

MEDIA RELEASE

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COVID-19 IMPACT ON SMALL BUSINESSES & VAT PAYMENTS

The T&T Chamber continues to be encouraged by the Government's strong leadership in addressing the current challenges arising from COVID-19. As economic slowdown is being experienced across many sectors, the T&T Chamber welcomes the various emergency support measures to address the drastic impacts COVID-19 is having on households, businesses and the economy.

Today many businesses have seen sales decline substantially while others have no sales and they need help now. It is important we recognise the businesses and individuals who have been compliant in their obligations for Corporation Tax, PAYE, VAT, Business Levy and Green Fund as well as NIS payments, and ensure these businesses/individuals have priority access to the various fiscal support initiatives as their income can be verified/certified.

Notably, the special effort made by the Government to expedite the initial payments of VAT refunds up to TT\$250,000 as soon as possible is certainly welcomed by the business community, especially the smaller businesses, and in the coming days those owed up to TT \$500,000 all to be settled in cash payments. As confirmed by the Minister of Finance, balances larger than TT \$500k will be captured by the issuance of the TT \$3bn VAT bonds, which can be traded at par, the first tranche of which will commence the first week of April. We look forward to the Minister issuing the balance of \$2 billion soon after the first tranche, to alleviate the cash flow challenges of larger organisations.

Over the past week up to the weekend we have been getting numerous calls from members and non-members - many from small businesses - regarding their own challenges in operating in this uncertain environment. While the various initiatives announced, including the loan payment deferrals and interest reductions by the banks, are positive measures, additional mechanisms may be needed to address the MSME sector. Likewise, not all businesses may be in a VAT refund position and as such will not benefit from the planned VAT payment.

Some form of assistance needs to be provided to other small businesses. The Chamber has pleaded for a tax deferral for corporation tax, VAT, Business Levy and Green Fund Levy to assist the micro, small and medium sized businesses, as many of them do not have the capital base to weather this storm and therefore need additional support if they are going to be around in one, two or three months.

We recognize the demands being made on the Government at this time and know that energy revenues are significantly down. As such the Government needs to collect taxes to be able to provide the financial support needed.

The Chamber is fairly confident that even if 10% of all taxes due are deferred, the Government will still be able to collect 90% of taxes due while supporting the MSME sector through this difficult time. It is important to note that similar initiatives have been made in other countries to facilitate businesses. We stand ready to assist in discussions between the stakeholders so this critically needed initiative can be implemented as quickly as possible.

We also concur with the need to deal with those employees affected by the closure of certain businesses and the slow down of others, and putting measures in place to ensure they are given some form of salary support. The implementation of the salary relief grant of \$1,500 per month for a three-month period for employees who will be affected and who are temporarily unemployed, paid via the National Insurance Board will certainly be welcome by those impacted.

We are pleased to work with the Committee under the Ministry of Trade & Industry as a business liaison to ensure the continuity of supplies to Tobago.

The Chamber believes that the Government's approach to the present crisis is going in the right direction. The emphasis on relief for citizens and businesses is well placed and shows the sensitivity in decision-making that is required at this time. It is important to recognise that there will be life after COVID-19 and we are satisfied that the present measures take this into consideration.

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