

**Statement by the Hon Colm Imbert
Minister of Finance
to the House of Representatives
on the laying in Parliament of the
Trinidad and Tobago and Revenue Authority Bill, 2018
May 25, 2018**

Madam Speaker, the Trinidad and Tobago and Revenue Authority Bill, 2018, is principally intended to modernize and fortify the collection of revenue through institutional strengthening, focusing on accountability and greater efficiency

- The benefits of a Revenue Authority include:
 - Public revenue enhancement reflected in higher tax ratios and real revenue growth
 - Greater efficiency in public resource utilization via financial and administrative independence and managerial autonomy
 - Reduced tax evasion, thereby improving the credibility of taxation in particular and the government in general
 - Improved taxpayer services and reduced taxpayer compliance costs
 - Improvement of administrative culture to a more service oriented organization
 - Comprehensive accounting for all tax revenues
 - Integration of tax and taxpayer-related databases

- Deficiencies in the current system include:
 - Deficient human resource management processes
 - Inadequate management capability, accountability and training
 - Inadequate staff development, training and accountability
 - Lack of control over and accountability for Budgetary Allocations
 - Inadequate employee compensation packages
 - Tax evasion
 - Inefficient systems for internal investigation and enforcement
 - Inadequate information exchange and co-ordination between the administration and of various taxes levied
 - Unsatisfactory customer relations
 - Rules and regulations that are not conducive to the ease of doing business
 - Lack of appropriate information technology systems
 - Poor physical infrastructure and accommodation
 - Deficiencies in the legislative framework.

- It has been the Government's stated policy that the introduction of a Revenue Authority in Trinidad and Tobago will boost stability and investor confidence and is necessary for budgetary reform.

- Throughout the Caribbean Region, we observe that, in recent time, some of our counterparts have implemented Revenue Authorities as an important step in revolutionizing revenue collection;
- It is expected that the Revenue Authority can significantly enhance tax administration, generate additional revenue, create new jobs, and increase revenue collection by up to 3% of GDP, or an additional \$5.0 billion per year.
- According to agencies such the World Bank and Fiscal Affairs Department of the IMF, Trinidad and Tobago continues to receive poor ratings with respect relating to the collection of taxes. Our planned establishment of a Revenue Authority should contribute to a decided improvement in Trinidad and Tobago's rating.
- The Authority, Madam Speaker, will allow greater transfer of information between the BIR and the Customs which is needed to reduce the incidence of tax evasion. The new Institution will also allow for tax administration to be supervised by an independent Board, which will be responsible for introducing high quality and accountable management. We estimate the increase in revenue collection in the first year after the proposed Revenue

Authority is fully established to be in excess of \$300 million, rising exponentially thereafter.

- Madam Speaker, experience in the region and elsewhere has demonstrated the benefits of having an integrated Revenue Authority as the core of the tax administration system, as it brings together the Board of Inland Revenue and the Customs and Excise Division under one administrative umbrella.
- In light of the above, I laid the Trinidad and Tobago Revenue Authority Bill, 2018 before this House today. The Bill requires a 3/5 constitutional majority, and as such, as was agreed earlier today, the intention is to have this Bill examined by a Joint Select Committee of Parliament.