-five per cent” and substituting the words “thirty per cent”;
- (b) in the First Schedule, in item 2, by deleting the words “35 per cent” and substituting the words “30 per cent”;
- (c) in Part A of the Third Schedule—
 - (i) in paragraph 3A, in the *chapeau*, by deleting the words “2021 and 2022”;
 - (ii) in paragraph 3B, by deleting the words “two thousand barrels” and substituting the words “four thousand barrels”;
 - (iii) in paragraph 6A(1)(c), by deleting the words “25%” and substituting the words “20%”;
 - (iv) by inserting after paragraph 6A the following:

“6B. (1) The tax chargeable in respect of petroleum operations in a new well in an existing field in shallow marine areas is hereby computed and fixed as follows:

- (a) where the weighted average crude oil

price is U.S. \$50.00 per barrel or less, no tax is chargeable;

(b) where a person carries out petroleum operations in a new well in an existing field under a licence, sub-licence or contract, the tax is chargeable at the rates set out in Column "D" of Part B;

(c) where the weighted average crude oil price is between U.S. \$90.01 and U.S. \$200.00 per barrel, the tax is chargeable under Column "D" of Part B at rates based on the following sliding scale:

SPT rate = Base SPT rate + 0.2% (P – U.S. \$90.00)

Base SPT rate = Column "D" New Well in Existing Field – 20%

SPT = Supplemental Petroleum Tax

P = Weighted average crude oil price in USD.

(2) Subclause (1) shall apply in respect of new wells in existing fields in shallow marine areas

that have been approved and certified for development by the Minister to whom responsibility for petroleum has been assigned.

(3) For the purposes of this Part—

“existing field” means a field that produced oil before 1st January 2023;

“new well” means a well that was not producing oil before 1st January 2023.”;

(d) in Part B of the Third Schedule, by deleting the table relating to the Scale of Supplemental Petroleum Tax Rates and substituting the following table:

“SCALE OF SUPPLEMENTAL PETROLEUM TAX RATES

RATE %

| <i>PRICE U.S. \$ Between</i> | Marine | New Field Development | Land and Deepwater Block “C” | New well in Existing Field “D” |
|----------------------------------|--|--------------------------|---------------------------------------|---|
| \$ \$ | “A” | “B” | | |
| 0.00 to 50.00 | 0 | 0 | 0 | 0 |
| 50.01 to 70.00 | | 15 | | 15 |
| 50.01 to 90.00 | 33 | | 18 | |
| 70.01 to 90.00 | | 20 | | 20 |
| 90.01 to 200.00 | SPT rate = Base SPT rate + 0.2% (P - \$90.00) | | | |
| 201.00 and over | 55 | 42 | 40 | 42”. |

Chap. 75:06
amended

6. The Value Added Tax Act is amended in Schedule 2 by inserting after item 50, the following item:

“51. (1) New equipment for a manufacturing company which utilises alternate energy technologies and renewable energy options.

(2) For the purposes of this item, “renewable energy options” includes—

(a) gasifiers using biomass; and

(b) renewable energy harness using wind, solar or water.

(3) This item expires on 31st December 2023.”.

Commencement

7. Save and except for sections 1, 2 and 3, this Act comes into force on the 1st day of January 2023.

Passed in the House of Representatives this
day of _____, 2022.

Clerk of the House

I confirm the above and certify that this is a Money Bill.

Speaker

Passed in the Senate this _____ day of _____,
2022.

Clerk of the Senate

I confirm the above.

President of the Senate

No. 15 of 2022

THIRD SESSION
TWELFTH PARLIAMENT
REPUBLIC OF
TRINIDAD AND TOBAGO

BILL

AN ACT to make provisions of a financial
nature and other related matters

Received and read the

First time

Second time

Third time