



MEDIA RELEASE

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FURTHER CLARIFICATION NEEDED ON PROPERTY TAX

In his Budget Presentation for fiscal 2016/2017 last October, the Honourable Minister of Finance put the population on notice that Property Tax will be re-introduced as a much-needed source of revenue for the country. Last week's announcement by the Ministry of Finance, therefore, came as no real surprise.

With the current global decline in the price of oil and gas, the T&T Chamber is fully cognisant of the need for Government to find alternative sources of revenue to help close the gap created by decreased income.

While we take no issue with the re-implementation of the tax, the T&T Chamber did, in fact, challenge the Government to be clear and transparent in the process, in a series of communiqués last year. These were issued in the weeks immediately following the Honourable Minister's initial announcement regarding the return of the tax. We were adamant, then, as we are now, that any measures put in place should not result in the de-incentivisation of the Private Sector.

Considering the urgent thrust to increase non-energy exports and to promote the manufacturing sector, a six percent tax on industrial properties, which includes the installed cost of plant, machinery and equipment, seems counterintuitive to the desired outcome of incentivising investment. It might also be regarded as unnecessarily burdensome.

The T&T Chamber is also concerned that the average home-owner is currently in a quandary regarding the precise calculation of the Annual Rental Value (ARV) for their respective properties, as government has given no clear indication regarding how this is to be done. Add to that the fact that a significant percentage of our population comprises pensioners living off fixed incomes, one

can only hope that proper measures will be implemented for those most vulnerable in our society. Ironically, those most vulnerable appear to now include business owners and investors straddled with a severe seven-year low regarding occupancy rates in residential and commercial properties.

The T&T Chamber also urges the Government to be transparent in the use of the funds collected through the tax, to avoid a situation similar to that of Health Surcharge, where there is a strong perception that the population does not receive good value for money.

Since the announcement last week, much has been ventilated about the property tax. Quite justifiably, the comments are largely calls for greater clarity and the elimination of much of the ambiguity currently surrounding the process.

Government must waste no time in fully engaging the business community and the wider national community on this matter. We call upon the Ministry of Finance, therefore, to take the lead on cogent discussions, informational sessions and public education campaigns to ensure that we are all on the same page regarding the new taxation mechanism. The T&T Chamber stands ready to assist wherever necessary.

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