

Trinidad & Tobago 2020/2021 Budget Highlights

Key Macroeconomic Indicators

- Real GDP contraction of 6.8 percent is estimated for 2020
- A fiscal deficit of \$16.772 billion (11 percent of GDP) is estimated for 2020
- The debt-to-GDP ratio for 2020 is 80.7 percent
- Expenditure in fiscal year 2021 is based on an oil price of US\$45.00 per barrel and a gas price of US\$3.00 per MMBtu
- Total Revenue for the fiscal year 2021 is expected to be \$41.364 billion. Expenditure for 2021 is expected to measure \$49.573 billion
- A fiscal deficit of \$8.209 billion (5.6 percent of GDP) is projected for 2021

Areas of interest

A digital society

The Ministry of Public Administration and Digital Transformation has been mandated to:

1. Ensure that high-speed broadband internet access accompanied by the requisite ICT infrastructure is made available for all citizens.
2. Create an electronic population register or e-identity for every citizen to facilitate data transmission to all agencies.

Digital public service: Proposed initial phase

- National Single Electronic Window: TTBizLink which will reduce overall processing times for business-related services
- DevelopTT Automated Construction System which will reduce the time taken to receive planning approval and building permits
- A new government service delivery model that allows or will allow
 - issuance of passports within two weeks;
 - registration of motor vehicles and issuance of drivers' permits;
 - registration for tax, tax returns, tax clearance and payments;
 - issuance of all licencing arrangements, including liquor licences;
 - registration of companies;
 - conveyancing and land registry;
 - delivery of pensions and social grants, including salary and income supports, public assistance, food cards, disability assistance and rent relief.

Note: No specific timeframe has been given for the start of these initiatives.

Initiatives over the next two years

- Government grants for start-up businesses
- Tax credits for businesses that invest in tech start-ups or new tech businesses

- Incentives, where applicable, for entrepreneurs engaged in software and mobile application development, user interface design, call centre operations as well as quality assurance bug testers, animators, visual effects and electronic media
- Establishment of a Tech Investment Fund and a Tech Promotion and Development Company

Agriculture

Agriculture to be made a tax-free industry

A \$500 million Agriculture Stimulus Package is to be established in 2021

Supportive initiatives

- Training and technical support to maintain international standards
- Emphasising the link between local production and population health
- Guaranteeing state purchasing of agriculture produce for school feeding programme, hospitals, protective services
- Increased use of digital technology to foster marketing and distribution of produce
- Influencing the food service industry to provide meals which cater to local tastes
- The establishment of a Centre of Excellence in Agriculture and Biotechnology

Note: No specific timeframe has been given for the start of these initiatives.

Port of Port of Spain

The Ministry of works is mandated to rationalise the operations of the Port Authority of Trinidad and Tobago by the end of this fiscal year (September 2021) and engage a private sector operator to carry out port-handling operations.

Fiscal Measures and Policy Initiatives

- From January 1st, 2021 the personal income tax exemption limit will be increased from \$72,000 to \$84,000. This means that people earning \$7,000 a month or less, will be exempt from paying income tax. This measure will cost the government \$750 million per year.
- The Property Tax is to be implemented in this (2021) fiscal year.
- The Salary Relief Grant and Income Support Grant Programmes will be extended to December 2020 for workers in the creative and cultural industry.
- \$50 million has been allocated for the acquisition of computers for needy students.
- Government will guarantee a loan facility of \$1 billion for the Housing Development Corporation (HDC) in 2021, to facilitate subsidised mortgage loans.
- From January 2021, the subsidy on all liquid fuels (diesel, kerosene etc.) will be removed and the fuel retailers will be allowed to set their own margins. While at the current low oil prices, there will be little or no price increase, if the price of oil recovers, the price of gasoline and diesel will increase proportionately. Liquid petroleum gas (LPG) will remain under the subsidy mechanism.
- All gas stations owned by National Petroleum Marketing Co. will be offered for sale to private sector entities.

- All taxes on mobile and digital equipment, mobile phones, software, computer accessories and peripherals will be removed.
- A tax allowance set at 150 percent up to \$3 million will be provided to businesses that invest in tech start-ups and new tech businesses
- A tax allowance set at 150 percent up to \$3 million will be provided to businesses that engage in technology solutions and digitalisation.
- A tax allowance set at 150 percent up to \$3 million will be provided to businesses that create employment in the technology industry, particularly for young people. The preceding four measures will take effect from January 2021.
- In the first quarter of 2021, 45,000 MiFi devices will be provided to students on a needs basis. This mobile device uses the 3G/ 4G mobile phone networks to create a mini wireless hotspot which can facilitate internet connectivity to devices such as smartphones, laptops and tablets which are within range of its signal.
- By the end of this fiscal year, Wi-Fi hotspots and internet cafes will be established throughout the country.
- Effective January 1st, 2021, VAT on the importation of building materials to be removed for approved housing, commercial and industrial development projects, which start on or before December 31st, 2022.
- From January 1st, 2021, the stamp duty threshold for residential properties for first-time homeowners will be increased from \$1.5 million to \$2 million.
- The Tourism Accommodation Upgrade Project (TAUP) incentive will be expanded and extended from October 1st, 2020 to September 30th, 2023.
- From January 1st, 2021, the allowable rate of Wear and Tear for Plant and Equipment will be increased from 25 to 30 percent.
- Effective January 1st, 2021, all penalties, fines and custodial sentences for illegal quarrying on private lands as provided for in the Minerals Act will be increased by 200 percent. The penalties, fines and custodial sentences for illegal quarrying of asphalt or other materials on state lands as provided for under the State Lands Act will also be increased by 200 percent.
- Effective January 1st, 2021, the fines and custodial sentences for praedial larceny will be increased by 200 percent.
- From January 1st, 2021, the threshold for the imposition of the Supplementary Petroleum Tax (SPT) for small onshore oil producers will be increased to \$75 per barrel, from \$50 per barrel, for fiscal 2021 and fiscal 2022, in the first instance.
- From October 20th, 2020 all tax concessions on the importation of private vehicles will be removed. Hybrid cars, electric cars, CNG cars, and small engine cars below 1,500cc will attract the lowest rates of duty and tax, while tax concessions will remain in place for commercial vehicles.
- In January 2021, the permissible age of imported foreign used cars will be reduced to three (3) years and the quotas for the importation of used cars reduced by 30 percent. A quota system will also be introduced for the importation of new cars in January 2021.
- From October 20th, 2020 both the excise duty on locally manufactured tobacco products and the customs duty on imported tobacco from the Common Market Origin, will be increased by 20 percent.

- From January 1st, 2021 all penalties for selling alcohol and tobacco to minors as well as all other penalties under the Liquor Licences Act, and the Tobacco Control Act will be increased by 200 percent.
- From January 1st, the full VAT of 12.5 percent will now be applied to a wide range of imported luxury food items.
- From January to September 2021, the Youth Training and Employment Partnership Programme (YTEPP) Limited will administer a programme through which young people will have access to over 4,000 courses on Coursera.
- From October 6th, 2020, there will be a one-year freeze on the filling of all vacant posts in the public sector.
- From January 1st, 2021, Section 2 of the Corporation Tax Act 75:02 will be amended to promote access by small and medium enterprises to equity funding via the Stock Exchange.
- The tax allowance for corporate sponsorship of nationals in the local fashion industry, audio, visual or video productions field, under specific conditions, will be increased from \$6 million to \$12 million from January 1st, 2021.

Major Allocations

Tobago: Total allocation - \$2.134 billion

- Recurrent expenditure - \$1.916 billion
- Capital expenditure - \$0.200 billion
- Unemployment Relief Programme (URP) - \$0.018 billion

Education and Training: Allocation - \$7.973 billion

National Security: Allocation - \$5.227 billion

Health: Allocation - \$6.050 billion

Public Utilities: Allocation - \$2.091 billion

Works and Transport: Allocation - \$2.956 billion

Rural Development and Local Government: Allocation - \$1.642 billion

Housing: Allocation - \$1.000 billion

Agriculture: Allocation - \$1.198 billion