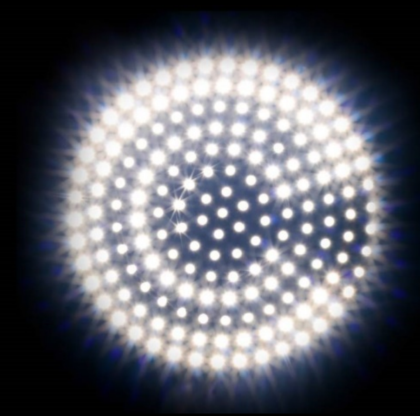
International Tax
Trinidad & Tobago Highlights 2017



Investment basics:

Currency – Trinidad & Tobago Dollar (TTD)

Foreign exchange control – There are no exchange controls in Trinidad and Tobago (T&T). The TTD is a floating currency; market forces govern its rate of exchange against other currencies, with periodic intervention by the central bank to ensure stability.

Accounting principles/financial statements – IFRS is used. Annual financial statements must be prepared for presentation to the shareholders at the annual meeting.

Principal business entities – These are the public and private limited company, partnership, joint venture, sole proprietorship and external company (branch).

Corporate taxation:

Residence – A company is deemed to be resident if its management and control are carried out in T&T.

Basis – Resident companies pay tax on their profits, whether derived from T&T or elsewhere. Nonresident companies carrying on business in T&T pay tax on income directly and indirectly accruing in, or derived from, T&T.

Taxable income – Taxable income generally is determined by subtracting from trading income and other forms of income the expenses incurred to produce the income and capital allowances.

Taxation of dividends – Dividends paid by a T&T company to another resident company are not subject to income tax. Dividends received by a T&T resident company from a company resident in a CARICOM treaty member state also are exempt from tax.

Capital gains – A distinction is made between long-term and short-term capital gains. Long-term capital gains are not subject to corporation tax, while short-term capital gains (i.e. gains arising from the disposal of an asset within 12 months of its acquisition) are taxable, with the exception of gains derived from the disposal of an asset by a company that is exempt from tax under the provisions of the Corporation Tax Act and gains derived from the disposal of securities in T&T.

Losses – Tax losses from a trade or business and losses from the exercise of a profession or vocation may be carried forward indefinitely. The carryback of losses is not permitted.

Rate – 25% on the first TTD 1 million of chargeable profits and 30% on chargeable profits in excess of TTD 1 million.

Surtax – No

Alternative minimum tax – An entity is required to pay the higher of the corporation tax at 25%/30% of chargeable profits, or the business levy at a rate of 0.6% on revenue.

Foreign tax credit – Credit is granted for foreign tax paid that corresponds to T&T income tax or that is covered by a tax treaty. The credit is limited to the T&T income tax attributable to the foreign income, calculated on a source-by-source and item-by-item basis.

Participation exemption – See under “Taxation of dividends.”

Holding company regime – No

Incentives – T&T provides numerous incentives to qualifying companies, most of which relate to capital allowances.

Other – A petroleum tax regime is applicable to a company involved in petroleum operations (i.e. exploration, production and refining of crude oil and natural gas) in T&T. Under the regime, taxable profits generally are determined by subtracting from income from petroleum operations the expenses incurred to produce such income and capital allowances. (T&T provides numerous allowances to petroleum companies; some relate to capital allowances and others to expenditure incurred in carrying out the business operations.) Taxable losses from petroleum operations may be carried forward indefinitely (but are not creditable against the unemployment levy mentioned below). Losses may be used to offset current-year profits and profits from succeeding years of income, without restriction.

Taxable profits of petroleum companies are subject to petroleum profits tax at 50% (35% for petroleum operations in deepwater blocks). Additionally, an unemployment levy of 5% is applied on taxable profits.

A supplemental petroleum tax is imposed on income derived from the disposal of crude oil, at rates ranging from 0% to 33%. Such rates are determined by the classification of the field and the weighted average crude price for a given quarter.

The petroleum production levy is calculated as the lower of 4% of income from crude oil for producers of more than 3,500 barrels per day, or their proportionate share of the local petroleum subsidy.

The petroleum impost is a tax determined by crude oil and natural gas "won and saved." The rate is determined by the Minister of Energy and Energy Affairs and the tax, imposed annually, is used to defray the administrative costs of the ministry.

Petroleum royalties are applicable under exploration and production licenses, and the rate varies depending on the particular license (generally between 10% and 15%).

Withholding tax:

Dividends – Dividends paid to a nonresident are subject to a 10% withholding tax (5% where the distribution is made to a parent company), unless the rate is reduced under a tax treaty.

Interest – Interest paid on a debt, mortgage or other security is subject to a 15% withholding tax, unless the rate is reduced under a tax treaty.

Royalties – Royalty payments made to a nonresident are subject to a 15% withholding tax, unless the rate is reduced under a tax treaty.

Technical service fees – Technical service fees paid to a nonresident are subject to a 15% withholding tax, unless the rate is reduced under a tax treaty.

Branch remittance tax – T&T levies a 5% tax on the deemed remittance of profits abroad by branches of nonresident companies.

Other taxes on corporations:

Capital duty – No

Payroll tax – No

Real property tax – Land and building tax is levied on the assessed value of property (but has not been collected since 2010). See also "Transfer tax," below.

Social security – The employer is required to make weekly contributions to the National Insurance Scheme (NIS) at a rate of two times the employee's contributions. The taxable base for the contributions is the employee's gross income.

Stamp duty – Stamp duty is levied on certain types of instruments, such as deeds, debentures, mortgages, leases, share transfers, etc.

Transfer tax – A transfer tax is imposed on the transfer of real property.

Other – A green fund levy is applicable on gross sales and (noncapital) receipts of companies and partnerships at a rate of 0.3%.

Anti-avoidance rules:

Transfer pricing – There is no specific transfer pricing legislation, but the OECD transfer pricing guidelines are used.

Thin capitalization – No

Controlled foreign companies – No

Disclosure requirements – No

Compliance for corporations:

Tax year – Accounting year

Consolidated returns – Although T&T does not provide for taxation on a group basis, losses may be surrendered or used by group companies (with 100% common ownership).

Filing requirements – Companies must make quarterly payments (31 March, 30 June, 30 September and 31 December) of corporate income tax, with any remaining tax paid by 30 April of the following year. The tax return must be filed by 31 October of the year following the tax year.

Penalties – A penalty of TTD 1,000 is imposed for late filing of a tax return, with an additional TTD 1,000 for every six months, or part thereof, that the return remains outstanding.

Rulings – There is no general statutory system for advance rulings, but rulings may be obtained from the tax authorities upon request.

Personal taxation:

Basis – Tax is chargeable on the worldwide income of resident individuals. For nonresident individuals, tax is chargeable on income derived in T&T, and on all other income remitted to T&T.

Residence – An individual is deemed to be resident for tax purposes if he/she is physically present in T&T for 183 days or more in a calendar year.

Filing status – Each individual must file a tax return, except for persons earning only emolument income. Joint filing by spouses is not permitted.

Taxable income – Taxable income includes income from employment, benefits in kind, pension income and any other income from a trade or business.

Capital gains – A distinction is made between long-term and short-term capital gains. Long-term capital gains are not subject to income tax, while short-term capital gains (i.e. gains arising from the disposal of an asset (all types) within 12 months of its acquisition) are taxable in the hands of a resident individual.

Deductions and allowances – A personal allowance of TTD 72,000 is available to resident individuals. An allowance of TTD 50,000 is available for Board of Inland Revenue-approved pension/annuity plans and 70% of the NIS contributions

First-time homeowners are granted an allowance of TTD 25,000 for the first five years beginning from the year of acquisition.

A deduction is allowed for government bonds purchased, up to TTD 5,000 per annum.

Rate – 25% on the first TTD 1 million of chargeable income and 30% on chargeable income in excess of TTD 1 million.

Other taxes on individuals:

Capital duty – No

Stamp duty – Stamp duty is levied on certain types of instruments, such as deeds, debentures, mortgages, leases, share transfers, etc.

Capital acquisitions tax – No

Real property tax – A land and building tax is levied on the assessed value of property (but has not been collected since 2010). A transfer tax also is imposed on the transfer of real property.

Inheritance/estate tax – No

Net wealth/net worth tax – No

Social security – An employee is required to make weekly contributions from gross income to the NIS, capped at TTD 138.10 per week; the employer share is capped at TTD 276.20 per week. The employee also makes weekly payments in relation to the health surcharge, capped at TTD 8.25 per week.

Compliance for individuals:

Tax year – Calendar year

Filing and payment – The tax for an employee is deducted on a monthly basis under the Pay As You Earn system. A self-employed individual must make quarterly payments (31 March, 30 June, 30 September and 31 December), with any remaining tax paid by 30 April of the year following the tax year. The tax return must be filed by 31 October of the following year.

Penalties – A penalty of TTD 100 is imposed for late filing of the tax return, with an additional TTD 100 for every six months, or part thereof, that the return remains outstanding.

Value added tax:

Taxable transactions – VAT is levied on the sale of goods and the provision of services.

Rates – A standard rate of 12.5% applies to all consumables. A zero rate applies to exports, basic foodstuffs and other qualifying products and services.

Registration – All businesses making commercial supplies of TTD 500,000 or more in the preceding 12-month period, or having evidence that supplies will exceed that amount in a 12-month period, must register for VAT purposes.

Filing and payment – VAT returns usually are filed every two months, and payment is due and payable within 25 days after the end of the tax period to which the payment relates.

Source of tax law: Income Tax Act, Corporation Tax Act, Value Added Tax Act, Petroleum Taxes Act, Unemployment Levy Act, Miscellaneous Taxes Act, Stamp Duty Act, Customs Act

Tax treaties: T&T has concluded 17 treaties, including the CARICOM treaty

Tax authorities: Board of Inland Revenue, Comptroller of Customs and National Insurance Board

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