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**MEDIA RELEASE**

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### **Addressing VAT Refund Arrears**

The Trinidad and Tobago Chamber of Industry and Commerce deems it wholly unsatisfactory that VAT refund arrears stand at more than TTD 5.5B. This matter – as outlined in the recently released IMF Country Report - remains of critical concern to the business community, given its negative impact on the ease of doing business.

The Report states that at the end of March 2017, tax arrears stood at 11 percent of GDP and Trinidad and Tobago ranked 145<sup>th</sup> in the Doing Business survey's "paying taxes" index. At this juncture, the T&T Chamber is concerned about both the impact on cash flow of VAT-registered businesses, and about the prospect of non-compliance.

While lengthy waiting periods were not uncommon, the situation has now worsened with business people experiencing refund delays exceeding 24 months. In an already cash-strapped economy, added constraints from late or non-receipt of refunds impose yet another difficult burden upon the business community. It appears that those who are already tax compliant are being penalised nonetheless.

The T&T Chamber believes that a simple, short-term measure which could be taken by the Government, is to allow companies to offset their refunds with payments due. While this solution is not ideal, if applied, it would still offer some reprieve to companies for outstanding monies owed.

Based on the T&T Chamber's understanding of how Government accounts for expenditure, the delay in issuing refunds is possibly one mechanism through which the Government has been able to show a reduction in spending for the financial year ending September 2017.

As representatives of the business community in Trinidad and Tobago, the T&T Chamber demands that Government take corrective action immediately, in what has evolved into a highly disruptive situation.

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