



THE PARLIAMENT OF
TRINIDAD AND TOBAGO

BILL ESSENTIALS

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BILL ESSENTIALS

BILL ESSENTIALS NO. 15, 2020–2021

8 DECEMBER, 2020

The Finance Bill, 2020

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BACKGROUND

1. The **Finance Bill, 2020**¹ (hereinafter referred to as “**the Bill**”) was introduced in the House of Representatives by the Honourable Minister of Finance on December 4, 2020 and seeks to provide for the variation of certain duties and taxes and to introduce provisions of a fiscal nature. It provides for the amendment of eight (8) pieces of legislation, namely:-

-  **Motor Vehicles and Road Traffic Act, Chap. 48:50**²;
-  **Income Tax Act, Chap. 75:01**³;
-  **Corporation Tax Act, Chap. 75:02**⁴;
-  **Petroleum Taxes Act, Chap. 75:04**⁵;
-  **Value Added Tax Act, Chap. 75:06**⁶;
-  **Stamp Duty Act, Chap. 76:01**⁷;
-  **Miscellaneous Taxes Act, Chap. 77:01**⁸; and
-  **Customs Act, Chap. 78:01**⁹.

2. The Bill once passed, will come into effect on January 1, 2021.

KEY FEATURES OF THE BILL

Motor Vehicle and Road Traffic Act

3. **Clause 2 paragraph (a)** of the Bill seeks to amend the **Fourth Schedule** by repealing existing paragraphs 8, 9 and 10 and substituting the following new paragraphs 8, 9 and 10. The effect of this amendment is to provide exemptions from motor vehicles tax in relation to the following types of new and used motor vehicles imported for commercial use and of certain specifications:

-  Motor Vehicles manufactured to use compressed natural gas (CNG);
-  Electric vehicles; and
-  Hybrid vehicles.

¹ <http://www.ttparliament.org/publications.php?mid=28&id=907>

² https://rgd.legalaffairs.gov.tt/Laws2/Alphabetical_List/lawspdfs/48.50.pdf

³ https://rgd.legalaffairs.gov.tt/Laws2/Alphabetical_List/lawspdfs/75.01.pdf

⁴ https://rgd.legalaffairs.gov.tt/Laws2/Alphabetical_List/lawspdfs/75.02.pdf

⁵ https://rgd.legalaffairs.gov.tt/Laws2/Alphabetical_List/lawspdfs/75.04.pdf

⁶ https://rgd.legalaffairs.gov.tt/Laws2/Alphabetical_List/lawspdfs/75.06.pdf

⁷ https://rgd.legalaffairs.gov.tt/Laws2/Alphabetical_List/lawspdfs/76.01.pdf

⁸ https://rgd.legalaffairs.gov.tt/Laws2/Alphabetical_List/lawspdfs/77.01.pdf

⁹ https://rgd.legalaffairs.gov.tt/Laws2/Alphabetical_List/lawspdfs/78.01.pdf

No motor vehicles tax on vehicles manufactured to use compressed natural gas

4. **New Paragraph 8** provides that motor vehicle taxes shall not be charged, levied and collected for CNG Vehicles:-

 **new motor vehicles** - imported for commercial use with an engine size not exceeding 1599 cc manufactured to use CNG;

 **used motor vehicles** - imported for commercial use with an engine size not exceeding 1599 cc which are manufactured to use CNG and are not older than three (3) years from the year of manufacture;

 **new motor vehicles** - imported for commercial use with an engine size exceeding 1599 cc which are manufactured to use CNG;

 **used motor vehicles** - imported for commercial use with an engine size exceeding 1599 cc which are manufactured to use CNG and are not older than three (3) years from the year of manufacture.

No motor vehicles tax on electric vehicles

5. **New Paragraph 9** provides that motor vehicles tax shall not be charged, levied and collected for Electric Vehicles¹⁰:-

 **new electric vehicles** - imported for commercial use with an engine size not exceeding 159 kilowatts;

 **used electric vehicles** – imported for commercial use with an engine size not exceeding 159 kilowatts which are not older than three (3) years from the year of manufacture;

 **new electric vehicles** - imported for commercial use with an engine size exceeding 159 kilowatts but not exceeding 179 kilowatts;

 **used electric vehicles** – imported for commercial use with an engine size exceeding 159 kilowatts but not exceeding 179 kilowatts which are not older than three (3) years from the year of manufacture.

No motor vehicles tax on hybrid vehicles

6. **New Paragraph 10** provides that motor vehicles tax shall not be charged, levied and collected for Hybrid Vehicles¹¹:-

¹⁰ A vehicle which is propelled by an electric motor powered by a rechargeable battery pack or other energy storage device.

¹¹ A vehicle which is capable of being propelled by a combination of an internal combustion engine and an on-board rechargeable energy system or other energy storage device.

-  **new hybrid vehicles** - imported for commercial use with an engine size not exceeding 1599 cc;
-  **used hybrid vehicles** – imported for commercial use with an engine size not exceeding 1599 cc which are not older than three (3) years from the year of manufacture;
-  **new hybrid vehicles** – imported for commercial use with an engine size exceeding 1599 cc but not exceeding 1999 cc;
-  **used hybrid vehicles** – imported for commercial use with an engine size exceeding 1599 cc but not exceeding 1999 cc which are not older than three (3) years from the year of manufacture.

Appendix A - Class of Description of Motor Vehicles: Vehicle Tax \$

7. **Clause 2 paragraph (b)** of the Bill seeks to insert new item (10) and (11) after the existing item (9) as follows:

(10) Private Motor Cars which are manufactured to use compressed natural gas:-

- (a) new motor vehicles with an engine size not exceeding 1599 cc **4.00 per cc**
- (b) used motor vehicles, with an engine size not exceeding 1599 cc, which are not older than three years from the year of manufacture **3.00 per cc**

(11) Private Motor Cars which are manufactured as hybrid vehicles:-

- (a) new motor vehicles with an engine size not exceeding 1599 cc **4.00 per cc**
- (b) used motor vehicles with an engine size not exceeding 1599 cc which are not older than four years from the year of manufacture **3.00 per cc**

8. **Paragraph (b)** of the Bill further seeks to insert new item (8) after the existing item (7) as follows:

(8) Private Motor Cars:-

- (a) new motor vehicles with an engine size not exceeding 159 kilowatts ... **4.00 per kilowatt**
- (b) used motor vehicles with an engine size not exceeding 159 kilowatts which are not older than three years from the date of manufacture **3.00 per kilowatt**

Income Tax Act

Personal Allowance

9. **Clause 3** of the Bill seeks to amend section 18 of the **Income Tax Act** by increasing the annual personal allowance from seventy-two thousand dollars (\$72,000.00) to **eighty-**

four thousand dollars (\$84,000.00). This translates to a change in personal allowance from six thousand dollars (\$6,000.00) to **seven thousand dollars (\$7,000.00) per month.**

Wear and Tear Rate – Class B: Seventh Schedule

10. **Clause 3** also seeks to increase the wear and tear rate of allowance of plant and machinery classified under **Class B - Seventh Schedule** from twenty-five per cent (25%) to thirty per cent (30%).

Corporation Tax Act

Charge of Corporation Tax

11. **Clause 4** of the Bill seeks to amend the existing section 3 of the **Corporation Tax Act** by deleting existing subsections (2) and (3) and replace it with new subsections (2) and (3). These new subsections will adjust the rate of corporation tax of a Small and Medium Enterprise (SME) company listed on the Trinidad and Tobago Stock Exchange for the first ten (10) years from listing on the Trinidad and Tobago Stock Exchange broken down and calculated into five (5) year periods as follows:-

-  zero per cent (0%) for the first five (5) years from listing; and
-  fifteen per cent (15%) for the next five (5) years immediately following the period referred to above and thereafter at the rate of tax specified in Paragraph 1 of the **First Schedule.**

Deductions of contributions to catastrophe reserve fund

12. **Clause 4** seeks to amend existing section 10D by inserting after existing subsection (4) the following new subsections 4A and 4B to provide for the following:-
13. **New subsection (4A)** provides that where deductions in respect of amounts contributed by a company to its catastrophe reserve fund have been allowed and the company reduces the value of the catastrophe reserve fund (**section 44 (5)(c)** of the **Insurance Act 2018**¹²) the amount of the reduction shall be taken into account in determining the chargeable profits of the company for that year.
14. **New subsection (4B)** provides that where deductions in respect of amounts contributed by a company to its catastrophe reserve fund have been allowed under this section, and the company reduces the value of the catastrophe reserve fund then the amount of the reduction shall be taken into account in determining the chargeable profits of the company for that year.

¹² <http://www.ttparliament.org/legislations/a2018-04g.pdf>

15. **Clause 4 part (ii)** seeks to amend existing section 10D subsection (5) by deleting the existing words “The trustee of the fund established by a company which ceases its property insurance business under subsection (4) shall- ” and replacing it with the words “Where a company ceases its property insurance business under subsection (4), it shall – ” to remove all references to the trustee of the fund.
16. **Clause 4 part (iii)** proposes to repeal existing section 10D subsection (6) and substitute the following new subsection (6) to provide that any company which maintains a catastrophe reserve fund shall submit accounts to the Board in respect of that fund within three (3) months from the end of the accounting period of the company in specified form including the assets in the fund, the performance of those assets, contributions to the fund, any reduction in the balance of the fund or such other information as prescribed by the Board.
17. **Part (iii)** also proposes to insert a new subsection 6A after the existing subsection 6 to require that the accounts to be submitted pursuant to subsection (6) must be signed by two directors of the company.
18. **Clause 4 part (iv)** seeks to amend the existing subsection (7) by inserting the following new definitions in alphabetical order:-
-  **catastrophe losses** - any losses arising from earthquake shock, fire following an earthquake or a flood caused by an earthquake and hurricanes, cyclones, tornadoes, windstorms, including rain and flood accompanying or caused by those perils;
 -  **catastrophe risks** - risks in respect of catastrophe losses;
 -  **flood** - includes an overflow of the sea; and
 -  **foreign insurer** - a branch of a foreign insurance company, which is registered under the Insurance Act, 1980 to carry on insurance business in Trinidad and Tobago.
19. **Part (iv)** also seeks to amend the following existing definitions:-
-  **“catastrophe reserve fund” or “fund”;**
 -  **“company”;**
 -  **“net written premium income”;**
 -  **“property insurance business”.**
20. **Clause 4** also seeks to amend existing sections 10G(1), 10I(1), 10J(1), 10K(1), 10L(1) and 10Q(1) by increasing the tax allowance relating to arts and culture, sporting activities or events, audio, visual or video productions, production companies and the fashion industry from six million dollars (\$6,000,000.00) to **twelve million dollars**

(\$12,000,000.00). Section 10L(2) is also amended by increasing the aggregate allowance of a production company from four million dollars (\$4,000,000.00) up to a maximum of **eight million dollars (\$8,000,000.00)**.

21. **Clause 4** of the Bill also provides for a tax allowance of three million dollars (\$3,000,000.00) to companies that invest in a tech start-up, new-tech business, companies providing technology-enabled solutions and companies creating youth employment in the technology industry.

Deductions of expenditure for investment in tech start-up and new - tech business

22. **New Section 10R** provides that where a company incurs expenditure in investing in a tech start-up or a new-tech business¹³ (in a year of income commencing from 01st January, 2021) a deduction shall be allowed to ascertain the chargeable profits of the company for that year of income and for an allowance equal to one hundred and fifty per cent (150%) of the actual expenditure incurred in relation to such investment up to a maximum of three million dollars (\$3,000,000.00).

Deductions of expenditure for engaging in technology solution

23. **New Section 10S** provides that where a company incurs expenditure in engaging in technology solution¹⁴ and digitization (in a year of income commencing from 01st January, 2021) a deduction shall be allowed to ascertain the chargeable profits of the company for that year of income and for an allowance equal to one hundred and fifty per cent (150%) of the actual expenditure incurred up to a maximum of three million dollars (\$3,000,000.00).

Deductions of expenditure for creating youth employment in the technology industry

24. **New Section 10T** provides that where a company incurs expenditure in creating employment in a technology industry¹⁵ where the employees comprise a majority of young people¹⁶ (in a year of income commencing from 01st January, 2021) a deduction shall be allowed to ascertain the chargeable profits of the company for that year of income and for an allowance equal to one hundred and fifty per cent (150%) of the actual expenditure incurred in relation to creation of such employment up to a maximum of three million dollars (\$3,000,000.00).

¹³ “tech start-up” or “new-tech business” means a company incorporated within three years from 01st January, 2020 whose purpose is to provide digital technology products or services.

¹⁴ “technology solution” means a set of related software programmes or services that are sold as a package.

¹⁵ “technology industry” means developers of computer software and hardware, providers of cloud services, internet services, e-commerce services, consumer electronics services and telecommunication services.

¹⁶ “young people” means a person between the ages of eighteen (18) and thirty-five (35) years of age.

Deduction for capital expenditure by approved Property Development Company

25. Lastly, **Clause 4** of the Bill seeks to amend existing section 16 by repealing the existing subsection (1) to allow an approved property development company in ascertaining the chargeable profits to claim a twenty per cent (20%) deduction from any capital expenditure incurred by the company in the construction of a building for commercial or industrial usage by the company, purchaser or lessee, which commenced on or after 1st January, 2015 and is completed on or before 31st December, 2024.

Petroleum Taxes Act

Third Schedule – Part A

26. **Clause 5** of the Bill seeks to amend Part A after Item 3 in the Third Schedule by inserting New Item 3A to provide an exemption from the Supplemental Petroleum Tax chargeable in respect of small onshore producers, for the financial years 2021 and 2022.

Small Onshore Producers¹⁷

27. **New Item 3A** provides that taxes chargeable on small onshore producers is hereby computed and fixed for the financial years 2021 and 2022 as follows:

 where the weighted average crude oil price is U.S. \$75.00 per barrel or less – **no tax is chargeable;**

 where the weighted average crude oil price is between U.S. \$75.01 and U.S. \$90.00 per barrel - **the tax is chargeable at the rates set out in the Small Onshore Producers** (Part B - Scale of Supplemental Petroleum Tax Rates);

 where the weighted average crude oil price is between U.S. \$90.01 and U.S. \$200.00 per barrel - **the tax is chargeable at rates based on the following sliding scale:-**

Supplemental Petroleum Tax (SPT) rate = base SPT rate¹⁸ + 0.2% (P¹⁹ - U.S. \$90.00)

¹⁷ “small onshore producer” means a person who carries out petroleum operations on land under a licence, sub-licence or contract and produces less than two thousand barrels of crude oil per day.

¹⁸ Eighteen Per Cent (18%)

¹⁹ Weighted Average Crude Oil Price in USD

Small Onshore Producers – Scale of Supplemental Petroleum Tax Rates

28. **Item 3B** also proposes to insert the following table:-

<i>PRICE U.S. \$</i>	Rate %
<i>Between</i>	
<i>\$ \$</i>	0
<i>75.00</i>	
<hr/>	
<i>75.01 and 90.00</i>	18
<i>90.01 and 200.00</i>	SPT rate = Base SPT rate + 0.2% (P-\$90.00)
<i>200.01 and over</i>	40

Value Added Tax Act

Schedule 2 – Zero Rated Items

29. **Clause 6** of the Bill proposes to amend the existing Schedule 2 to remove the zero rate tax allowance on electric vehicles, hybrid vehicles and motor vehicles manufactured to use compressed natural gas (CNG) which are imported for private use. This removal of zero rate tax allowance includes used electric vehicles, hybrid vehicles and CNG vehicles, imported for private use that are older than four (4) years from the year of manufacture.
30. **Clause 6** further amends the requirement that the age of used electric vehicles, hybrid vehicles and CNG vehicles which are imported for commercial use and are currently allowed the zero rate tax allowance must not be older than three (3) years from the year of manufacture.
31. Moreover, **Clause 6** also seeks to remove the expiration of the zero rate tax allowance on 31st December, 2020 for *new* CNG vehicles with an engine size exceeding 1599 cc which are imported for commercial use and *used* CNG vehicles with an engine size exceeding 1599 cc and which are imported for commercial use and is not older than three (3) years from manufacture.
32. Lastly, **Clause 6** proposes to implement a zero rate tax allowance on laptop computers, notebook computers, tablet computers, mobile and digital equipment, cell phones, software, accessories and peripherals.

Stamp Duty Act

Schedule 1 – Exemptions

33. **Clause 7** of the Bill seeks to amend the First Schedule to increase the threshold for exemption from stamp duty from one million five hundred thousand dollars

(\$1,500,000.00) to **two million dollars (\$2,000,000.00)** in relation to a conveyance or transfer on sale of any property which is a dwelling-house or includes a dwelling-house of a first-time home-owner, to be used exclusively or mainly for residential purposes, as approved by the Board of Inland Revenue.

34. Moreover, **Clause 7** also seeks to amend the First Schedule to increase the threshold for exemption from stamp duty from one million five hundred thousand dollars (\$1,500,000.00) to **two million dollars (\$2,000,000.00)** in relation to mortgage deeds for first-time home-owners of any property which is a dwelling-house or includes a dwelling-house, to be used exclusively or mainly for residential purposes, as approved by the Board of Inland Revenue.

Miscellaneous Taxes Act

No online purchase tax

35. **Clause 8** of the Bill seeks to exempt the payment of online purchase tax for all laptop computers, notebook computers, tablet computers, mobile and digital equipment, cell phones, software, accessories and peripherals.

Customs Act

Mobile and Digital Equipment

36. **Clause 9** of the Bill seeks to amend Part A of the Second Schedule to exempt the payment of customs duty for all mobile and digital equipment, cell phones, software, accessories and peripherals.

REFERENCES

KEY LEGISLATION



Motor Vehicles and Road Traffic Act, Chap. 48:50

https://rgd.legalaffairs.gov.tt/Laws2/Alphabetical_List/lawspdfs/48.50.pdf



Income Tax Act, Chap. 75:01

https://rgd.legalaffairs.gov.tt/Laws2/Alphabetical_List/lawspdfs/75.01.pdf



Corporation Tax Act, Chap. 75:02

https://rgd.legalaffairs.gov.tt/Laws2/Alphabetical_List/lawspdfs/75.02.pdf



Petroleum Taxes Act, Chap. 75:04

https://rgd.legalaffairs.gov.tt/Laws2/Alphabetical_List/lawspdfs/75.04.pdf



Value Added Tax Act, Chap. 75:06

https://rgd.legalaffairs.gov.tt/Laws2/Alphabetical_List/lawspdfs/75.06.pdf



Stamp Duty Act, Chap. 76:01

https://rgd.legalaffairs.gov.tt/Laws2/Alphabetical_List/lawspdfs/76.01.pdf



Miscellaneous Taxes Act, Chap. 77:01

https://rgd.legalaffairs.gov.tt/Laws2/Alphabetical_List/lawspdfs/77.01.pdf



Customs Act, Chap. 78:01

https://rgd.legalaffairs.gov.tt/Laws2/Alphabetical_List/lawspdfs/78.01.pdf



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