

# TAX DESK BOOK

**FOR**

**TRINIDAD AND TOBAGO**

*Available on the Internet at <http://www.lexmundi.org>*

## ***DEDICATION***

*This guide is dedicated  
to the memory of  
Michael Hamel-Smith  
(1885-1933)  
founder of the firm of  
M. HAMEL-SMITH & CO.*

This Guide has been compiled by Myrna Robinson-Walters, a partner in the firm of M. Hamel-Smith & Co., in conjunction with Lex Mundi, a global association of independent law firms, of which M. Hamel-Smith & Co. is the representative in Trinidad and Tobago.

# FOREWORD

This publication contains replies to a series of questions posed by Lex Mundi in relation to taxes in Trinidad and Tobago and is current as at September 2006.

As the information contained in this publication may quickly become outdated, and because this booklet is only a summary, persons contemplating doing business in Trinidad & Tobago should seek specific advice with regard to proposed or contemplated ventures.

<b>1. Introduction</b>	<b>1</b>
Types of Taxes Imposed	1-2
<b>2. Sources of Tax Law</b>	<b>3</b>
<b>3. Tax Administration Structure</b>	<b>3</b>
<i>I Income Taxes - As Applied To Business Entities And Individuals</i>	<i>4-8</i>
<b>I. Corporations</b>	
1. What Tax Returns Must Be Filed?	4
2. Calculations of Income/Profits Taxes	5
3. Territorial Rules	7
4. Withholding Taxes	7
5. Any Other Matter Impacting on Corporation Tax Situation?	8

<b>II. Partnerships and Limited Liability Companies</b>	<b>9</b>
1. What Tax Returns must be filed?	9
2. Calculations of Income for Income Tax purposes	9
<b>III. Other Entities Such As Joint Ventures, Associations &amp; Foundation</b>	<b>10</b>
<b>IV. Individuals</b>	<b>10-13</b>
1. What Tax Returns must be filed?	10
2. Calculations of Income Taxes	11
3. Territorial Rules	13
4. Withholding Taxes	13
5. Any Other Matter of Consequence	13
<b>V. All Other Taxes, Contributions or Transfer Regimes Other Than Inheritance and Gift Taxes and Levies</b>	<b>14-17</b>
1. VAT	14
2. Tax On Capital	14
3. Stamp Duty	15
4. Motor Vehicles Taxes	15
5. Customs Duties	15
6. Excise Duties	16
7. Business Licences	16
8. National Health Surcharge	16
9. National Insurance: Rates of Contributions	17
<b>II. <i>Registration Duties for Business Entities, And if Relating to their Formation, Identify whether it is a Local or National Regime or both for the Formation</i></b>	<b>17</b>

<b><i>III. Inheritance and Gift Taxes</i></b>	<b>18</b>
<b>Other Matters</b>	<b>19</b>
I. 1. The Basis for It	19
2. Who Should be Contacted to Determine the Information	20
<b>II Are There Exchange Control Regimes?</b>	<b>20</b>
<b>III Are There any Anti-Deferral Regimes?</b>	<b>20</b>
<b>IV Tax Treaties</b>	<b>21-22</b>

# LEX MUNDI INTERNATIONAL

## TAX DESK BOOK

### TRINIDAD & TOBAGO

#### 1. INTRODUCTION

##### Types of Taxes Imposed

(a) The principal direct taxes levied in Trinidad & Tobago are:

- ◆ **Corporation Tax:** A tax on the profits and short term gains of companies accruing in Trinidad & Tobago and includes a business levy.
- ◆ **Income Tax:** A tax on income accruing in Trinidad & Tobago including withholding taxes on distributions of companies and payments to non-residents.
- ◆ **Unemployment Levy:** A tax on the profits of companies subject to the Petroleum Taxes Act.
- ◆ **Business Levy:** A tax on gross revenue at rate of .2% payable quarterly. Final liability is off set by corporation tax payable at year end.
- ◆ **Green Fund Levy:** A tax on gross revenue at the rate of .1% payable quarterly.
- ◆ **Health Surcharge:** A tax levied at two rates based on income.
- ◆ **Petroleum Profits Tax:** A tax on the profits earned by businesses in the course of petroleum operations falling under the Petroleum Taxes Act.

- ◆ ***Supplemental Petroleum Tax:*** A tax charged on the gross income of companies liable to petroleum profits tax based on the price of oil.
- ◆ ***Lands and Buildings Taxes:*** A tax based on the assessed values of lands and buildings.
- ◆ ***Withholding Taxes:*** A tax based on various income payments to non-residents.

(b) The principal indirect taxes are:

- ◆ ***Value Added Tax:*** A tax levied on imports and on the value of commercial supplies of goods and services.
- ◆ ***Customs and Excise Duties:*** A tax on imports and manufactured goods.
- ◆ ***Import Surcharge:*** A tax on imports.
- ◆ ***Stamp Duty:*** A tax on instruments.
- ◆ ***Financial Services Tax:*** A tax on financial transactions with banks, etc.
- ◆ ***Motor Vehicles Tax:*** A tax levied on sale of motor vehicles.

## **2. SOURCES OF TAX LAW**

- (a) Income Tax Act
- (b) Corporation Tax Act
- (c) Unemployment Levy Act
- (d) Income Tax (In Aid of Industry) Act
- (e) Tourism Development Act
- (f) Fiscal Incentives Act
- (g) Petroleum Taxes Act
- (h) Vat Added Tax (VAT) Act
- (i) Stamp Duty Act
- (j) Customs Act
- (k) Double Taxation Treaties.

## **3. TAX ADMINISTRATION STRUCTURE**

The Board of Inland Revenue, established under the Income Tax Act comprises a Chairman and four other Commissioners, one of whom is specifically responsible for the Value Added Tax. There are approximately six (6) Assistant Commissioners and various ranks of tax officers and auditors, legal officers and general staff. Lands and Buildings Taxes fall within the jurisdiction of the Board and are administered by the District Revenue Offices.

Customs duties and VAT on imports are collected by the Comptroller of Customs & Excise. The Board of Inland Revenue and the Customs Department are sub-divisions of the Ministry of Finance.

**INCOME TAXES**  
**AS APPLIED TO BUSINESS ENTITIES AND INDIVIDUALS**

**I. CORPORATIONS**

These are artificial persons registered under the Companies Act or created by Act of Parliament. They include Companies incorporated outside of Trinidad and Tobago which have registered under Part V Division 2 of the said Act.

**1. What Tax Returns Must be Filed?**

Corporation Tax/Petroleum Profits Tax returns.

- A. Filing dates: 30th April in each year.
- B. The returns must be filed with the Board of Inland Revenue at any of its offices.

**C. When must taxes be paid?**

Corporation Tax, Business Levy, Petroleum Profits Tax, Supplemental Petroleum Tax, and Green Fund Levy

- (1) *Estimated:* Quarterly on 31st March, 30th June, 30th September, 31st December and on or before 30th April in the next year the remainder of the tax. The estimate is based on the tax liability of the preceding year of income, except for the Petroleum Profits Tax which is estimated on the taxable profits for the current year.
  - (2) *Instalments:* Payable as at (1).
  - (3) *Other:* 30 days after receipt of a notice of assessment.
- D. A non-resident company is liable to corporation tax on income arising or derived from any trade or business carried on by it in Trinidad and Tobago. Additionally withholding tax is levied on (a) remittances in respect of Trinidad source income of a non trading nature earned by non resident companies and (b) profits of branches of non resident companies (after making deductions for corporation tax) which are not re-invested (other than in replacement of fixed assets) to the satisfaction of the Revenue. A corporation is considered to be resident where its "mind or management" is ordinarily situate.

## 2. Calculation of Income/Profits Taxes

### A. How is the taxable base determined?

- (1) The following revenues are included:-
  - (a) Income from sources derived in or accruing in Trinidad & Tobago or elsewhere and whether received in Trinidad & Tobago or not in respect of gains and profits from: farming, fishing, operation of mines or other natural resources, trade or business, professions, vocations or management charges, royalties, rents, interest, discounts, annual payments, fees, commissions, distributions, short term capital gains.
  - (b) The business levy is payable quarterly at the rate of .2% of the gross income of the company. Payments of corporation tax are set off against the business levy liability of the corporation in the following year when returns are filed. The individual taxpayer is entitled to a tax credit against his business levy liability for a year of income of any payment made in respect of his income tax liability for that year up to a maximum of his business levy liability.

No liability accrues in respect of gross sales giving rise to exempt income or gross sales not exceeding \$200,000.00 per annum.

Green Fund Levy applies even if the business is exempt from business levy and is chargeable at the rate of .1% of the gross income of the company.
  - (c) Supplemental Petroleum Tax is levied at scales based on the price of oil.
- (2) All expenses wholly and exclusively incurred in the production of the income are allowed except where specifically disallowed.
- (3) Major expenses not allowed are domestic and private expenses, capital expenses and certain payments to non-residents unless withholding taxes have been accounted for and paid over to the Board of Inland Revenue.
- (4) Residents are taxed on income derived from abroad whether remitted to Trinidad and Tobago or not.

**B. What are the applicable rates?**

- (1) Federal - Not applicable.
- (2) State and/or other local - Current corporation tax rate is 25%.  
Companies engaged in liquefaction of natural gas, manufacture of petrochemicals and transmission and distribution of natural gas and wholesale marketing and distribution of petroleum products – rate is 30%.  
  
Petroleum profits tax is levied at 50%.
- (3) Approved small companies – exempt from tax for 5 years
- (4) Capital gains on acquisitions and disposals of an asset within 12 months are taxed as part of income at the individual or corporate rate of 25%.

**C. How are losses handled?**

- (1) Operating losses which cannot be set off against profits from other sources for the same year can be carried forward and set off against what would otherwise have been chargeable profits for the succeeding years.  
  
Operating losses from trade or business cannot be set off against losses from profession or vocation or employment income.
- (2) Unrelieved losses of one company may not be transferred to, and carried forward by, another company in the case of a corporate reorganisation. There are rules preventing a company from carrying forward its own losses after ownership of the majority of its shares changes hands, unless approved by the Board of Inland Revenue as not being for the purpose of avoiding tax.
- (3) The only capital losses relieved are those arising from acquisition and disposal of an asset within 12 months. Such losses can only be set off against future income from a capital gain.

D. There are no special transfer pricing rules but the Revenue authorities reserve the right to adjust transactions which they believe are artificial and entered into for the purpose of tax reduction.

E. Consolidated returns for Groups are not accepted. There are provisions permitting the transfer of losses from a loss-making to profit-making member of the same Group of Companies provided that the companies are resident in

Trinidad and Tobago. The relationship required is that the parent is 100% owner of the shares in the subsidiary companies.

### 3. Territorial Rules

- A. The Corporation is resident where its central management and control takes place. Control is exercised where the Board of Directors meet and make decisions, unless the Board is itself controlled by a third party.
- B. Worldwide income of residents is taxed.
- C. Branch income is taxed as if the branch is a separate entity. All branch profits, unless re-invested in specific activities, are deemed to be remitted and subjected to withholding taxes.
- D. **Controlled Foreign Corporations:** There are no special rules (thin capitalisation) except that interest payments to the parent on certain securities are treated as distributions and are not deductible in computing the profits of the company.
- E. Individual Tax credit is available in some circumstances where there is no double taxation treaty.

### 4. Withholding Taxes

- A. Dividends to individuals - 15%  
Dividends to companies - 15% but 10% to a parent company
- B. Royalties to individuals - 20%  
Royalties to companies - 20%
- C. Interest to individuals - 20%  
Interest to companies - 20%  
Interest to banks - 20%  
Some of the existing treaties provide rates of up to 30%. The lower statutory 20% rates will be applied in such instances.
- D. Withholding tax on profits realised by a branch of a foreign corporation so far as not reinvested in Trinidad and Tobago (branch tax) - 10%.

### 5. Any other matter impacting on corporate tax situation?

- (a) (i) Interest is treated as a distribution in cases where interest is payable in respect of certain securities of the company, for example:
- securities convertible directly or indirectly into shares;
  - securities issued by the company to a non-resident company of which it is a subsidiary or where both are subsidiaries of a third company.

In such circumstances, the consequence of such interest being treated as a distribution is threefold:

- the interest so paid is not a deductible expense for tax purposes;
- the withholding tax rate applicable to such remittances is the rate appropriate to distributions;

such interest may only be paid out of profits.

The authorities indicate that securities in this section are very widely defined to include payments due under a loan agreement or any other evidence of indebtedness.

Certain tax treaties such as the U.S. Double Taxation Treaty provide for the reversal in certain circumstances of the effect of the provisions so as not to treat such payments as dividends.

- (ii) No deduction is allowed for interest paid unless the recipient is liable to Trinidad & Tobago Tax thereon or specifically exempt under the Income Tax Act or some other law.
- (b) In the case of management charges paid to a non resident company or person, who is not carrying on business in Trinidad and Tobago, the deductible amount is now restricted to the amount of those charges or 2% of the paying company's total outgoings and expenses (excluding the management charges and tax depreciation allowances), whichever is less. The withholding tax due on payment of such management charges must also have been paid to obtain any deduction in computing the profits. There is now a very wide definition of management charge which includes head office charges.

- (c) When business transactions between a non-resident company and a resident company over which it exercises substantial control have been so arranged that the resident company earns no profit from the transactions concerned or less than it might normally be expected to earn, the Board of Inland Revenue may regard the profit shifted abroad as taxable income of the non-resident company subject to tax in Trinidad and Tobago. The tax is collected from the resident company as if it were an agent of the non-resident company.

The Board also has a general power to disregard any artificial or fictitious transactions that reduce the amount of tax payable by a person and to assess the parties involved accordingly.

- (d) Dividends or other distributions (other than preference dividends as defined) paid to resident companies and resident individuals by locally controlled companies are exempt from tax. Dividends or other distributions paid to a resident individual by a trust carrying on unit trust business which is licensed under the Financial Institutions Act where the profits of the trust are exempt from corporation tax are exempt from tax. Similar exemption operates in respect of the First and Second Schemes of the Trinidad and Tobago Unit Trust Corporation.

## **II. PARTNERSHIPS AND LIMITED LIABILITY COMPANIES**

### **1. What tax returns must be filed?**

Partnerships file a partnership return; companies file a corporation tax or petroleum profits tax return.

- A. Filing dates are 30th April in each year.
- B. Returns are filed with the Board of Inland Revenue at any of its offices.
- C. Taxes assessed must be paid within 30 days of receipt of the notice of assessment. Quarterly instalments of advance income and corporation taxes are also payable.

### **2. Calculation of income for income tax purposes**

- A. Partnerships not being legal entities are not assessed to tax. The profit of the partnership is ascertained from the return filed. The basis of company taxation is all profits and gains arising from a number of sources, for example, rents, trade or business, management charges, interest. (see **Corporations**, page 4).
- B. The net income of the partnership is allocated in accordance with the shares in the partnership.

### **III. OTHER ENTITIES SUCH AS JOINT VENTURES, ASSOCIATIONS AND FOUNDATIONS**

The income is split between the joint-venturers. Joint ventures are not taxed as a separate entity. A corporate joint venture is a company and is taxed as such. Foundations set up as companies and Associations are taxed as Corporations/companies under the Corporation Tax Act.

Some Foundations are set up as trusts in which case the Trustee is charged to tax on the income. Most Foundations are set up for charitable purposes in which case they can seek exemption from corporation tax on income which does not arise from trade or business.

The relevant material on corporations and individuals will apply.

### **IV. INDIVIDUALS**

#### **1. What tax returns must be filed?**

An income tax return is filed.

- A. Filing dates: 30th April in each year.
- B. The returns must be filed with the Board of Inland Revenue at any one of its offices. Employees with income arising only from employment are not required to file a return.
- C. **When must taxes be paid?**

In respect of the self-employed:

- (1) *Estimated*: Quarterly on 31st March, 30th June, 30th September, 31st December and on or before 30th April the next year the remainder of the tax if any.
- (2) *Instalments* : Payable as at (1).
- (3) *Other* : 30 days after receipt of the notice of assessment.

## 2. Calculation of income taxes

### A. How is the taxable base determined?

(1) The following revenue is included:

Income from sources derived in or accruing in Trinidad & Tobago or elsewhere and whether received in Trinidad & Tobago or not in respect of gains and profits from: farming, fishing, operation of mines or other exploitation of other natural resources, trade or business, professions, vocations or managerial charges, employment, rents, royalties, interests, discounts, annual payments, fees, commissions, distributions, short term capital gains.

(2) All expenses wholly and exclusively incurred in the production of income are allowed. Where the source of the income is employment income the only expenses allowed are travelling necessarily incurred in the performance of the duties and trade union dues.

(3) The following are some of the exemptions allowed:

- ◆ Income from scholarship or bursary;
- ◆ Dividends from resident companies (except preferences dividends);
- ◆ Income of a resident where the total income does not exceed sixty thousand dollars (\$60,000.00) which is the amount of the personal allowance for a year of income;
- ◆ Government gratuities to former monthly paid employees;
- ◆ Pensions under the National Insurance Act;
- ◆ Interest from savings accounts accruing to resident individuals on savings accounts or on bonds or others similar investment instruments
- ◆ Certain annuities purchased by persons who have reached the age of 60 years;
- ◆ Severance payments due to redundancy, retirement severance benefits and certain other payments on termination of office or employment are exempt to a maximum of \$300,000.00.

- (4) Major expenses not deductible are expenses from employment except travelling, capital expenses, domestic and private expenses, certain payments to non-residents unless withholding taxes have been accounted for and paid over to the Board of Inland Revenue.
- (5) Stock options are taxable in the year the option is given to the employee and there is no statutory provision governing them. Profit sharing plans enable tax to be deferred for at least five (5) years or as long as the shares are held by the Trustee. No tax is payable on shares transferred to the employee at retirement or death. After five (5) years, tax is payable at the date of transfer and the market value of the shares is deemed to be income accruing to the employee in the year of transfer.

Under the legislation, savings plans contributions by the employer are taxable when the employee withdraws them from the plan and are exempt from tax if received by the employee on termination by virtue of redundancy, or retirement after fifty (50) years or before attaining the age of fifty years on grounds of ill health.

Pension benefits commuted up to 25% are tax exempt. Refunds of pension contributions suffer tax at 25%. Social security benefits, for example, maternity and disability benefits are not taxable.

- (6) Health insurance benefits are not taxed in practice. Life insurance benefits are not taxed. Where an employer provides life insurance benefits under a group policy the employee is not taxed on the benefit provided. Automobiles provided by the employer are taxable as a benefit on the employee at 33 1/3% of the monthly rental of the vehicle or 1% of the cost of acquisition of same. An employee provided with housing accommodation is taxed on the fair rental value of the premises owned by the employer or the actual rent paid by the employer for the premises.

**B. What are the applicable rates?**

- (1) Federal - Not applicable.
- (2) State and/or other local - 25% of the chargeable income

**C. How are losses handled?**

- (1) Operating losses which cannot be set off against the profits from other sources in the same year can be carried forward and may be set off against what would otherwise have been the chargeable income for the preceding years.

Operating losses from trade or business cannot be set off against losses from employment, profession or vocation or management charges.

The only capital losses relieved are those arising from acquisition and disposal of an asset within twelve (12) months. Such losses can only be set-off against future income from a capital gain.

**3. Territorial Rules**

**A. Where is the individual subject to tax?**

In Trinidad and Tobago in respect of income accruing in or derived from Trinidad and Tobago.

- B. The resident individual is subject to tax on his world income.

- C. In the case of income arising outside of Trinidad and Tobago to persons who are not ordinarily resident or not domiciled in Trinidad and Tobago, tax is payable on the amount received in Trinidad & Tobago; but where the employment or office of such person is exercised in Trinidad and Tobago, gains or profits from such employment are taxed in Trinidad and Tobago whether received in Trinidad and Tobago or not.

**4. Withholding Taxes**

Salary and emoluments are subject to a withholding called 'Pay As You Earn' (P.A.Y.E.) which is deducted by the employer at time of payment of salary or other emoluments. Salary of non-residents arising here also attracts P.A.Y.E. The section assumes that the employer is a resident or has a tax presence here which makes him subject to the jurisdiction of the Act. The normal withholding tax provisions referred to above (I. 4 on page 11) do not apply to salary and emoluments.

**5. Any other matter of consequence**

- (a) Pension plans, individual retirement plans, savings plans, profit sharing plans which are not approved by the Board of Inland Revenue do not secure tax benefits under the law for the employee.
- (b) An individual may claim up to \$12,000 in the aggregate as deductions in respect of pensions and/or deferred annuities and National Insurance contributions. Interest on loans taken out to purchase investments is, subject to exceptions, a

deductible expense in ascertaining the taxable income of individuals. Interest is not an allowable deduction where the interest is incurred on a loan to acquire shares in companies quoted on the Stock Exchange.

A person who became a first time homeowner during the period January 1, 2003 to December 31, 2005 will be entitled to an allowance of \$10,000.00 per year for five years commencing from the year in which the house is acquired.

## **V. ALL OTHER TAXES, CONTRIBUTIONS OR TRANSFER RÉGIMES OTHER THAN INHERITANCE AND GIFT TAXES AND LEVIES.**

### **1. VAT**

1. 15% on the value of imports and the value of supplies of goods and services. The value of goods imported into Trinidad and Tobago is the total of the amount of:
  - (a) the value of the goods determined according to the Customs Act (c.i.f.); together with
  - (b) any duties, taxes (other than VAT) and other charges that are charged paid payable upon entry of imported goods. There are special provisions for re-imports.
2. All businesses earning a gross income of \$200,000.00 per annum and over are required to be registered.
3. Registration is with the VAT office, Board of Inland Revenue.
4. VAT returns are due every period of 2 months (6 times per annum) and must be submitted within 8 days of the due date and the difference between output tax and input tax is payable or refundable.

### **2. Tax on Capital**

#### **Lands and Buildings Taxes**

1. A levy based on the assessed values of property. Undeveloped land is taxed at \$20.00 per acre and buildings at 7½ % of the annual rateable value (normally the estimated rental value or 6% of the capital value).
2. A return must be filed on acquisition of ownership and on additions to the property and the yearly tax is due on 31st March in each year. Interest becomes payable after 1<sup>st</sup> June.

### **3. Stamp Duty**

This duty is levied on instruments of all types, for example, deeds of conveyance, mortgages, debentures, trusts, leases, insurance policies, annuity policies, agreements, share transfers. The duty is paid at the Board of Inland Revenue and a machine stamp is affixed to the instrument. Rates vary from \$25.00 on a trust deed to \$4.00 per \$1,000.00 on mortgages and charges.

Residential transfers are exempt up to \$350,000.00.

On the next \$100,000.00 the rate is 5% \$(350,000 – 450,000.)

On the next \$100,000.00 the rate is 7.5%. \$(450,000 – 550,000)

Over \$550,000.00 the rate is 10%.

#### Non-Residential Transfers

Where the consideration for the sale does not exceed \$300,000.00	-	2%
---	---	----

Where the consideration for the sale exceeds \$300,000.00 but does not exceed \$400,000.00	-	5%
--	---	----

Where the consideration for the sale exceeds \$400,000.00.	-	7%
--	---	----

#### 4. **Motor Vehicles Taxes**

Taxes are levied by reference to class or description of motor vehicle, for example, private motor cars, station wagons fall within one class, Taxis and Maxi-Taxis within another, goods vehicles within a third class.

Tax is imposed by reference to engine size for all vehicles.

#### 5. **Customs Duties, duties**

These are levied at varying rates on customs entries in respect of imported goods according to classification in Schedules to the relevant legislation. There are exemptions in relation to specific goods. In the manufacturing sector, goods are allowed duty free entry on production of a Minister's licence issued under the Customs Act.

In all cases the basis of the duty is the c.i.f. value of the goods at the time of import.

The rates of Customs Duties (as per Common External Tariff) have been gradually reduced over the years. There is a restricted imposition of import surcharge.

The returns are made on specified forms at the port of entry to the Comptroller of Customs and Excise and goods are released after the taxes are assessed and paid.

#### 6. **Excise Duties**

On manufacture of beverages at rates varying from 20 cents to \$148.95 per litre. Cigarettes also attract excise duties.

**7. Business Licences**

	<u>Annual Fee</u>	<u>Payable To</u>
Betting Office Licence	\$400,000.	Betting Levy Board
Pawnbroker's licence	\$2,500.	Board of Inland Revenue
Auctioneer's licence	\$500.	Board of Inland Revenue
Moneylenders licence	\$500.	Board of Inland Revenue
Video Club licence	\$7,500.	Board of Inland Revenue
Liquor licences	Vary from \$300. to \$6,000.	Comptroller of Customs & Excise
Bank	\$100,000.	Central Bank
Each Branch	\$10,000.	Central Bank
Business of Financial Nature	\$50,000.	Central Bank
Each Branch	\$10,000.	Central Bank
Customs Brokers licence	\$100.	Customs Brokers Board
Customs Clerk licence	\$50.	Customs Brokers Board

**8. National Health Surcharge**

Paid by income earners at the following rates:

Over \$469.99 per month	-	\$33.00 per month.
\$469.99 and under per month	-	\$19.20 per month.

Returns and contributions are made to the Board of Inland Revenue on a monthly basis for employees and a quarterly basis for persons with income other than employment income.

**9. National Insurance Contributions**

**Rates of Contributions**  
**Effective January 2006**

<b>Earnings Class</b>	<b>Weekly Earnings</b>	<b>Monthly Earnings</b>	<b>Assumed Average Weekly Earnings</b>	<b>Employee's Weekly Contribution</b>	<b>Employer's Weekly Contribution</b>	<b>Total Weekly Contribution</b>	<b>Class Z Weekly</b>
	\$	\$		\$	\$	\$	\$
<b>I</b>	100.00-159.99	433.00-692.99	130	4.29	8.58	12.87	0.87
<b>II</b>	160.00-219.00	693.00-952.99	190	6.27	12.54	18.81	1.28
<b>III</b>	220.00-289.99	953.00-1256.99	255	8.42	16.84	25.26	1.71
<b>IV</b>	290.00-359.99	1257.00-1559.99	325	10.73	21.46	32.19	2.18
<b>V</b>	360.00-439.99	1560.00-1906.99	400	13.20	26.40	39.60	2.69
<b>VI</b>	440.00-529.99	1907.00-2296.99	485	16.01	32.02	48.03	3.26
<b>VII</b>	530.00-619.99	2297.00-2686.99	575	18.98	37.96	56.94	3.86
<b>VIII</b>	620.00-709.99	2687.00-3076.99	665	21.95	43.90	65.85	4.47
<b>IX</b>	710.00-809.99	3077.00-3509.99	760	25.08	50.16	75.24	5.11
<b>X</b>	810.00-909.99	3510.00-3942.99	860	28.38	56.76	85.14	5.78
<b>XI</b>	910.00-1009.99	3943.00-4376.99	960	31.68	63.36	95.04	6.45
<b>XII</b>	1010.00 & Over	4377.00 & Over	1010	33.33	66.66	99.99	6.79

Returns and contributions are made to the National Insurance Board on a monthly basis for employees. There is at present, no compulsory scheme of contributions for the self-employed.

**II. REGISTRATION DUTIES FOR BUSINESS ENTITIES, AND IF RELATING TO THEIR FORMATION, IDENTIFY WHETHER IT IS A LOCAL OR NATIONAL REGIME OR BOTH FOR THE FORMATION**

Registration duties are imposed under a national regime.

1. Registration duties upon the incorporation of a local company - TT\$655.00.  
Documents are filed with and fees paid to the Registrar of Companies.
2. Registration of a branch of an overseas company - TT\$2,220 (approx. US\$367)
3. **Registration duties upon the transfer of the company's shares.**  
Share transfers are not registrable with the Registrar of Companies and no duties are payable to the Registrar. Share transfers for companies not listed on the Stock Exchange attract stamp duty payable to the Board of Inland Revenue

on an ad valorem basis at the rate of \$5.00 per \$1,000.00. A fixed stamp duty of \$25.00 is paid on transfer to a nominee. Share transfers of shares listed on the Stock Exchange are not generally subject to stamp duty, but off the floor transfers are to be stamped at the rate of 5% of the market value of the transaction.

**4. Registration duties upon the transfer of a corporate asset.**

None. Transfers of real estate are subject to stamp duty at rates stated in section 3 above.

**5. Any other registration duties.**

None.

**III. INHERITANCE AND GIFT TAXES**

There are no estate or death duties. Conveyances of land by way of inter vivos gift are subject to the normal rate of stamp duty.

## OTHER MATTERS

I. Are there any tax incentives granted for various matters such as research and development, investment in certain areas, etc, and if so:

1. **The basis for it**

Tax incentives are granted in the manufacturing and petroleum sectors of the economy and in the field of exports.

- (i) Promotional expenditure to develop export sales. 150% of the actual expenditure is allowed in computing taxable profits.
- (ii) Investment in the oil sector.

Under the Petroleum Taxes Act several incentives, including:

- (a) initial allowance on tangible expenditure of 20%
- (b) first year allowance on tangible expenditure of 20%
- (c) annual allowance on tangible expenditure of 20% calculated on a straight line basis after deduction of the initial allowance.
- (d) expenditure on development dry hole shall with the Minister's approval be written off in the financial year that the dry hole is plugged and abandoned.
- (e) workover allowances of 100%.
- (f) heavy oil allowance - 100% of capital expenditure on drilling wells.

(iii) Under the Fiscal Incentives Act:

The Act now applies only to enterprises granted benefits prior to January 1, 2007. An enterprise declared by the Minister an approved enterprise in respect of an approved product can benefit from:

- (a) exemption of corporation tax for up to 10 years.
- (b) carry-forward of losses.
- (c) exemption from customs duties, reduced import surcharge and exemption from VAT.

(iv) Under The Income Tax (In Aid of Industry) Act:

- (a) Initial allowances of 10% on erection of buildings and structures.
- (b) Initial allowances of 50% on purchase of plant and machinery reduced in certain industries to 20%.

- (c) Annual allowances equal to 1/50th of the expenditure on building structures, and 1/20<sup>th</sup> in the case of a person carrying on petroleum operations under a licence issued after January 1, 1970.
  - (d) Annual allowances of a reasonable amount for wear and tear on plant and machinery.
  - (e) Oil refineries - annual allowances calculated by manufacturer on 120% of the expenditure.
  - (f) Investment allowance for capital expenditure in respect of production business on land equal to 150% of the expenditure, that is, 40% in year 1 and 20% in the following five years.
- (v) Enterprises operating in the Free Zone.  
 Certain areas are declared a 'free zone' by the President. Manufacturing Enterprises operating in these areas produce goods for export to foreign countries only and are exempt from customs duties, VAT, corporation tax, withholding tax on dividends to shareholders. Enterprises operate in the free zone under the supervision and control of the Trinidad and Tobago Free Zones Company Limited.
- (vi) Under the Corporation Tax Act and Income Tax Act: New Incentives from 1995.
- (a) There is a new annual wear and tear allowance of 10% of the capital expenditure in construction of a building or structure or in respect of capital improvements made on or after 1st January, 1995.
  - (b) In respect of plant and machinery acquired after 1st January, 1995, there is the introduction of the classification of such assets for the grant of wear and tear allowances. The allowance will be calculated at the applicable rate to aggregate expenditure incurred on assets within a particular class on a declining basis.

**2. Who should be contacted to determine the information?**

The Ministry of Trade & Industry  
 15th Floor Riverside Plaza  
 Corner of Picadilly & Besson Streets  
 Port of Spain.  
 Tel: 868 623 2931

**II. Are there exchange control regimes?** No.

**III. Are there any anti-deferral regimes?** No.

#### IV. Tax Treaties

##### Withholding Tax Rates

Withholding Tax Rates	COUNTRY OF RESIDENCE OF PAYEE								
	China %	Denmark %	Norway %	Italy %	Switzerland %	Germany %	Sweden %	Luxembourg %	Non Treaty Countries %
<b>Dividends and Other Distributions Paid to:</b>									
Individuals	-	20	20	20	20	20	20	-	15
Companies	10	20	20	20	20	20	20	5	15
Companies Owning 10%+ Voting Control	10	20	20	20	10	20	-	-	15
Companies Owning 25% + Voting Control	5	10	10	10	10	10	10	10	15
Companies Owning 50% + Voting Control	5	10	10	10	10	10	10	10	10
<b>Branch Profits (net of tax and reinvestment)</b>	-	10	10	8	10	10	10	-	15
<b>Interest Paid to:</b>									
Individuals	10	15	15	10	10	15	15	7.5	20
Banks & Other Financial Institutions	10	15	15	10	10	10	10	7.5	20
Companies (other than Banks)	10	15	15	10	10	15	15	10	20
<b>Royalties or Patents Paid to:</b>									
Individuals	10	15	15	5	10	10	20	10	20
Companies	10	15	15	5	10	10	20	10	20
<b>Management Charges Paid to:</b>									
Individuals	-	5	5	5	5	20	12.5	5	20
Companies	-	5	5	5	5	5	12.5	5	20
<b>Real Property Rents Paid to:</b>									
Individuals	-	20	20	20	20	20	20	-	20
Companies	-	30	30	30	30	30	30	-	20

Withholding Tax Rates	COUNTRY OF RESIDENCE OF PAYEE					
	United States of America (U.S.A.) %	Canada %	United Kingdom %	Antigua & Barbuda, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, Montserrat, St. Kitts & Nevis, St. Lucia, St. Vincent & the Grenadines %	India %	Venezuela %
<b>Dividends and Other Distributions Paid to:</b>						
Individuals	25	15	20	0	10	10
Companies	25	15	20	0	10	10
Companies Owning 10%+ Voting Control	10	5	20	0	10	10
Companies Owning 25% + Voting Control	10	5	10	0	10	5
Companies Owning 50% + Voting Control	10	5	10	0	10	5
<b>Branch Profits (net of tax and reinvestment)</b>	10	5	10	0	10	5
<b>Interest Paid to:</b>						
Individuals	25	10	10	15	10	15
Banks & Other Financial Institutions	15	10	10	15	10	15
Companies (other than Banks)	30	10	10	15	10	15
<b>Royalties or Patents Paid to:</b>						
Individuals	15	10	10	15	10	10
Companies	15	10	10	5	10	10
<b>Management Charges Paid to:</b>						
Individuals	20	10	20	15	5	10
Companies	30	10	10	15	5	10
<b>Real Property Rents Paid to:</b>						
Individuals	25	-	20	-	-	-
Companies	10	-	30	-	-	-