

Budget 2025/2026 Highlights

Key Macroeconomic Indicators

- Real GDP grew by 2.5 percent in 2024
- A fiscal deficit of 5 percent of GDP is expected for 2025
- Real GDP is expected to contract by 0.8 percent in 2025
- Expenditure is based on an oil price of US\$73.25 per barrel and a gas price of \$4.25 per mmbtu
- Total Revenue for the fiscal year 2026 is expected to be \$55.367 billion. Expenditure for 2026 is expected to measure \$59.232 billion
- A fiscal deficit of \$3.865 billion (2.2 percent GDP) is expected for 2026
- Expected Revenue of \$55.367 billion comprises oil revenue of \$11.254 billion, non-oil revenue of \$43.402 billion and capital revenue of \$0.711 billion
- The net asset value of the Heritage and Stabilisation Fund as of September 2025 is US\$6.35 billion

Areas of Interest

Public Sector Reform and Digital Modernisation

- The government has intensified efforts to strengthen revenue administration through the ongoing modernisation of the Inland Revenue Division (IRD) and the Customs and Excise Division (CED). Recruitment is under way for over 250 officers across audit, tax and ICT functions, with all vacant entry-level posts expected to be filled by February 2026. These measures are intended to improve compliance, expand audit coverage and strengthen arrears collection.

Employment Fund and Replacement of CEPEP and URP

- The government has announced plans to phase out the CEPEP and URP programmes and replace them with full-time, better-paid jobs aimed at reducing dependence on short-term state-funded employment. To support this transition, an Employment Fund of \$475 million has been established within the Ministry of Finance, to be used in conjunction with the existing \$310 million in the Unemployment Fund for the creation of sustainable jobs.

Wage Negotiations and Job Evaluation Exercise

- A revised 10 percent offer has been made to the Public Services Association (PSA) for the 2014–2019 periods, with the cost of implementing these agreements estimated at \$214 million annually and arrears of \$730 million as at December 2025.
- A major Job Evaluation Exercise for the Civil Service is also being advanced and is expected to be completed within six to eight months. This exercise will modernise job classifications and reduce contract employment by approximately 63 percent, with around 40 percent of fixed-term contract positions to be made permanent and pensionable. In addition, a Request for Proposals will be issued to ensure that retirees retain access to the UNIMED Group Health Plan, improving post-retirement health coverage for public servants and their families.

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Review of the VAT System

- The government has announced plans to review the existing Value Added Tax (VAT) regime with a view to replacing it, if feasible, with a simplified Sales Tax applied at the final point of transaction. The proposed Sales Tax would simplify compliance, eliminate refund backlogs and reduce audit burdens on both taxpayers and the Inland Revenue Division.

Infrastructure and Transport Development

- The PTSC will introduce 30 electric buses by mid-2026 and expand routes through PPPs with maxi-taxi operators; the Motor Vehicle Accident Fund to become operational in fiscal 2026.
- The A.N.R. Robinson International Airport to be fully operational by the second quarter of fiscal 2026, supporting Tobago's tourism and regional air connectivity.

Economic Diversification – Agriculture, Manufacturing and Tourism

- The agriculture sector will receive \$793.7 million for infrastructure, irrigation, fisheries, land development and agri-tech. Key initiatives include a 3-Year Priority Commodities Programme for 15 high-demand products, climate-resilient farming, crop insurance and youth participation through the Youth Agricultural Fund. Agro-exports are expected to double by 2028, with targets of \$1 billion in exports next fiscal year.
- A new Export Academy, in partnership with the TT Chamber and IDB, will train 100 export-ready firms annually. The EXIMBANK will refocus on export financing, allowing initial repayments in TT dollars before transitioning to foreign currency.
- A National Registry of Exporters, a “Buy Local, Build Trinbago” campaign and new trade agreements with India and West Africa will expand market access. Idle state assets, including the Caroni Racing Complex, will be redeveloped for commercial use.
- The Creative Value-Chain Fund will support film, fashion, design and music, alongside enhanced IP protection and duty concessions to strengthen the “Orange Economy.”
- Key hotel projects include Four Points, Hampton Inn, Maracas Bay, and Tobago's Marriott and Elephant Tree resorts. Direct US flights to Tobago, secure cashless systems and the “Carnival City” and Turtle Tourism Capital initiatives will boost visitor arrivals and investment.

Advancing Social Sector Investment

- The Home Improvement Grant Programme has been digitised, doubling grants to 1,200 in fiscal 2026. The government targets 20,000 affordable homes through PPPs and will launch First-Time Homeowner Grants, low-interest loans and rent-to-own options under the Foundation-for-Life Programme.
- Expansion of the Children's Life Fund Act now covers life-limiting conditions including sickle-cell disease and rare cancers. A National Health Management Information System with secure Health IDs is being implemented in fiscal year 2026.

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- The Samuel Badree Cricket Academy at UTT San Fernando will serve as a national training base, while 10 new community centres with accessibility features will open in FY2026.

Government Efficiency through Digital Technology

- The national digital assistant “Anansi” now provides 24/7 guidance on government services, while a secure digital ID will soon allow citizens single-login access for taxes, licences and business registrations. Electronic health records, smart classrooms and real-time policing systems are being implemented to improve efficiency across sectors.
- The newly established NPIC-TT will create a unified payment platform for all government collections and disbursements. This system will enable real-time tracking of every transaction, reduce fraud and delays and allow payments via debit cards, mobile devices, or digital wallets.

Tobago

- The total budgetary allocation to the Tobago House of Assembly is \$3.724 billion, representing 6.3 percent of the National Budget. This includes \$763 million allocated to various government Ministries and Statutory Authorities.

Fiscal Measures for 2026

Asset Levy on Commercial Banks and Insurance Companies

- A 0.25 percent levy on total assets of Commercial Banks and Insurance Companies will be implemented from January 1, 2026.
- This is expected to contribute \$575 million in revenues.

Landlord Business Surcharge

- All landlords to register with the Board of Inland Revenue and pay a one-time registration fee of \$2500.00.
- A 2.5 percent surcharge on the gross annual rental income of \$20,000 or less; and a 3.5 percent surcharge on the gross annual rental income exceeding \$20,000.
- This measure takes effect on January 1, 2026 and is expected to yield a minimum of \$70 million from the one-time registration fee.

Electricity Surcharge

- Charge of \$0.05 per kWh for Commercial and Industrial Customers from January 1, 2026.
- This is estimated to contribute an additional \$269 million to revenue.

Increase in Fees, Charges and Excise Duties

Revised Excise Duties (effective immediately):

- Rum and Spirits: from \$79.25 to \$158.50 per percent of alcohol
- Beer: from \$5.14 to \$10.28 (by gravity of beer)
- Cigarettes: from \$5.26 to \$10.52 per pack of 20

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Updated Administrative Fees:

- Container Processing Fee: from \$525 to \$1,050
- Customs Declaration Transaction Fee: from \$40 to \$80
- Environmental Tyre Tax: from \$20 to \$40
- Wild Animals and Birds Licence: from \$100 to \$200
- These measures are expected to contribute an additional \$1 billion in revenue

Customs Duties on Luxury Electric Vehicles

- Concessions for electric vehicles have led to the importation of high-end models that attract no Customs Duty, Motor Vehicle Tax, or VAT, placing pressure on foreign-exchange reserves.
- To preserve incentives for mid- and lower-priced EVs while curbing abuse, the following will apply to vehicles with a CIF value above \$400,000:
 - Customs Duty: 10 percent
 - Value-Added Tax: 12.5 percent
 - Motor Vehicle Tax: Tiered rates based on electric-motor size
- The measure is expected to yield approximately \$40 million in additional revenue and will take effect January 1, 2026.

Taxation on single use plastic

- Introduction of a 5 percent tax in the CIF value of these products at the point of importation

Establishment of a Real Estate Investment Trust (REIT)

- The government will establish a State-Sponsored Real Estate Investment Trust (REIT) in fiscal 2026, aimed at democratising ownership of state assets and broadening public participation in national wealth creation.
- The REIT will include income-generating state properties such as land, office buildings, and commercial infrastructure, which will be transferred into a professionally managed portfolio.

NIF Bond

- The National Investment Fund Holding Company Limited (NIF) will launch a \$1 billion NIF Bond in the second quarter of fiscal 2026.

Penalties on Offences

- To strengthen compliance and ensure stricter adherence to the law, several penalties will be increased across environmental, agricultural, manufacturing and road safety offences.
- Revised Penalties:
 - Environmental Tyre Tax: from \$3,000 to \$5,000
 - Application for Registration of a Pesticide: from \$2,000 to \$4,000
 - Brewers Licence: from \$4,000 to \$10,000
 - Driving while disqualified: new penalty of \$5,000
 - Careless driving: new penalty of \$15,000
 - Driving under the influence (exceeding prescribed alcohol limit): new penalty of \$15,000
- These measures are expected to generate an additional \$180 million in revenue

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Removal of Motor Vehicle Tax Concessions for Returning Nationals

- To protect revenue and curb tax evasion, the Government will remove all Customs Duty, VAT and Motor Vehicle Tax concessions previously granted under this programme.
- This measure will take effect on January 1, 2026

Subsidy on Liquified Petroleum Gas-LPG

- The subsidy on LPG cylinders of 100 pounds and above will be increased by \$0.50 per pound.
- The subsidy for cylinders below 100 pounds, including the standard 20-pound domestic cylinder, will remain unchanged.

Amendments to NIS Contribution Rates and Retirement Age

- To ensure the long-term sustainability of the National Insurance System (NIS), the Government will implement a phased increase in contribution rates and adjust the retirement age for a full pension.
- Contribution Rate Adjustments:
 - +3 percent effective January 5, 2026
 - +3 percent effective January 4, 2027
- Retirement Age Adjustments:
 - The age for a full NIS pension will gradually increase from 60 to 65 over a 10-year period, starting January 2028.
 - The age will rise by one year every two years until reaching 65 in 2036.
 - Persons retiring before January 1, 2028, will continue to qualify for a full pension at age 60.
 - Existing pensioners will not be affected.
- Early retirees will remain eligible for a pension, but at a reduced rate.

Research and Development Impact Fund UWI

- For fiscal 2026, the government will allocate \$10 million to advance research in climate resilience, citizen security, sustainable agriculture and health innovation.

Period Poverty Intervention

- The government will launch a Period Poverty Initiative to improve access to menstrual hygiene products and promote awareness.
- A new Women's Health Fund will be established with an initial \$5 million allocation, jointly managed by the Ministry of Finance and the Ministry of Social Development and Family Services.

eLEVATE TT Programme

- The government will launch the eLEVATE Programme to upskill 15,000 educators in modern, technology-driven teaching methods.
- The initiative will support the 2025–2030 Education Policy and strengthen digital learning in schools.
- An allocation of \$5.72 million has been provided for fiscal 2026.

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NEXTCLASS Programme

- The NEXTCLASS Programme aims to create an AI-powered user interface platform that empowers teachers with the resources to enhance their teaching effectiveness and foster a personalised learning environment.
- The government plans to invest \$4.64 million in this programme.

The PEARL Project – Promoting Early Assessment for Resilient Learners

- The PEARL Project (“Assess Early, Educate Fully”) will introduce universal screening in schools to detect and address vision, hearing, growth and developmental challenges early.
- The programme will commence in January 2026, with a government allocation of \$7.89 million.

Tax Concessions for Contributions to Registered Animal Shelters

- The government will introduce tax deductions for contributions to registered and approved animal shelters to support animal welfare and public health.
- For companies, deductions will be capped up to the lower of 15 percent of chargeable profits or \$100,000 per year.
- For individuals, deductions will be capped up to the lower of 20 percent of total income or \$20,000 per year.
- These measures take effect on January 1, 2026.

Agricultural Incentives

- To boost food security and support sustainable agricultural production, the government will implement the following tax relief measures effective January 1, 2026:
 - Removal of VAT on all machinery and equipment used for agricultural purposes.
 - Removal of VAT on all hydroponic and greenhouse farming components.
 - Revision of Paragraph 5, Schedule 2 of the VAT Act to classify zero-rated preparations and chemicals for cultivation and animal health.
 - Removal of Customs Duty on feed for poultry, cattle and pigs.

Removal of VAT on Basic Food Items

- The government will remove VAT on a range of basic food items to reduce the cost of living.
- This measure will take effect on October 17, 2025.

Amendments to the Policy on Importation of Foreign Used Vehicles

- To make vehicle ownership more affordable, the Government will amend the importation policy for foreign used vehicles as follows:
 - Private cars (SUVs, sedans, station wagons): permissible age increased from 3 years to 6 years and under from date of manufacture.
 - Light commercial vehicles (pickups and panel vans): permissible age increased from 7 years to 10 years and under from date of manufacture.
- These measures will take effect on January 1, 2026.

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Removal of Tax on Private Pensions

- Private pensions will be exempted from Income Tax, in keeping with the government's 2025 campaign commitment to support retirees.
- This measure takes effect on January 1, 2026.

Reduction in the Price of Super Gasoline

- The government will reduce the price of Super Gasoline by \$1.00 per litre to ease transportation costs and support consumers.
- This measure will take effect on October 17, 2025.

Major Fiscal Allocations

- Education and Training - \$8.766 billion
- Health - \$8.214 billion
- National Security - \$6.366 billion
- Transport - \$1.840 billion
- Public Utilities - \$3.395 billion
- Infrastructure - \$1.943 billion
- Rural Development and Local Government - \$1.807 billion
- Agriculture - \$1.130 billion
- Housing - \$0.662 billion