

# **Budget 2009**

## **Initial Allowance**

- The Income Tax (In Aid of Industry) Act is to be amended to increase the Initial allowance from 75% to 90% of the cost of acquisition of plant and machinery acquired for use in trade. This allowance is granted to persons involved in a manufacturing trade.

This measure will take effect from January 1, 2010.

## **Approved Property Development Companies Deduction**

- It is proposed that the Corporation Tax Act be amended to allow approved property development companies to claim as a deduction 15% of the capital expenditure incurred in the construction of commercial or industrial buildings which commenced on or after October 1<sup>st</sup> 2009 but are completed on or before December 31, 2014.

This measure requires an amendment the Corporation Tax Act and will take effect from October 1, 2009.

## **Interest on Approved Mortgage Loans**

- An exemption from tax for Finance companies on income derived from approved mortgages for homes costing up to maximum of \$850,000. is proposed.

This measure requires an amendment the Corporation Tax Act and will take effect from October 1, 2009.

## **Property Taxes Reform**

- Properties are to be revalued based on rental valuation appraisal system. The proposed rates effective 1/1/2010 are –
  - Agricultural 1%
  - Residential 3%
  - Commercial 5%
  - Industrial 6%

## **Petroleum Taxes**

- It is proposed to introduce a single – regime Supplemental Petroleum Tax (SPT) to govern all licences and sub – licences, computed on a field by field basis.

## **Measures That Took Effect From October 1<sup>st</sup>, 2008**

**WITH EFFECT FROM OCTOBER 1<sup>ST</sup> 2008** the stamp duty applicable on deeds executed for the transfer of residential properties are as follows –

**RESIDENTIAL PROPERTY (including dwelling house)**

The sale or other disposal of residential properties valued at \$850,000 or less SHALL BE EXEMPT from stamp duty.

The following rates of stamp duty SHALL BE payable on the sale or other disposal of residential properties (with dwelling house) whose values exceed \$850,000:

- For every dollar of the first \$400,000 in excess of \$850,000 – 3%
- For every dollar of the next \$500,000 – 5%
- For every dollar thereafter – 7.5%

**RESIDENTIAL PROPERTY (land only)**

The sale or disposal of residential land valued at \$450,000 or less shall be EXEMPT from Stamp Duty.

- For every dollar of the first \$200,000 in excess of \$450,000 – 2%
- For every dollar of the next \$200,000 in excess of \$650,000 – 5%
- For every dollar thereafter in excess of \$850,000 – 7%

**N.B: RATES FOR COMMERCIAL / AGRICULTURAL PROPERTIES REMAIN UNCHANGED.**

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