



# GMS Flash Alert



2017-054 | March 24, 2017

## Trinidad & Tobago - Finance Act Measures Affecting Individuals

Changes to Trinidad and Tobago's individual income tax, property tax, and the tax treatment of purchases of online goods have taken effect in recent months.

Trinidad and Tobago's recently-enacted Finance (No. 3) Act, 2016, amended certain taxes and duties that are part of the country's body of tax legislation.<sup>1</sup> The provisions in the Finance Act emanate from the fiscal measures announced by Trinidad and Tobago's Minister of Finance in his Budget Speech on September 30, 2016.<sup>2</sup>

In this *GMS Flash Alert*, we focus on those measures impacting individuals – including those on international assignment – and their multinational employers.

---

### WHY THIS MATTERS

One of the key proposals in this year's Budget is the increased progressivity of the personal income tax system. Instead of one flat rate (25 percent in 2016), there are now two chargeable income brackets (as set out below), 25 percent and 30 percent. This means that for taxpayers with income in excess of TT\$1,000,000, their tax burdens will increase slightly.

Companies with high-income earning international assignees, therefore, are likely to see an increase in their assignment-related costs.

In cases of assignments to Trinidad and Tobago where assignees are subject to Trinidad and Tobago taxation, and for assignees working outside Trinidad and Tobago but still subject to Trinidad and Tobago taxation, international assignment cost projections and budgeting should reflect the changes described in this newsletter. Where appropriate, adjustments to gross-up packages and withholding taxes need to be considered.

## Personal Income Tax

In 2016, all chargeable income was taxed at a rate of 25 percent (less the personal allowance and qualifying deductions and credits claimed).

From 2017, under The Income Tax Act, Chapter 75:01 as amended by the Finance (No. 3) Act, 2016:

*“...The rate of tax payable on the chargeable income of a person, other than a company is—*

*(a) Twenty five cents for every dollar up to \$1,000,000 of chargeable income; and*

*(b) Thirty cents for every dollar that exceeds \$1,000,000 of chargeable income... ”*

This amendment expressly provides that the first TT\$1,000,000 of chargeable income will be subject to tax at the rate of 25 percent and any excess of chargeable income will be subject to tax at the rate of 30 percent.

By way of example we will hypothesize that an employee earned chargeable income of TT\$1,500,000 for income year 2017, after all appropriate deductions and allowances have been applied:

25% on first TT\$1,000,000 = TT\$250,000

30% on excess TT\$500,000 = TT\$150,000

Total Tax on Chargeable Income = TT\$400,000

Net Income = TT\$1,100,000

As such, there will be a two-tiered tax rate imposed on individuals who make in excess of TT\$1,000,000.

All taxpayers considered to be resident in Trinidad and Tobago are entitled to a personal allowance of TT\$72,000.00 per year.

Note that the change came in to force on January 1, 2017.

## Property Tax – Residential

For the income years 2010 to 2015, a waiver of Property Tax has been in effect.

However the Property Tax has been reintroduced in fiscal year 2016 by the Property Tax Act 2009.

For residential properties, the rate is 3 percent applied to the basis. The basis is the annual taxable value which is determined by reference to the annual rental income expected from the property less 10 percent (for the average time the property may not be rented).

---

## KPMG NOTE

The law currently contemplates the rental value to mean the annual rent which a particular property is likely to attract, and accordingly, rental rates from expatriate tenants would most likely be factored in the basis for assessments.

Expatriate landlords and home-owners of residential properties in Trinidad and Tobago are subject to this tax. As such, they will see their overall tax burdens increase.

---

## Online Purchase Tax

There is a new Online Purchase Tax<sup>3</sup> that is charged at the rate of 7 percent. The tax will be charged on the value of goods:

- purchased by means of an electronic transaction;
- imported into Trinidad and Tobago by air transport;
- consigned to a consumer; and
- from a “transit shed.”

Note that this tax is payable by the “importer.” As such, importers receiving items purchased online via Skybox/Courier services by air will be charged an online purchase tax of 7 percent in addition to regular Customs Duty and VAT. The Online Purchase Tax will not apply to online purchases where the goods purchased arrive by ocean/sea freight.

---

## KPMG NOTE

It should be noted that whether the Online Purchase Tax affects items that are free/exempt from Customs Duty and/or zero-rated for VAT – for example, educational books – remains unclear. While it appears that the new Online Purchase Tax will apply to all imports, we await further guidance on scope and implementation.

With implementation of this tax, many assignees inside Trinidad and Tobago making online purchases shipped by air to Trinidad and Tobago will see their cost of living rise.

---

This article is excerpted from “Rate Increase – Finance (No.3) Act, 2016” in *Tax Bulletin* (January 9, 2017), a publication of the KPMG International member firm in Trinidad and Tobago.

## FOOTNOTES:

1 For the Finance (No.3) Act, 2016, see: <http://www.finance.gov.tt/publications/legislation/> .

2 For the government’s Budget statement, see: <http://www.finance.gov.tt/budget-statement-2017/> . For further details, see “[2017 Budget Commentary](#),” a publication of KPMG in Trinidad.

3 By Legal Notice No 163 of 2016 -The Provisional Collection of Taxes Order, 2016 amended The Miscellaneous Taxes Act Chapter 77:01 effective October 20, 2016.<sup>3</sup> (Legal notice No. 163 of 2016 pertaining to the Online Purchase Tax was published October 20 in Parliament by Finance Minister Colm Imbert. The "Provisional Collection of Taxes Order, 2016" came into operation as a result.) The Finance Act has further provided for the amendments outlined in the Legal Notice to be adopted in The Miscellaneous Taxes Act. The Finance Act has provided for the new Online Purchase Tax to be implemented by way of a new Part XV and continuation of the legislative provisions from section 70 in the Miscellaneous Taxes Act.

## Contact us

For additional information or assistance, please contact your local GMS or People Services professional or one of the following professionals with the KPMG International member firm in Trinidad and Tobago:

**Gillian Wolffe-O'Neil**  
**Director, Tax**  
Tel. +868 623 1081 ext. 4246  
[gwolffeoneil@kpmg.co.tt](mailto:gwolffeoneil@kpmg.co.tt)

**Nicole Joseph**  
**Director, Tax**  
Tel. +868 623 1081 ext. 4247  
[nicolejoseph@kpmg.co.tt](mailto:nicolejoseph@kpmg.co.tt)

**Saskia Carmichael**  
**Assistant manager, Tax**  
Tel. +868 632 1081 ext. 4124  
[scarmichael@kpmg.co.tt](mailto:scarmichael@kpmg.co.tt)

**The information contained in this newsletter was submitted by the KPMG International member firm in Trinidad and Tobago.**

© 2017 KPMG LLP, a Trinidad and Tobago partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.

[www.kpmg.com](http://www.kpmg.com)

[kpmg.com/socialmedia](http://kpmg.com/socialmedia)



© 2017 KPMG LLP, a Delaware limited liability partnership and the U.S. member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. Printed in the U.S.A. NDPPS 530159

The KPMG name and logo are registered trademarks or trademarks of KPMG International.

The KPMG logo and name are trademarks of KPMG International. KPMG International is a Swiss cooperative that serves as a coordinating entity for a network of independent member firms. KPMG International provides no audit or other client services. Such services are provided solely by member firms in their respective geographic areas. KPMG International and its member firms are legally distinct and separate entities. They are not and nothing contained herein shall be construed to place these entities in the relationship of parents, subsidiaries, agents, partners, or joint venturers. No member firm has any authority (actual, apparent, implied or otherwise) to obligate or bind KPMG International or any member firm in any manner whatsoever. The information contained in herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

*Flash Alert* is a GMS publication of KPMG LLP's Washington National Tax practice. To view this publication or recent prior issues online, please click [here](#). To learn more about our GMS practice, please visit us on the Internet: click [here](#) or go to <http://www.kpmg.com>.