

The background of the entire page is a high-contrast, industrial photograph. It depicts a worker in a dark, protective suit and helmet, positioned on a metal ladder or platform. The worker is looking down at a bright, glowing stream of molten metal being poured from a large, dark industrial vessel. The scene is filled with sparks and a warm, orange-yellow light emanating from the molten metal, creating a dramatic and powerful atmosphere.

Forging Forward

Economic Life Post Pandemic



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Readers are encouraged to consult with professional advisors for advice concerning specific legal, accounting or tax matters.

Aegis does not hold itself liable for any actions taken because of the use of the information presented here other than general information and education.

Acknowledgements



We would like to express our thanks and appreciation to our Aegis team for their contributions to producing this National Budget Newsletter.

We wish to mention the following team members who have demonstrated team spirit, leadership, and commitment to delivering responsive information to our colleagues and clients.

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Thank you all for supporting each other.

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MESSAGE FROM OUR CHAIR

“The new normal has led to more innovation, especially in the Service Industry, as the virtual world allows one to interact and create linkages just about anywhere in the world.”
-Angela Lee Loy, Chairman Aegis Business Solutions Limited

Message From Our Chair



We are pleased to present our overview of the fiscal measures proposed in the 2022/2023 Budget Statement entitled, '**Tenacity and Stability in the Face of Global Challenges**' presented by the Minister of Finance, the Honourable Colm Imbert on September 26th, 2022.

There have been several international crises that have led to the rising price of oil and gas which will continue in the foreseeable future. This price increase has and will contribute to our increased tax revenue, coupled with several upstream projects, primarily gas which will aid to reduce our fiscal deficit.

The new normal has led to more innovation in the services sector as the virtual world allows one to interact and create linkages just about anywhere in the world.

We can see the Minister of Finance's Budget has started to take some hard steps, such as reducing subsidies and putting collection of property taxes, hopefully firmly on the table yet balancing that with the needs of citizens such as education and increased taxable allowances. Citizens will need to make choices about how they prioritise their spending.

On the commercial side, there is an opportunity for business expansion through the introduction of the Trade and Investment Promotion Agency. This allows for a targeted approach to enable Trinidad and Tobago to be a premier destination for non-energy businesses and investments, thereby allowing businesses to be foreign exchange earners.

While there were several areas mentioned such as digitalisation, food security and housing as a stimulus to the economy, the solution is in the **TIMELY EXECUTION** of these recommendations.

I wish to thank the members of my team who have worked from their homes and have committed themselves to deliver on-going excellent client service. This publication continues to be an extension of their commitment.

To you our readers, we would be happy to hear from you with any questions you may wish to ask as the budget impacts you, your family and your business. I hope you continue to find our newsletter helpful and informative.



Executive Summary

Executive Summary



The Minister of Finance, the Honourable Colm Imbert, recounted the economy's journey over the last 7 years. With the continued presence of COVID-19 and its variants, rebalancing of lives and livelihoods in an uncertain economy remains a challenge. However, it was recognised that Trinidad and Tobago, like the rest of the world, must learn to 'live with COVID'. This year's budget aptly themed **“Tenacity and Stability in the Face of Global Challenges”**.

Economic Review - Despite the considerable fall in revenues following the collapse of oil and gas prices for the period 2014-2016 and

in the face of negative oil prices in 2020 (the first on record), the economy rallied through, without devaluation or loss of public sector employment. Inflation rates remained below 5%.

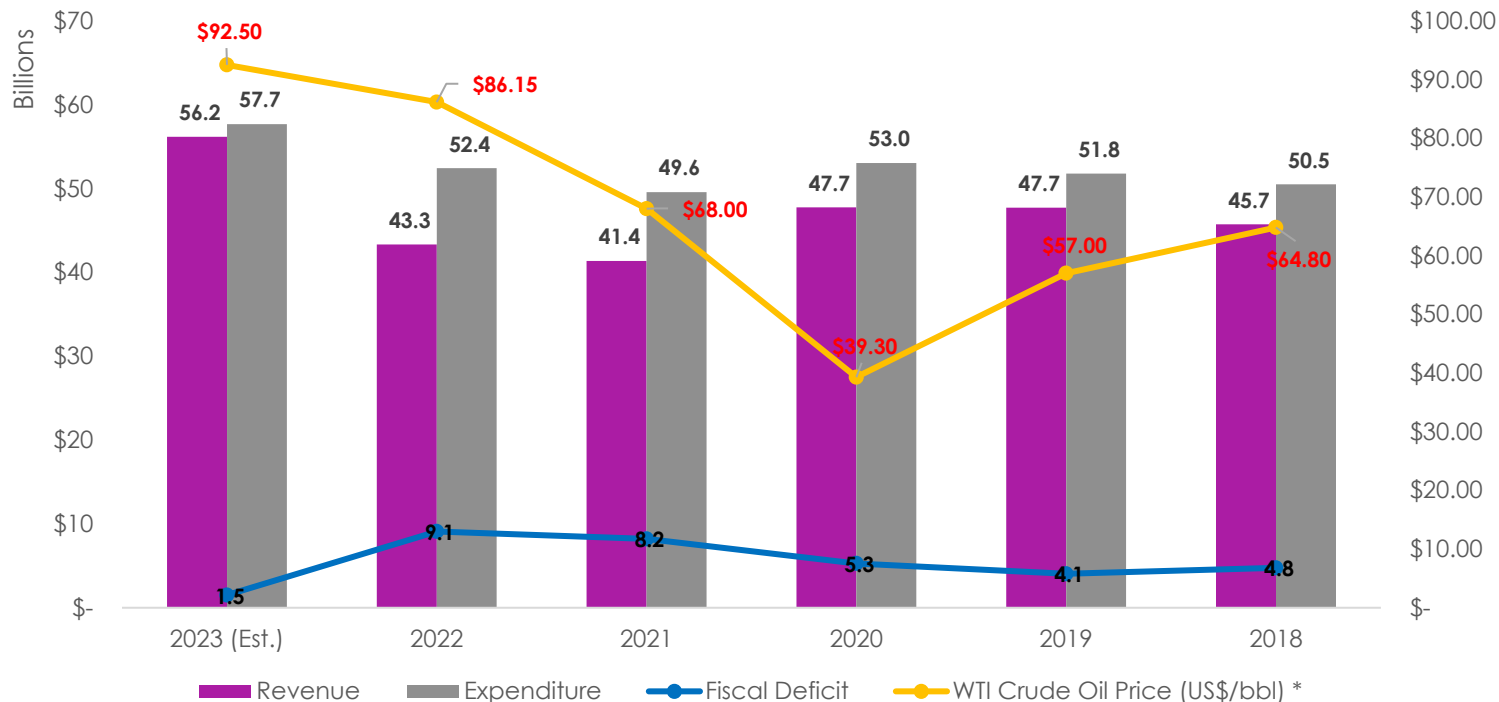
The global economic outlook remains uncertain in 2022/2023, as seen in geopolitical events, such as the Russia-Ukraine war, impacting commodity markets as well as financial policies implemented in other countries, including the United States of America and the United Kingdom, at risk of triggering a recession. On the one hand, this has benefitted Trinidad and Tobago's economy, a hydrocarbon-producing

country. Present estimates signal a current account surplus of TT\$4BN with an overall real GDP growth rate of 2% for 2022.

On the other hand, global events have resulted in market supply disruptions impacting inputs, such as wheat, resulting in significant increases in the cost of basic goods for the average citizen.

The measures announced in the 2023 presentation aim to capitalise on the current windfall (albeit temporary) of the energy sector, while building resilience in key

Revenue, Oil, Expenditure, Fiscal Deficit & Prices (2018-2023)



Executive Summary



sectors of the economy, strengthening business continuity and growth, promoting digitalisation, and leaving no one behind.

The Honourable Minister provided an update on the Trinidad and Tobago Revenue Authority (TTRA), the Gambling Control Commission, Home Mortgage Bank, Trinidad and Tobago Special Economic Zones Authority, InvesTT Trinidad and Tobago Limited, as well as Phoenix Park Industrial Estate. He advised that Boards have been established for these institutions which are expected to become operational in 2023.

Health While the COVID-19 virus is becoming less virulent, the threat of mortality are still real. Citizens were, therefore, encouraged to become vaccinated and receive boosters, as required. The tireless efforts of the employees in the sector were recognised by the allocation of a one-time special payment to over 20,000 healthcare workers (an estimated cost of TT\$210MN), to be paid by the end of 2022. The Honourable Minister noted that improvements in the healthcare system have put Trinidad and Tobago ahead of the Sustainable Development Goals agenda in achieving global and regional 2030 targets for maternal, child health and neo-natal care.

Energy Notwithstanding the non-oil sector's contribution of over 50% to GDP, the oil-sector is seen to continue to be the cornerstone of the economy for years to come. Several gas projects are expected to come on stream in the near term to take advantage of higher gas prices.

Incentives such as a reduction in the SPT and PPT rates were also outlined to attempt to boost production in the short to medium term. Diversification within the energy sector is also being targeted, through projects such as Methanol

Executive Summary



to polyolefins, aluminum ingot process and alternative marine fuel projects. Several projects have also been approved as part of the energy transition strategy, as the country works toward a target of 30% renewable energy by 2030.

The global rise in fuel prices has increased the Government's fuel subsidy bill and, in an effort to share the 'burden' with consumers, fuel prices at the pumps have been increased with immediate effect. The Government is targeting a cap in the fuel subsidy of TT\$1BN per year, to allow for additional financial support to critical sectors such as food, water supply, social welfare, and education.

Manufacturing and MSEs The non-energy sector employs over 50,000 persons and generates exports in excess of TT\$6BN. This sector is expected to grow by 2.5% in 2022. Initiatives such as apprenticeship programmes are to be implemented to encourage growth, increased exports, and participation by youth in this sector. EximBank is expected to play a greater role in the distribution of foreign exchange to small, medium, and large enterprises in this sector. A trade and business information portal was launched in April 2022. This provides exporting guidelines to businesses, as an important part of the Government's efforts to enhance the Ease of Doing

Business in Trinidad and Tobago.

Agriculture The Honourable Minister outlined initiatives such as providing access to finance, resolution of land tenure issues and diversification of production, as plans to encourage participation in this sector, particularly amongst the youth.

Digital Transformation Digital transformation was a cost-cutting theme among measures outlined in the budget presentation and include

Executive Summary



the implementation of a national e-identity, the promotion of cashless transactions, the Parlour e-commerce platform for the buying and selling of local products, the open data initiative for the reliable sharing of data among Government departments and agencies, and security initiatives under the Ministry of National Security.

Infrastructure The Honourable Finance Minister provided updates on several infrastructure projects under construction. The completion of the A.N.R. Robinson International Airport Expansion Project is expected to support the revitalisation of the tourism sector. Similarly, the San

Fernando Waterfront Redevelopment Project is expected to boost economic activity in the area.

Transformation is expected in the public utility sector with the restructuring of the Water and Sewerage Authority (WASA), the identification of new water resources, and the upgrade of water treatment plants. The tariff system for water and electricity are currently under review, with rebates planned for the most vulnerable.

Conclusion The Minister of Finance's Budget presentation focused on measures and initiatives aligned with the pillars of the

'Roadmap to Recovery'.

It attempts to sustain momentum of economic recovery, considering the well-being of citizens and leaving no-one behind. This is to be achieved by the building of strong public institutions, investment in infrastructure projects, youth in national development, leveraging digitalisation, supporting agriculture, human development through education, while creating a supporting business environment.



GATE

Restrictions relaxed for accessing funding twice.



Renewable Energy

Rebate for implementation of renewable energy.



Senior Citizens

Citizens over sixty to pay for travel via sea bridge. Those that are currently receiving grants will be eligible for a one-time transport grant.



Tax Amnesty

Amnesty on penalties and interest on taxes owed up to and including the year ending December 31st 2021.



Penalties

Increase in penalties due to illegal state timbering, scrap iron, and oil pollution.

Highlights

“While there were several areas mentioned such as public sector digitalisation, food security and housing as stimuli to the economy, the solution rests in **TIMELY EXECUTION** of the recommendations”.
- **Angela Lee Loy**

”

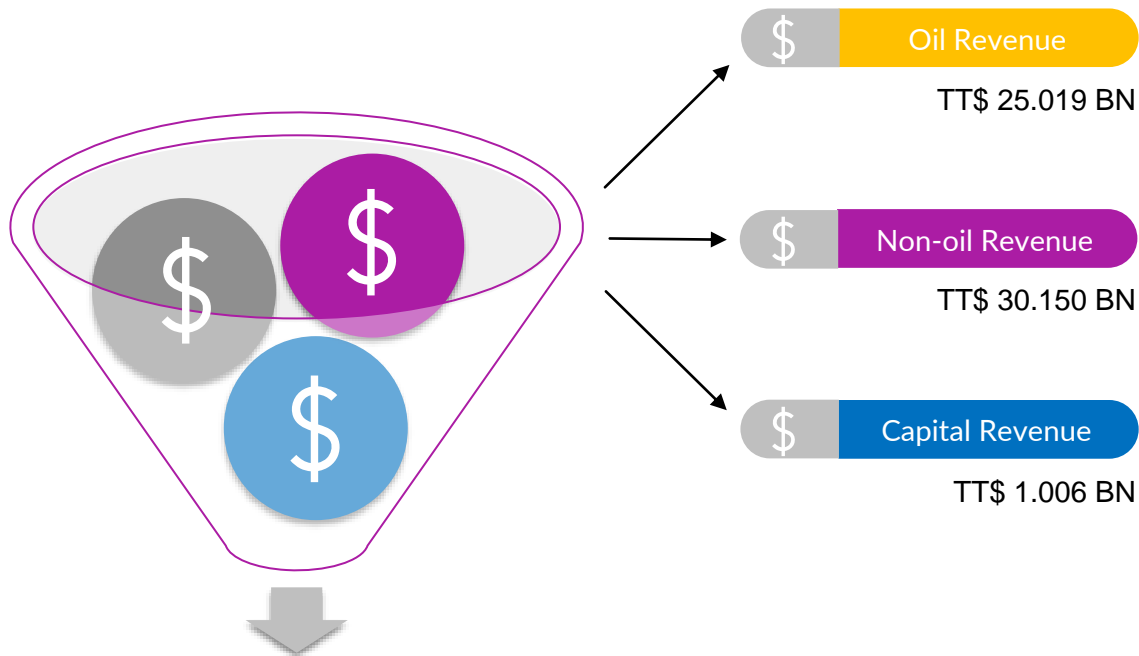
Estimates Of Revenue & Expenditure

Revenue



Estimate Total

Estimated at TT\$ 56.175 BN. Approx 29.6 percent more than the amount estimated for the fiscal year 2022.



Expenditure



Net Deficit According to the Minister,
0.8% "if all goes to plan, our fiscal accounts in 2023
will be close to balance with a deficit of
TT\$ 1.510BN or 0.8% of GDP".

Expenditure for the year 2023, is estimated to be TT\$ 57.685 BN.
An accumulated amount of 34.9% is allocated to education and training, health, and national security. A total of TT\$ 4.192 is allocated to rural development and local government, agriculture and housing. The remaining TT\$ 21.326 is allocated to other expenditure initiatives including tax credits, rebates and personal allowance (not shown on the chart).



Education and Training
TT\$ 7.453 BN



Health
TT\$ 6.892 BN



National Security
TT\$ 5.798 BN



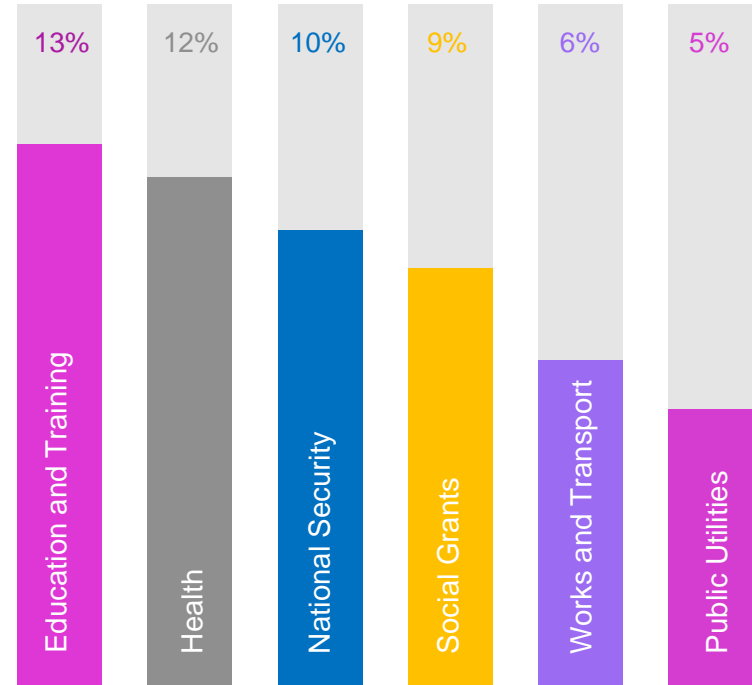
Social Grants
TT\$ 5.453 BN



Works and Transport
TT\$ 3.748 BN



Public Utilities
TT\$ 2.823 BN





Fiscal Measures

Fiscal Measures



Oil and Gas:

1. The Investment Tax Credit of 25.0% is set to increase to 30.0%, effective January 1st, 2023. The increased tax credit is intended to stimulate exploration and development in the energy sector.

2. A tiered system of Supplemental Petroleum Tax (SPT) will be implemented from January 1st, 2023. The tiered system is targeted at shallow water marine operators with an aim to increase oil production.

An increased production limit of 4,000 barrels per day will apply for the threshold of US\$50 per barrel prior to SPT becoming applicable. The previous threshold was US\$75 per barrel.

The following SPT rates will apply for new oil wells in shallow water marine areas:

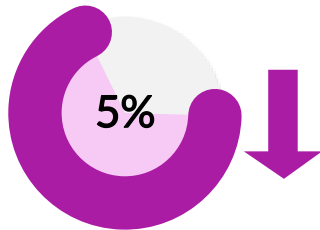
Oil Price (US\$) (P)	Rate of SPT
\$0.00 to \$50.00	0%
\$50.01 to \$70.00	15%
\$70.01 to \$90.00	20%
\$90.01 to \$200.00	20% +.2% (P – 90.00)
\$201.00 and over	42%

Fiscal Measures



Oil and Gas Cont'd

3. The Petroleum Profit Tax (PPT) is set to decrease from 35% to 30%, effective January 1st, 2023 for companies engaged in deep water exploration.



3. Effective immediately, consumers will experience fuel price increases of TT\$ 1 per litre on kerosene, premium and super gasoline, while diesel will attract an increase of TT\$ 0.50 per litre. The cost of Liquefied Petroleum Gas (LPG) cylinders will remain unchanged.

Fuel	Old Price (TT\$)	New Price (TT\$)
Premium gasoline	\$6.75	\$7.75
Super gasoline	\$5.97	\$6.97
Diesel	\$3.91	\$4.41
Kerosene	\$3.50	\$4.50

Fiscal Measures



Corporation Tax

1. Manufacturing Tax Credit

Effective January 1st, 2023, all manufacturing companies will receive a one-time tax credit for new machinery, production lines and equipment.

Manufacturing companies that have approved registration with the Ministry of Trade and Industry, will receive a tax credit valued at the maximum of TT\$ 50K.

The measure is expected to cost the Government an estimated TT\$ 50MN, and will result in the amendment of the Corporation Tax Act Chap 75:02.

2. Electronic Payment Providers and e-Money Issuers

Effective January 1st, 2023, a one-time tax credit valued at the maximum of TT\$ 50K, will be offered to approved electronic payment providers and/or e-money issuers.

This measure is being introduced to heighten the frequency of online financial transactions and encourage the development of the digital economy. It is expected to cost the Government an estimated TT\$ 4MN.

Amendments to the Corporation Tax Act Chap 75:02 will be required for the implementation of this measure.

Fiscal Measures



Corporation Tax – Cont'd

3. Approved Small Companies: Exemption from Corporation Tax

In an effort to further relieve the SME sector, an amendment to Section 16A of the Corporation Tax Act Chap 75:02, will increase the period of exemption from five years to six years, for the payment of Corporation tax by small and medium companies.

4. School to Work Apprenticeship Allowance

Effective January 1st, 2023, an apprenticeship allowance will be implemented to allow eligible companies to access an allowance of 150% for all remuneration paid under the allowance, of up to 5% of the company's total wages and salaries billed for a one-year period.

Once the company has registered the training program with the National Training Agency, and their expenditure is certified by the company's auditors, they will qualify for the allowance. This is geared towards encouraging businesses to hire young persons, between the ages of 16 to 25 years, for the one-year apprenticeship period.

This measure will require the amendment of the Corporation Tax Act Chap 75:02.



Fiscal Measures



Corporation Tax – Cont'd

5. Tax Amnesty

Due to the continued adverse economic effects of COVID-19 and its disadvantageous impact especially on small businesses, an amnesty on the interest and penalties for taxes owed up to, and including the year ended December 31st, 2021, will be introduced from November 14th, 2022 to February 17th, 2023.

This measure will result in amendments to a variety of tax laws and it will raise an estimated revenue of TT\$ 300MN to TT\$ 500MN in 2023.

Value Added Tax

1. In order to provide relief and support, the VAT registration threshold will be increased from TT\$ 500K to TT\$ 600K. This measure will positively impact the growth and development of the small and medium enterprises sector and will cost TT\$ 12.5MN. This will require amendment to the VAT Act Chap 75:06 and will take effect on January 1st, 2023.
2. VAT will be waived on new equipment for manufacturing companies utilising alternate energy technologies and renewable energy options. The Ministers responsible for Trade and Energy will collaborate on this. This measure will come into effect on January 1st, 2023 for one year, ending December 31st, 2023, during which time it is expected to increase our renewable energy output by 10%.

Fiscal Measures



Income Tax and Measures Directly Impacting Individuals

1. Personal Tax Allowance.

Effective January 1st, 2023, the Personal Tax Allowance will increase from TT\$ 84K to TT\$ 90K. Individuals who earn TT\$ 7.5K or less will be exempt from income tax. Over 300K individual taxpayers will benefit from an additional disposable income of TT\$ 1.5K per year.



Other Fiscal Measures



Commissioner of Affidavits

An increase in Commissioners of Affidavits fees payable as follows:

- Payments to the Registrar General will be increased from TT\$200 to TT\$400

- Fees will increase from TT\$2.50 to TT\$10 for each affidavit and from TT\$0.50 to TT\$2.50 for each exhibit

- Payments to the Comptroller of Accounts will be increased from TT\$100 to TT\$200

This will take effect from January 01st, 2023.

Inter-Island Transportation

- The fee for travel on the inter-island airbridge will increase by TT\$50 from TT\$ 150 to TT\$200

- The fee for travel on the inter-island sea bridge will increase by TT\$25 and TT\$50 for Standard Class and Premium travel respectively, with passengers over 60 years now paying a TT\$25 one-way. This was previously free.

These changes will take effect from January 01st, 2023.

Trade, Social & Other Initiatives

SME Initiatives



The following initiatives have been established to boost the Small and Medium Enterprises Market (SME):

- **Gateway to Trade Programme** – accelerated programme targeted to assist SMEs in 4 service sectors: business and professional services, information and communication technology, energy services and tourism.
- **Export Booster Initiative** - aimed at enhancing market access for SMEs with the expectation that the export value of manufactured goods will double by 2024.
- The **Grant Fund Facility** - will allow access to individual grants from the Fund, up to a maximum of \$250,000 per beneficiary, to finance 50% of the cost of acquisition.
- The **SME Mentorship Programme** - will assist SMEs to access financing via tax incentives for listing on the Trinidad and Tobago Stock Exchange. SMEs will benefit from tax incentives that is, exemption from the payment of corporation tax, business levy and green fund levy; and a 50 percent reduction in taxes for the second 5-year period.

SMEs in the tourism and creative sectors will be provided with a reimbursement of 50% of their investment, up to a maximum threshold of TT\$50K to encourage digitalisation of their services.

Other Initiatives



Agriculture

Due to the “Threat of the Giant African Snail and other Agricultural Pests“, an additional TT\$3 MN has been allotted to agricultural incentives, infrastructure and programmes. This amount will be used for marketing and awareness campaigns, training of staff and the supply of agricultural materials.

Effective January 1st, 2023, the Minister responsible for Agriculture will administer up to TT\$ 25K for the implementation of renewable energy, such as solar and wind energy.

Total Allocations for Agriculture - TT\$1.330BN

Housing

A three-tiered system will be introduced to the Housing and Village Improvement Programme and there will be an increase in the construction of a two-bedroom house from TT\$145K to the following below. This will take effect from January 1st, 2023.

Three-Tiered System	
Category	Amount
Flat Lands	TT\$ 165k
Undulating lands	TT\$ 170k
Hills lands	TT\$ 175k

Other Initiatives



Government Assistance for Tuition Expenses (GATE)

Many students cannot afford tertiary education and some students are unable to qualify for a bachelor's degree at their first attempt. These students have to apply for GATE to complete certain programmes to qualify for the degree level, but are currently debarred from accessing GATE assistance twice. These restrictions will be lifted and the said students will have access to GATE to complete their studies.

Social Grants

Citizens who receive public assistance, disability, food grant and senior citizens pension will receive a one-time transportation grant of TT\$1K.

This grant is temporary and will remain only if the oil price remains at an elevated level.

This will be implemented on or before the end of January 2023.

Penalties

Illegal Timbering

Effective January 1st, 2023, the penalty for illegal timbering will increase from TT\$20K to TT\$100K.

Illegal Quarrying

A penalty for this illegal activity was not yet implemented, but the amendment will be presented to Parliament in early 2023.

Scrap Iron Penalties

The penalties for this illegal activity will be increased from TT\$15K to TT\$100K and will take effect from January 1st, 2023.

Firearm Users License Fee

This fee will increase to 100%, with the exception of assault weapons. The fee for ownership of assault weapons in private hands will increase to TT\$5K per year and fees for ownership of assault weapons for firing range will increase to TT\$1K per year. This will take effect from January 1st, 2023.

Key Collection Initiatives



01

The Trinidad and Tobago Revenue Authority
– estimated date of commencement year 2023

02

Gambling Control Commission–
estimated date of commencement year 2023

03

Property Tax– estimated date
of commencement year 2023



Tobago

Tobago Allocation



Expenditure

4.3%

The budgetary allocation of TT\$ 2.5BN represents an increase of 8% over the 2021/2022 allocation of TT\$ 2.3BN.

This amount represents 4.3% of the national budget.

The allocation for expenditure in Tobago in 2023 increased by TT\$ 185MN over the 2021/2022 allocation and does not include expenditure for the Airbridge, Seabridge and National Security.



Recurrent Expenditure

TT\$ 2.194 BN



THA Development

TT\$ 300 M



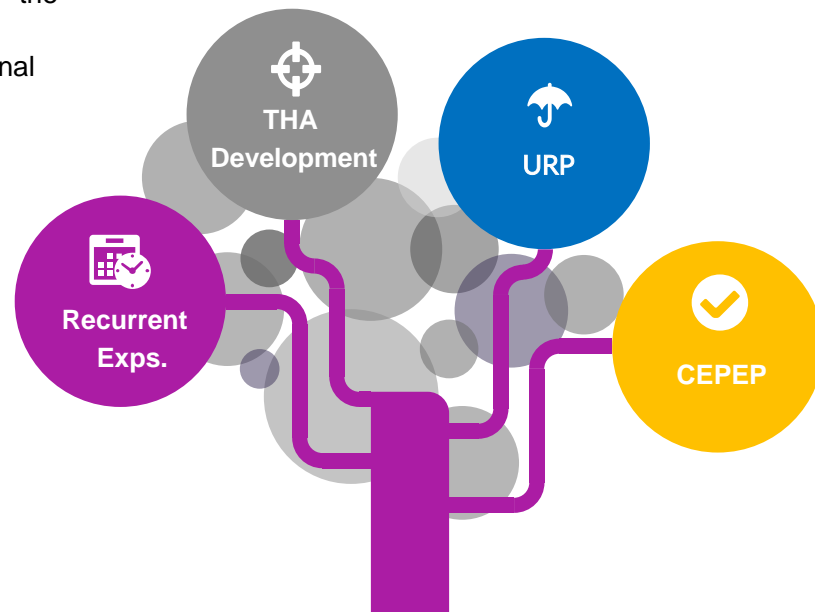
URP

TT\$ 18 MN



CEPEP

TT\$ 9.2MN





“
Forging Forward
”

Our Services

"Focus on your core, we will do the rest"



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Keeping an eye on the numbers and maintaining your tax compliance



Corporate & Governance

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Leveraging technology to propel your business



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