

BUDGET 2019

The 2018/2019 National Budget was presented by the Minister of Finance, the Honourable Colm Imbert on 1 October 2018.

With global growth slated to reach 3.8% in 2018 and 3.9% in 2019, oil prices are steadily climbing and are estimated by international institutions to remain at an average of US \$68 per barrel during this period.

According to the Honourable Minister, this global growth has resulted in T&T's economy experiencing a return to positive growth and development – as evidenced by a 2.2% growth rate in the energy sector in 2018.

Additionally, the manufacturing sub-sector boasted a remarkable 7.3% in growth, which contributed to an increase of \$2.3 billion in non-oil revenues in 2018 over fiscal 2017.

STAMP DUTY

In light of rising real estate prices and with a view to assisting the population in acquiring housing affordably the minister proposes to increase in the ceiling for the exemption of stamp duty for residential properties from \$850,000 to \$1,500,000 for first time home owners, to be effective from January 1, 2019.

Stamp duty is generally payable by the purchaser on the total consideration of the purchase price of real estate. With regard to stamp duty on residential properties, the Stamp Duty Act currently provides that where the property is, or includes, a dwelling-house and the property is for use wholly or mainly for residential purposes.

FUEL SUBSIDY

In keeping with the Government's intention to move towards the elimination of the burden of the fuel subsidy the Minister has advised that the current adjustment to the subsidy will increase the price of Super Gasoline from \$3.97 per litre to \$4.97 per litre, however, the price of Diesel will remain at the same cost of \$3.41 per litre. The change in price will take effect immediately.

PROPERTY TAX

Implementation of Property Tax has been deferred to 2019. That is, the tax will only be implemented and collected in respect of calendar year 2019 (not retroactively).

It should be noted that current legislation provides for the waiver of Property Tax up to the year 2017. Therefore, an amendment to the existing legislation is required to extend the change of waiver up to the year 2018. The Minister indicated that work has commenced by the Valuation Division and the current plan is for the BIR to issue notices to property owners for the payment of Property Tax in the year 2019.

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BUSINESS LEVY FOR SELF-EMPLOYED PERSONS

The Minister proposes to increase the threshold for self-employed individuals who are required to pay Business Levy from \$200,000 to \$360,000. This amendment will result in similar thresholds for both the self-employed and corporations. Hence, individuals will be exempt from business levy, provided their gross sales and receipts in the prior year did not exceed \$360,000 and such amount does not exceed this threshold in the current year of income. This is proposed to come into effect on 1 January 2019.

PENALTIES

To amend the Income Tax Act (ITA) as follows:

- Section 98(2) Collection & Recovery of Tax: to increase penalty/fines from \$3,000 to \$5,000 for submission of fraudulent information in TD1s.
- A person found guilty of committing fraud in relation to tax matters is currently liable on summary conviction to a fine of \$50,000 and to imprisonment for three years. The Minister proposes to increase the fine to \$250,000.
- With respect to the Registration of Clubs Act Chapter 21:01, to increase the rate of interest for late payment of taxes from 15% to 20%.

Children's Act

- Offences associated with prostitution:
Penalty to be increased from a fine of \$50,000 to \$100,000, which is in addition to imprisonment for 10 years; or, on conviction to imprisonment for 25 years.
- Exposing a child to dangerous drugs:
The proposed fine would range from \$10,000 to 100,000; current fines now range from \$5,000 to \$50,000. This is in addition to imprisonment for nine months; or, on conviction to imprisonment for 5 years.
- Penalty for child offenders (i.e. a child who is convicted of an offence)
The proposed fine would be increased to a range of \$20,000 to \$40,000; current fines now range from \$10,000 to \$20,000. This is in addition to imprisonment within the range of 3 years to 15 years.
- Employment of young persons (i.e. a child under the age of sixteen years):
the fine would be increased from \$25,000 to \$50,000, which is in addition to imprisonment for 3 years.

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Litter Act

- Littering public places and premises or improper disposal of litter from motor vehicles:
A proposed increase in fine from \$4,000 to \$8,000, which is in addition to imprisonment for 6 months for individuals, or in the case of a body corporate, an increase in fine from \$8,000 to \$16,000.
- Owner of bus or taxi not placing deposits of litter in proper receptacles:
A proposed increase in fine from \$500 to \$1000.

Other penalties

- Government proposes to increase the fines for persons found guilty of contributing to the cause of bush fires from \$1,500 to \$5,000 under the Agriculture and Fires Act.
- Under the Registration of Clubs Act, Chap 21:01, the rate of interest for late payment of taxes is proposed to be increased from 15% to 20% per annum.

GRANTS AND INCENTIVES

1. Payment of a minimum public service pension of \$3,500 per month immediately upon the retirement of the public servant
2. Payment of \$1,500 monthly to disabled and vulnerable children under 18 currently receiving the Special Child Grant or the Public Assistance Grant
3. An increase of \$200 of the Disability Grant for persons 18 years and older
4. Increase in the Public Assistance Grant by \$150
5. Increase in the Value of Food Cards by \$100
6. Increase in the cap on joint incomes received by retirees in respect of national insurance and old age pensions to \$3,000 in respect of each category

If your company requires further details on any of the fiscal changes please give us a call. Please log onto the following link <http://www.vdkm.com/id4.html> and join our **email list** & we'll be happy to keep your company posted of any changes that can affect your business operations in T&T.