Deloitte.

International Tax
Trinidad and Tobago Highlights 2020

Updated June 2020

Recent developments:

For the latest tax developments relating to Trinidad and Tobago (T&T), see Deloitte tax@hand.

Investment basics:

Currency – Trinidad & Tobago Dollar (TTD)

Foreign exchange control – There are no exchange controls in 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 are used. Annual financial statements should be prepared for presentation to the shareholders, for locally publicly traded companies, at the annual meeting. Corporate tax filings do not require audited financial statements.

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

Corporate taxation:

Rates	
Corporate income tax rate	30% (in general)
Branch tax rate	30% (in general); 5% tax applies on the deemed remittance of profits abroad
Capital gains tax rate	0%/30% (in general)

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. In most instances, branches are taxed in the same way as subsidiaries.

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.

Rate – The rate is 30% on chargeable profits for most companies. Certain companies in the downstream petrochemical sector and commercial banks are subject to a rate of 35% on chargeable profits.

A green fund levy also generally is applicable, at a rate of 0.3% of revenue.

Surtax – There is no surtax.

Alternative minimum tax – An entity is required to pay the higher of the corporation tax at 30%/35% of chargeable profits, or the business levy at a rate of 0.6% of revenue.

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. Dividends remitted by a T&T company to a nonresident may be subject to withholding tax at a rate of either 5% or 10% (see under "Withholding tax," below).

Capital gains – A distinction is made between long-term and short-term capital gains. Long-term capital gains are not subject to corporation tax. 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 in most cases.

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

Participation exemption – See under "Taxation of dividends."

Holding company regime – There is no holding company regime.

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

Other – A petroleum tax regime applies to companies involved in petroleum operations (i.e., exploration and production of crude oil and natural gas, and refining of crude oil) 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.) Tax 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. This loss relief is restricted to 75% of taxable profits (before loss relief) of a given year.

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%. The 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 Industries and the tax, imposed annually, is used to defray the administrative costs of the ministry.

Petroleum royalties generally are applicable. The rate typically is 12.5%, but may vary depending on a particular license (generally between 10% and 15%).

Compliance for corporations:

Tax year – The tax year is the 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 and payment – Companies should 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 may be filed by 31 October of the year following the tax year, without penalty.

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.

Individual taxation:

Rates

Individual income tax rate	Taxable income	Rate
	Up to TTD 1 million	25%
	Over TTD 1 million	30%
Capital gains (short-term) tax rate		25%/30%

Residence – Individuals are deemed temporarily resident for tax purposes if they are physically present in T&T for 183 days or more in a calendar year. Ordinary residence is dependent on common law principles.

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 income remitted to T&T.

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

Rates – The rate is 25% on the first TTD 1 million of chargeable income, and 30% on chargeable income in excess of TTD 1 million.

Capital gains – A distinction is made between long-term and short-term capital gains. Long-term capital gains are not subject to income tax. Short-term capital gains (i.e., gains arising from the disposal of an asset (exceptions apply, such as securities) within 12 months of its acquisition) are taxable in the hands of a resident individual at the appropriate individual income tax rate.

Deductions and allowances – A personal allowance of TTD 72,000 is available to resident individuals. An allowance of up to TTD 50,000 is available for contributions to Board of Inland Revenue-approved pension/annuity plans, and 70% of National Insurance Scheme 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 may be allowed for certain government bonds purchased, up to TTD 5,000 per annum.

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

Compliance for individuals:

Tax year – The tax year is the calendar year for individuals earning emolument income.

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

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 should 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 may be filed by 31 October of the following year, without penalty.

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.

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

Withholding tax:

Rates

Type of payment	Residents*		Nonresidents	
	Company	Individual	Company	Individual
Dividends	0%	0%	5%/10%	10%
Interest	0%	0%	15%	15%
Royalties	0%	0%	15%	15%
Fees for technical services	0%	0%	15%	15%

*Withholding tax typically does not apply to payments made to residents.

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 to a nonresident 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.

Fees for technical services – Fees for technical services 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.

Anti-avoidance rules:

Transfer pricing – There is no specific transfer pricing legislation, but the OECD transfer pricing guidelines are used in applying general anti-avoidance legislation.

Interest deduction limitations – There are no specific interest deduction limitation rules; however, the tax authorities may apply OECD guidelines and general thin capitalization principles, under the remit of general anti-avoidance legislation.

Controlled foreign companies – There are no CFC rules; however, the tax authorities may apply OECD guidelines and general principles, under the remit of general anti-avoidance legislation.

Hybrids – There are no specific requirements; however, the tax authorities may apply OECD guidelines and general principles, under the remit of general anti-avoidance legislation.

Economic substance requirements – There are no specific economic substance requirements; however, the tax authorities may apply OECD guidelines and general principles, under the remit of general anti-avoidance legislation.

Disclosure requirements – There are no specific disclosure requirements.

Exit tax – Exit tax is not applicable.

General anti-avoidance rule – The tax authorities may apply OECD guidelines and general principles, under the remit of general anti-avoidance legislation.

Value added tax:

Rates	
Standard rate	12.5%
Reduced rate	0%

Taxable transactions – VAT is levied on the sale of goods and the provision of services (unless deemed exempt).

Rates – Generally, a standard rate of 12.5% applies to consumables, unless they are deemed zero-rated. A zero rate generally applies to exports, basic foodstuffs, and other qualifying products and services.

Registration – 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, should 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 VAT filing period to which the payment relates.

Other taxes on corporations and individuals:

Unless otherwise stated, the taxes in this section apply to both companies and individuals and are imposed at the national level.

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

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.

Payroll tax – The employer is required to withhold and remit income tax sourced from employment (see "Individual taxation") to the tax authorities for employees.

Capital duty – There is no capital duty.

Real property tax – Property tax is legally applicable on the annual rental value of most types of real estate (including plant and machinery affixed to land) at rates ranging from 1% to 6%. Collection of this tax is not enforced.

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

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

Net wealth/worth tax – There is no net wealth/net worth tax.

Inheritance/estate tax – There is no inheritance/estate tax.

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

Contact:

Arun Seenath
(aseenath@deloitte.com)

Shivanan Deopersad
(sdeopersad@deloitte.com)