

**Statement by the Hon. Colm Imbert
Minister of Finance
on the laying in Parliament of the
Income Tax (Amendment) Bill, 2018
May 25, 2018**

Madam Speaker, I am authorised to make this statement on the **Global Forum and European Union Requirements**

- Trinidad and Tobago became a member of the Global Forum on Transparency and Exchange of Information for Tax Purposes (The Global Forum) on October 4th, 2011.

- In 2011, Trinidad and Tobago underwent a Phase 1 Peer Review Process.

- At that time in 2011, the Global Forum identified several deficiencies in Trinidad and Tobago's legal and regulatory system that hinders the country from effectively exchanging information in accordance with the international standards.

- However, no progress was made during the 2011-2015 period to address the shortcomings that would enable the country to progress to Phase 2 of the Peer Review Process.

- The shortcomings resulted in Trinidad and Tobago eventually being given an overall rating of non-compliant with international standards on exchange of information at the Ninth Plenary Meeting of the Global Forum in 2016.
- The Global Forum required Trinidad and Tobago to take the necessary steps to bring the country in compliance with the current standards and to also implement the new Global Forum standards by June 2017. However, this could not be done within the short timeframe.
- Trinidad and Tobago is expected to undergo in June 2018 its second Peer Review. In this regard, the required legislation should be in place by that time.
- The rating of being non-compliant was one of the main contributors of Trinidad and Tobago being listed as a non-cooperative tax jurisdiction by the European Union last year. But it does not mean, as has been incorrectly interpreted by some commentators, that Trinidad and Tobago has been declared to be a tax haven. We are simply not compliant in terms of the *sharing* of information with tax authorities in other countries
- In addition to the shortcomings arising from the Peer Review process, the Global Forum also adopted the automatic exchange of information as the new

global standard for the exchange of information –including banking information - for tax purposes.

- Under the automatic exchange framework for reciprocal information exchange, financial institutions report information to the tax administration in the jurisdiction in which they are located. The information consists of details of financial assets they hold on behalf of taxpayers from jurisdictions with which their tax administration exchanges information. The tax administrations then exchange that information.

Financial Action Task Force (FATF)

- Trinidad and Tobago, as a member of the Caribbean Financial Action Task Force, has obligations under the Financial Action Task Force’s 40 Recommendations.
- During the Fourth Round of the Mutual Evaluation Process, the Financial Action Task Force (FATF) identified a number of anomalies in our Income Tax Act, Chap 75:01, the Financial Intelligence Unit of Trinidad and Tobago Act, Chap. 72:01 (“FIUTT Act”) and the Proceeds of Crime Act, Chap. 11:27 (“POCA”) which necessitated amendments to the Income Tax Act, Chap 75:01 (“the Act”).

- FATF requires States to not only be technically compliant but also to show that there is effective meeting of obligations.
- Part of the effective requirements of the Fifth Round of the Mutual Evaluation Process requires that investigations for the purposes of the Proceeds of Crime Act and the Anti-Terrorism Act be conducted without delay.
- This has also affected our compliance with the FATF 40 Recommendations.
- To become compliant with Global Forum, European Union and FATF requirements, Trinidad and Tobago is required to have in place the legislative framework that would allow for the exchange of information and the administrative structure for that exchange.
- In this regard, two related Bills were laid in this House today, to address the many deficiencies, namely the Income Tax Amendment Bill 2018 and the Mutual Administrative Assistance in Tax Matters Bill 2018. It should be noted that it is our intention to lay a third related Bill at the next sitting of this Honourable House dealing with the Exchange of Tax Information between Trinidad and Tobago and member countries of the Global Forum, et al

- The Bills will require a 3/5 constitutional majority of both Houses for passage in Parliament. As was agreed to earlier today, therefore, it is proposed that the Bills go before a Joint Select Committee (JSC) of the Parliament for consideration and report.