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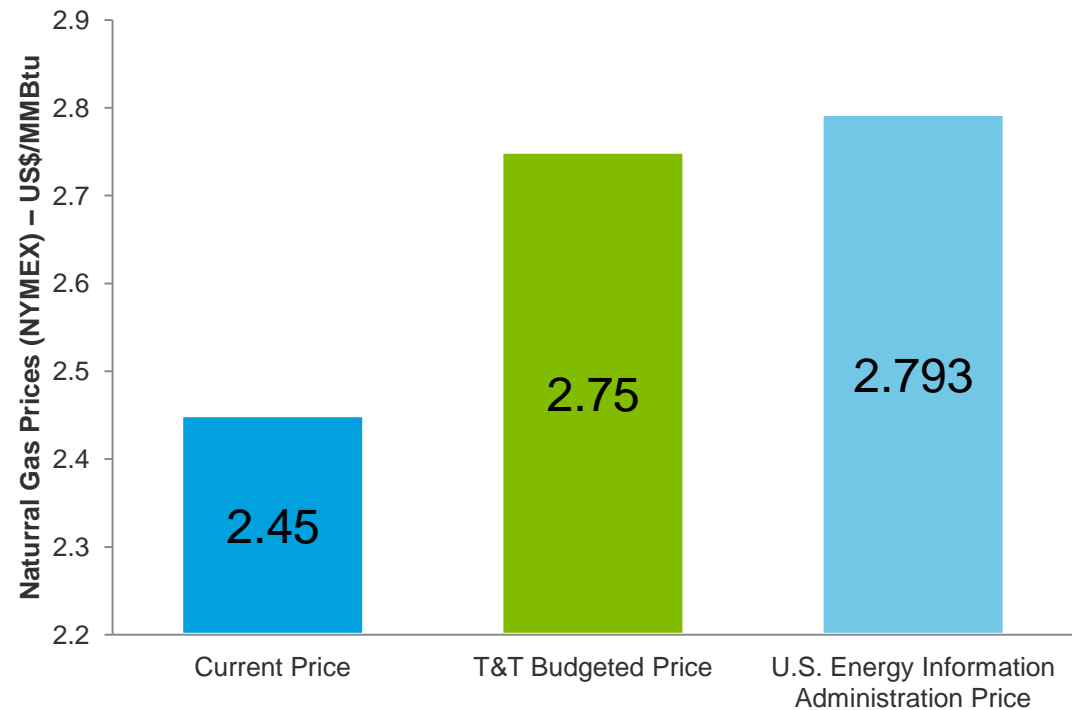
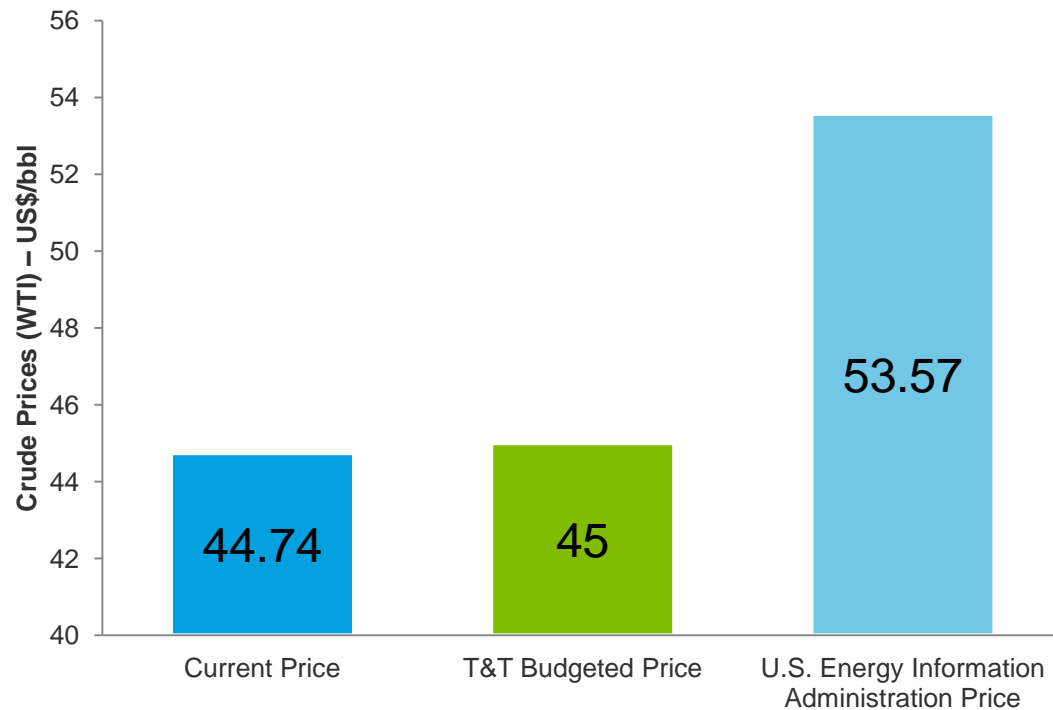
Budget 2015/2016
Focus on Tax and
Fiscal Measures

October 6, 2015

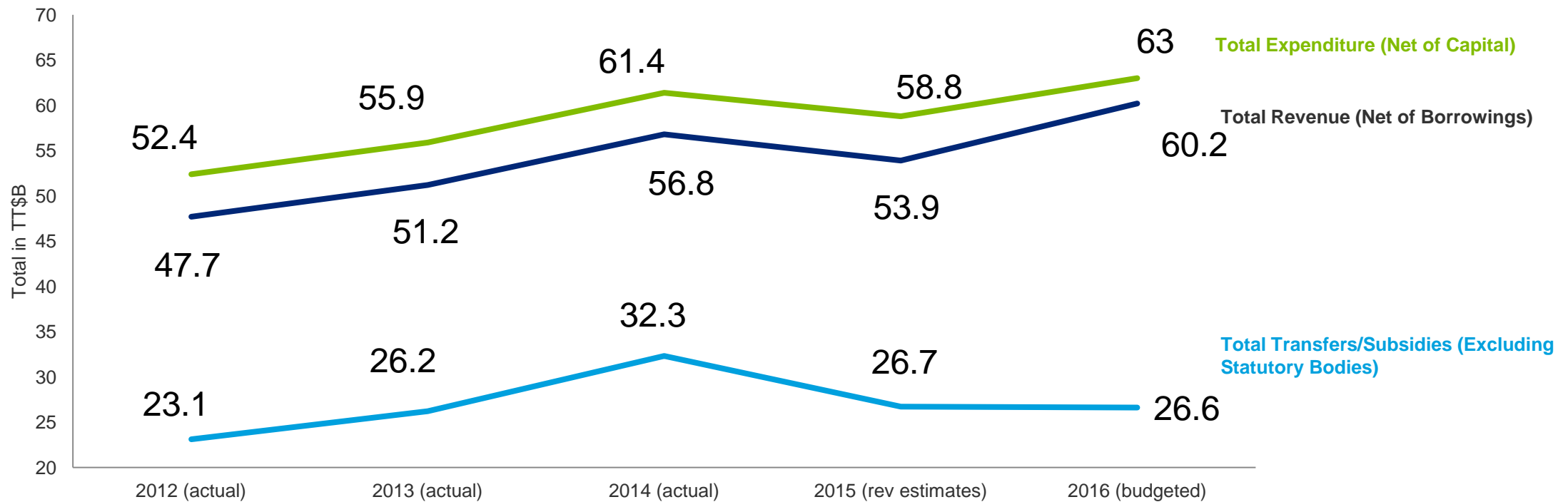


Energy Prices

Current Prices vs T&T Budgeted vs Experts' Estimates

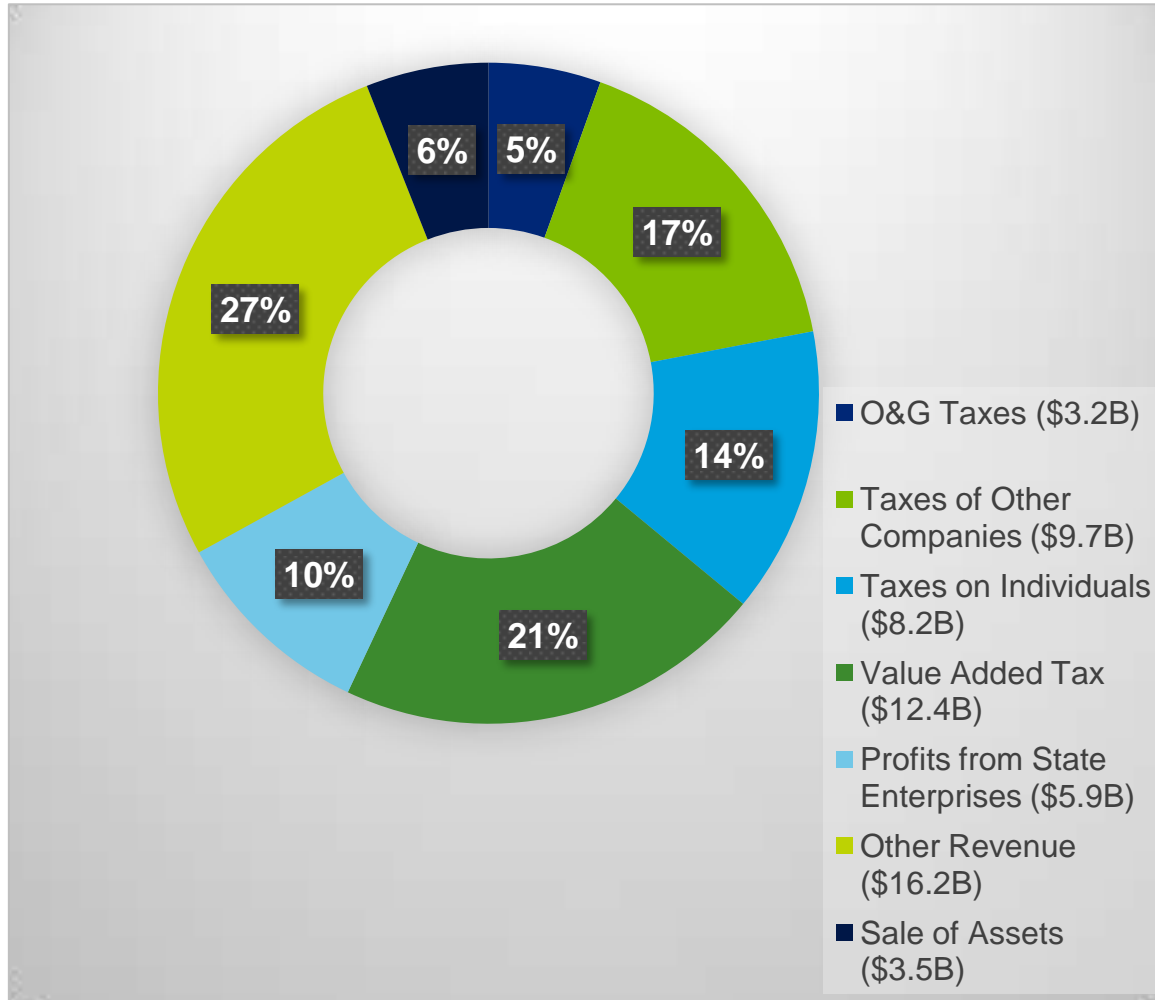


Revenue vs Total Expenditure vs Transfers/Subsidies

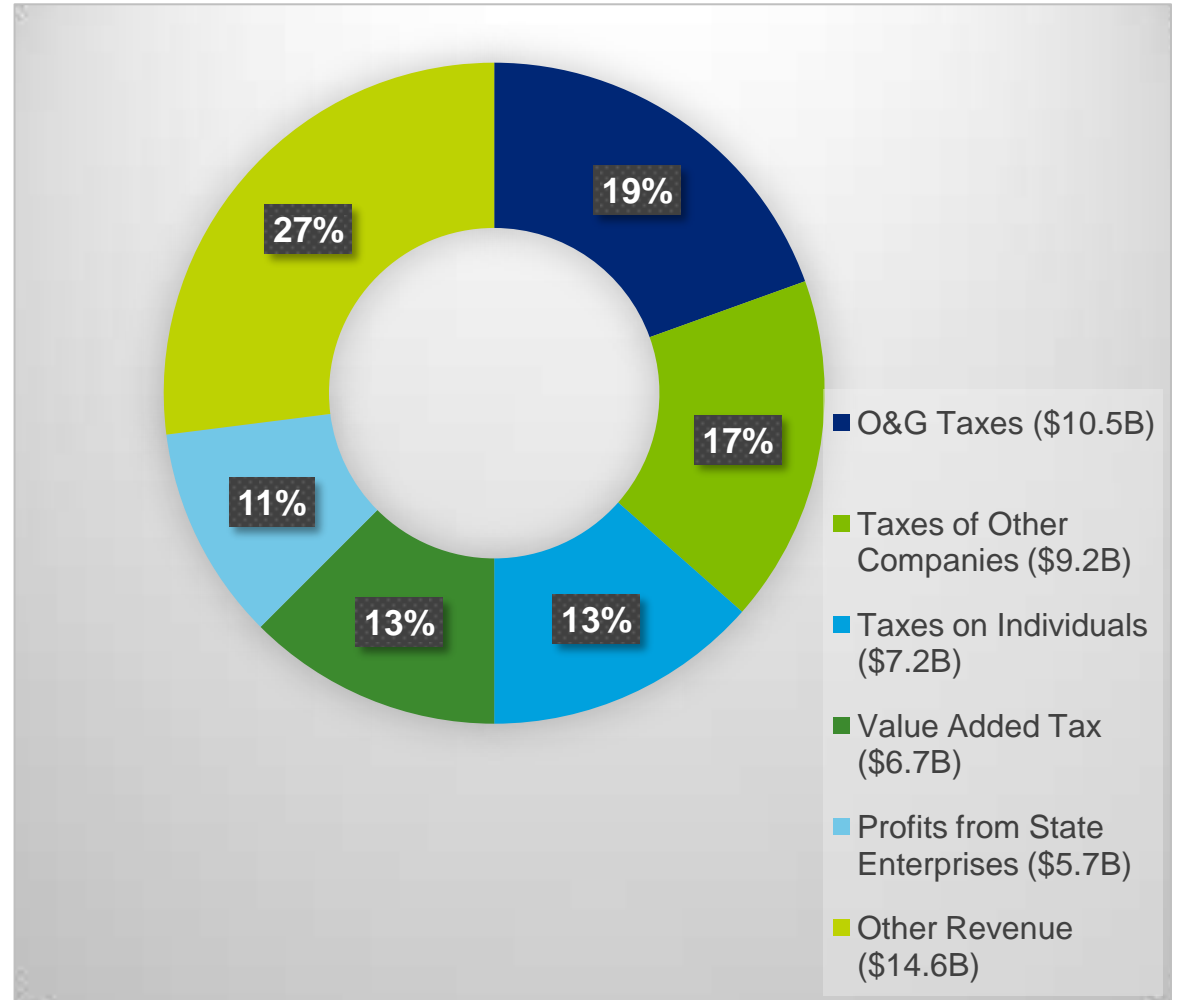


Revenues

Fiscal 2015/2016 - Estimates



Fiscal 2014/2015 – Rev Est



Revenue and Expenditure Highlights

Reduction in Oil & Gas tax revenue of \$7.3B

Taxes on Individuals are expected to increase by \$1.0B

Revenue from VAT expected to increase by \$5.7B

Sale of Assets to raise \$3.5B (\$2B – Methanol Holdings;
\$1.5B Phoenix Park IPO)

Fuel subsidy decreased from \$4.8B to \$1.7B

Total estimates for Transfers and Subsidies show a marginal decrease

Proposed Measures

Personal Allowance

- Increasing the personal allowance for individuals from \$60,000 to \$72,000 per annum
- This measure is costing the Government \$250M
- The cash flow impact to individuals is an extra \$250 in net pay per month
- This will be appreciated by individuals, as this change is long overdue

Proposed Measures

Business Levy / Green Fund Levy

- 200% increase in rates
- Effective minimum tax of nearly 1% of revenue
- Big Impact to high volume, low margin businesses (Hardwares, Supermarkets, Gas stations, etc)
- This could burden Small and Medium sized Enterprises
- Expected to raise a combined \$872M in additional revenue

Proposed Measures

VAT Rate and Registration

- Decreasing the standard rate from 15% to 12.5%
- Review of Zero Rated and Exempt Items (non-essential and luxury)
- Threshold for registration raised from \$360,000 to \$500,000
- There will be a general cost reduction to end consumers for goods and services
- Revenue on VAT expected to increase by \$5.7B

Proposed Measures

Property Tax

- This tax is expected to be implemented 1/1/2016
- Will start at old levels and old rates (2009 proposed or pre 2009?)
- Values will need to be reviewed and brought up to date
- The Tax Administration will need to be properly structured to deal with the Tax, assessments, objections, etc
- This will be an added cost to individuals and companies, but is a good revenue stream
- This measure is expected to raise an additional \$200M in revenue

Proposed Measures

Fuel Subsidy

- Immediate increase in prices by 15% (Super \$2.70 → \$3.11 ; Diesel \$1.50 → \$1.72)
- Overall decrease in fuel subsidy by \$3.0B over previous year revised estimates
- Most far reaching measure impacting individuals and companies
- Directly impacts the cost of transportation which could push goods and services prices upward
- Added inflows provided to individuals by added personal allowance and VAT reduction could disappear
- Inflationary impact needs to be managed

Proposed Measures

National Insurance

- Increasing all class limits by 13.5% (ceiling at \$13,600)
- Contribution rates will be increased from 12.0 to 13.2% from July 4, 2016
- Employees will now see an increased deduction in their salaries due to this measure
- For employers, Salary costs will increase
- No mention of a scheme for Independent Contractors

Proposed Measures

Other

- OJT stipends to increase by 20% (costing additional \$62M)
- Graduate Recruitment Program (costing additional \$55M)
- Agriculture: Exemption of duties and taxes on approved inputs
- Cap on NIS and Old Aged Pension to increase by \$500 a month to a ceiling of \$5,000 (cost \$160M)
- Retirees Benefits program to grant free driver's permits and passports
- \$20M to support growth and development of Public Private Partnerships
- \$15M to provide technical and training support to Labour Movement

On the Horizon

Upcoming Measures

Revenue Authority

- Expected to be in place by 30/9/2016
- Expected to boost revenue

Transfer Pricing

- Introduction is imminent
- Work on the way with this before 2010
- Tax Administration will need to be further strengthened to administer

Gaming Industry

- Fast tracking Gambling Control Bill 2015
- Consultations to be done with key stakeholders
- Tax measures to be looked at in 2016

Upcoming Measures

Home and Business Security

- Incentives and concessions to be reviewed and implemented during the course of 2016

Infrastructure Incentives

- Introduction of new tax incentive framework by March 2016

Judicial Reform

- Video Conferencing
- Lay magistrates addressing minor offences
- Financial autonomy

The Trinidad & Tobago economy is not in a gloomy situation, nor is it in a great position, however, if we are to continue building on the development of the country for the benefit of our future generations, the time for diversification is now!



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