

# Trinidad and Tobago

# TAX GUIDE

Article Courtesy of:

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## INVESTMENT BASICS

### **Currency**

Their currency is Trinidad & Tobago Dollar (TTD)

### **Foreign Exchange Control**

They have no exchange control however they do have a floating currency where the market force governs the rate of exchange against other currencies, with periodic intervention by the central bank to ensure stability.

### **Accounting principles/financial statements**

IFRS is used; At the annual meeting, a presentation about the annual financial statements must be prepared for the shareholders.

### **Principal business entities**

Included are the private and public limited company, joint venture, partnership, external company and sole proprietorship.

## INVESTMENT BASICS

A company is deemed to be engaged in or carrying on trade or business in Trinidad and Tobago if it has an office or place of business or has a branch or agency within Trinidad and Tobago.

Resident Corporation is taxed on worldwide income. A non-resident company engaged in business in Trinidad and Tobago is taxed only on income directly or indirectly accruing in or derived from Trinidad and Tobago.

Taxable Income is subtracted from the trading income.

There are two ways resident companies are exempted from income tax – once another company is paid dividends from a T&T company and once dividends are received from a resident company that is a part of CARICOM treaty member state.

Capital gains on assets disposed of within one year

of their acquisition are subject to corporation tax.  
Other capital gains are not taxed.

Trading losses may generally be carried forward indefinitely for relief against future profits.

There is a 30% rate for most companies on chargeable profits.

There is no surtax

Foreign tax credit is granted on the bounds that

Participation of exemption is available

There is no holding company regime

Incentives are rewarded to qualifying companies.

For companies involved in petroleum operations, there is a petroleum tax regime.

Late filing of a tax return leads to a penalty of TTD 1,000.

Upon request from the Tax Authorities rulings can be achieved.

## PERSONAL TAXATION

For resident individuals tax is chargeable on worldwide income but for non-residents tax is derived in T&T on income and income remitted to T&T.

Once an individual is physical present in T&T for 183 days or more they will be automatically deemed temporarily residence for tax purposes. Tax returns must be filed however; there is an exemption for persons earning emolument income. Employment, benefits, pension income and other type of income are the types of taxable incomes. Capital gains are disposal of chargeable assets within 12 months of acquisition are subject to tax at standard corporation tax rates.

Deductions are allowed for government bonds purchased, up to TTD 50,000 per annum.

On the first TTD 1 million this is a chargeable income of 25% and a 30% on chargeable income in excess of TTD 1 million.

## OTHERS TAXES ON INDIVIDUALS

This table depicts the taxes which individuals have to pay

<b>Capital Duty</b>	<b>No</b>
<b>Stamp Duty</b>	<b>Levied on certain types of instruments (Deeds, mortgages, leases, share transfers and debentures etc.)</b>
<b>Capital Acquisitions Tax</b>	<b>No</b>
<b>Real Property Tax</b>	<b>Ranges from 1% to 6%</b>
<b>Inheritance /Estate Tax</b>	<b>No</b>
<b>Net wealth/ Net worth Tax</b>	<b>No</b>
<b>Social Security</b>	<b>Employees have weekly contributions from gross income to the NIS (TTD 138.10 per week)</b>

## COMPLIANCE FOR INDIVIDUALS

Tax year is every calendar year

Tax returns must be filed by October 31st of the following year. Under the PAYE (Pay As You Earn) system, an employee experiences deduction on a monthly basis, where as an self-employed individual must make quarterly payments (31 March, 30 June, 30 September and 31 December).

The penalty for late tax returns are TTD 100, an extraction of TTD 100 required every six months in the event the return remains outstanding.

## VALUE ADDED TAX

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

Rates – There is a 12.5 % standard rate which applies to all consumables and a zero rate that applies to exports, basic foodstuff and other qualifying products and services.

Registration – Entities making supplies of TTD 500,000 or more are required for registration.

Filing and Payment – Every two months VAT is filed and payment is due and payable within 25 days after the end of the tax period to which payment relates.

Other – For companies that are involved in petroleum corporations a petroleum tax regime is applied.

## WITHHOLDING TAX

In Trinidad and Tobago there is a 15% withholding tax on Dividends, Interest, Royalties and Technical Service Fees. Branch remittance tax however is levied at 5%.

## OTHER TAXES ON CORPORATIONS

There is no Capital Duty

Stamp Duty is levied on mortgages, leases, deeds, share transfers etc.

Stamp Duty is imposed on the transfer of real property.

The Green Fund Levy is applicable on non-capital and gross sales and receipts of companies and partnerships at a rate of 0.3%.

## ANTI AVOIDANCE RULES

There are no Anti Avoidance Rules on the following in Trinidad and Tobago: - Thin Capitalization, Controlled foreign companies, Disclosure requirements and Transfer Pricing.

## COMPLIANCE FOR CORPORATIONS

For Corporations the tax year is the Accounting Year.

On a group basis, T&T does not provide for taxation.

31 March, 30 June, 30 September and 31 September are dates which companies must take quarterly payments of corporate income tax (N.B. October 31 of the following year, the tax return must be filed).

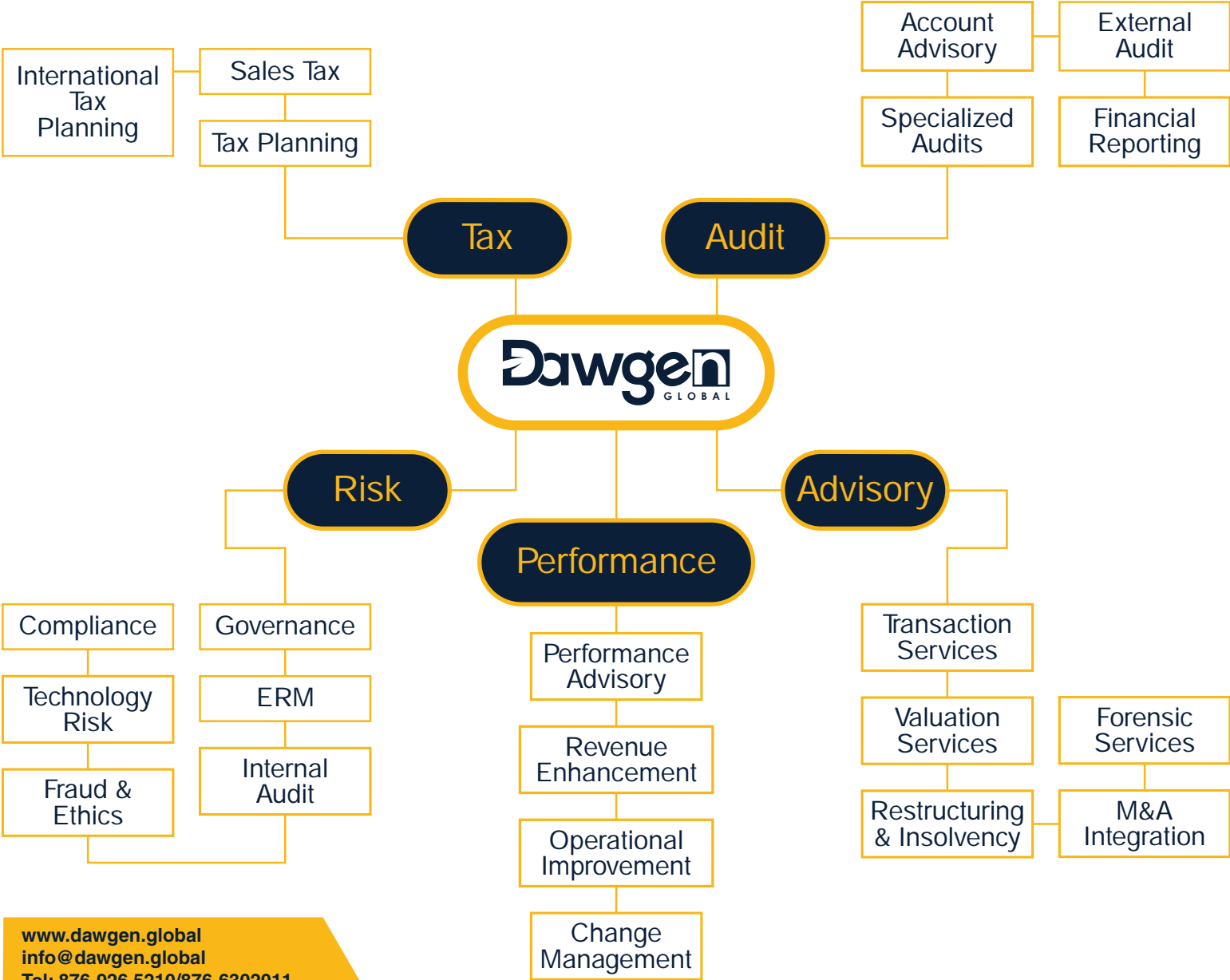
## SOURCE OF TAX LAW

Trinidad and Tobago have the following Source of Tax Law: Income Act Tax, Corporation Tax Act, Value Added Tax Act, Miscellaneous Taxes Act, Stamp Duty Act, Customs Act, Petroleum Taxes Act and Employment Levy Act.

## TAX TREATIES

Along with the CARICOM treaty, Trinidad and Tobago has 17 treaties which they have concluded.

National Insurance Board, Comptroller of Customs and Board of Inland Revenue are the different Tax Authorities in Trinidad and Tobago.



## ABOUT DAWGEN GLOBAL

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Our Caribbean regional network covers Jamaica, Trinidad and Tobago, Bahamas, Bermuda, the Cayman Islands, the Eastern Caribbean (Barbados, Antigua, St Lucia, Grenada, and St Kitts & Nevis), the Netherlands Antilles (Bonaire, Curacao, and St Maarten) and Aruba and the Turks and Caicos Islands.

Our regional focus is to improve services to local, regional and international clients. Through our affiliation and membership in other Global Networks and Associations, we offer a global perspective while maintaining our regional insight by seeking alternatives for you – we tap the power of both.

Our multidisciplinary teams of professionals leverage a wealth of industry-tailored, practical approaches to help you discover opportunities for your business. Whether your organization is strong and healthy, under stress or facing difficult choices, we work with you to find financial, strategic and operational solutions that improve your liquidity, financial flexibility and stakeholder returns. We're here to help you build a sustainable business – in the short and long-term.

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