



Government of the Republic of Trinidad and Tobago  
MINISTRY OF FINANCE

## **FINANCE BILL, 2021**

**Statement by the Honourable Colm Imbert,  
Minister of Finance  
in Senate on July 6<sup>th</sup>, 2021**

Madam President, before you is the Finance Bill, 2021 aimed at putting in place the remainder of the fiscal measures that were announced in this Honourable House on October 05, 2020. Madam President, I will also put before you certain other matters at least one of which I had signalled in the Budget Statement, 2021 would be forth coming in 2021.

### **Finance Bill, 2021**

Madam President, I shall now examine the Clauses of the Bill before this House.

### **Short Title**

Madam President, **Clause 1** is self-explanatory and needs no further explanation except to say that it contains the Short Title of the Bill, which is cited as the “**Finance Bill, 2021**”.

### **Increase in Penalties – Protecting the Farmer**

Madam President, praedial larceny is widely acknowledged within the Caribbean region as a practice that continues to negatively impact the development of the agricultural sector and is the single greatest disincentive in the sector. This crime has moved from the theft of small amounts to large amounts of produce, posing serious dangers to farmers and their workers.

**Clause 2** of the Bill seeks to amend certain sections of the ***Praedial Larceny Prevention Act, Chap. 10:03*** in order to provide for the increase in existing fines that are regarded as not adequate to be considered a deterrent. Madam President, these penalties are being increased by 200% and are expected to have a significant measure of success in preventing the commission of offences under the Act. **(See Appendix for full breakdown of penalties being amended).**

Madam President, in a similar vein, the penalties under **section 23** of the ***Summary Offences Act, Chap. 10:03*** which speaks to theft of agricultural produce, is being amended by **Clause 3** of the Bill, to provide for an increase by 200 per cent.

### **Increase in Penalties – Protecting the Children**

#### **Tobacco Control Act, Chap 30:04 and Liquor Licences Act, Chap. 84:10**

Madam President, as part of the Government's focus to vigorously pursue the protection and defence of children in Trinidad and Tobago, it is proposed that all penalties for the sale of alcohol and tobacco to minors be increased by 200 per cent. Additionally, all penalties for the unlawful use or sale of tobacco or alcohol products will likewise be increased by 200 per cent, which is reflected in **Clauses 5** and **19** of the Bill. **(See Appendix for full breakdown of penalties being amended).**

## **Children Act, Chap 46:01**

Madam President, having sought to address the ills of alcohol and tobacco on children, through the implementation of increased penalties, it is now necessary to direct our attention to those in society who expose our youth to narcotics, drugs, psychotropic substances and other dangerous drugs.

Madam President, **Clause 6** of the Bill amends the ***Children Act, Chap. 46:01*** to increase penalties under ***sections 35, 36 and 37*** by 200 per cent. **(See Appendix for full breakdown of penalties being amended).**

## **Increase in Penalties – Protecting the Environment**

### **State Lands Act, Chap 57:01**

Madam President, notwithstanding the provisions of the ***State Lands Act Chap 57:01***, illegal quarrying continues unabated in Trinidad and Tobago. In most, if not all instances, illegal quarrying affects the environment and can lead to degradation of the soil, flooding and health consequences for persons who reside in the vicinity of the illegal quarrying. As a means of curbing the continued flouting of the State Lands Act, the penalties, fines and custodial sentences associated with breaches under ***section 25*** of the Act, pertaining to digging or removal of material

without a licence, are being increased by 200% under **Clause 7** of the Bill. **(See Appendix for full breakdown of penalties being amended).**

Madam President, **Clause 7(c)** also seeks to introduce a new **section 30A** which will disqualify any person who knowingly trades in or uses material which is dug, won or removed from State Lands in contravention of the Act, from engaging in construction projects funded by the Government.

Madam President, the intent of **Clause 7(c)** is to further Government's impetus to remove all traces of criminality from the quarrying sector and bring about better regulation of the sector. In this regard, this new provision will target those who knowingly seek to so-call launder illegally gotten material, whether directly or indirectly, through construction projects funded by the Government.

### **Minerals Act, Chap. 61:03**

Madam President, **Clause 8** of the Bill also seeks to increase all penalties under **section 45** of the Minerals Act by 200 per cent in addressing the issue of illegal quarrying.

Madam President, **Clause 8(b)** also introduces a new **section 47A** which is modeled in identical terms as the newly introduced section 30A.

## **Petroleum Act, Chap. 62:01**

Madam President, in the Budget Statement, 2021, I signalled the Government's intention to reform the Liquid Petroleum Products Sector. At that time, I indicated that it is the view of the Government that in the context of the projected international oil prices, the fuel market should be liberalised. Madam President, it is in this vein that I will now proceed to introduce the legal framework by which the sector would be expected to operate in this phase toward full liberalisation.

Madam President, given that both the Ministry of Energy and Energy Industries as well as the operators in the petroleum products sector must put the necessary systems in place to seamlessly transition into a new way of doing business, it is proposed that **Clauses 9 and 10** come into operation on such date as is fixed by the President by Proclamation. Madam President, this intention can be found at **Clause 20** of the Bill.

At the outset, I wish to make it clear that the amendments to the legislation will give the Government the flexibility to continue to maintain a subsidy on the price of particular fuels, such as diesel, if this is considered appropriate, and to signal that diesel fuel will continue to be subsidized

until economic conditions improve. This is because the Minister of Energy and Energy Industries will have the authority to fix the wholesale price of fuel at a price that is equivalent to the actual price of the fuel in question, or if deemed appropriate, at a subsidised price. It is noteworthy that the world market prices of gasoline are close to the prices currently charged at the pump in Trinidad and Tobago, whereas the price of diesel is significantly below the world market price for diesel.

Madam President, **Clause 9(a)** is straightforward as it simply renames the “*Petroleum Production Levy and Subsidy Act*”, wherever it is found in the Petroleum Act, to the “*Petroleum Production and Fuel Levy and Subsidy Act*”. This introduces the term “Fuel Levy” in the name of the Act as a consequence of the newly created fuel levy, which will be applicable to persons carrying on marketing business.

Madam President, **Clause 9(b)** deletes two existing definitions and substitutes in the appropriate alphabetical order, definitions for “marketing business” and “trading business” making way for newly defined terms in **section 36(1)** of the **Petroleum Act**. Madam President, the significance in the definitions is the streamlining of the two businesses to better reflect, on the one hand, that a person operating in the marketing business will sell wholesale to gas stations retailing petroleum products in Trinidad and

Tobago, having purchased such products from a refining or trading business. On the other hand, a person operating in the trading business will supply petroleum products only to a person operating in the marketing business, having purchased such product either locally or internationally. This means, Madam President, that the person carrying on trading business will not be able to sell petroleum products to gas stations.

### **Petroleum Production Levy and Subsidy Act, Chap. 62:02**

Madam President, **Clauses 10(a), 10(b) and 10(c)** of the Bill have a similar effect as **Clause 9(a)** as these amendments to the *“Petroleum Production Levy and Subsidy Act”* are meant to capture the new fuel levy by amending the long title to reference that a levy will now be applicable to persons carrying on marketing business, renaming the Act to the *“Petroleum Production and Fuel Levy and Subsidy Act”* and introducing a “Part I” and “Part II” into the Act, the latter part providing for the mechanics associated with the fuel levy.

Madam President, **Clause 10(d)** amends **section 2(1)** of the Act which deals with the interpretations to be given to words falling under the section. **Clause 10(d)(i)** deletes the word “levy” which under the Act only relates to the levy paid by persons carrying on production business. This deletion is necessary to provide for a new definition of the word “levy” at



**Clause 10(d)(v)** which means a levy payable by a person carrying on production business under **section 9(1)** and marketing business under **section 11A(1)**.

Madam President, **Clauses 10(d)(ii)** and **10(d)(iv)** delete and substitute the definitions for “marketing business” and “trading business” as was done under the Petroleum Act which I have already addressed above.

Madam President, at this point, I would like to treat with the fundamental change being made to the renamed Petroleum Production and Fuel Levy and Subsidy Act, that is, the introduction of the fuel levy. I will now refer to **Clause 10(k)** of the Bill which introduces a new **section 11A** of the Act.

Madam President, **section 11A(1)** will require a person conducting marketing business to pay monthly to the Minister of Energy and Energy Industries a fuel levy. **Sections 11A(2)** and **11A(3)** provide for the monthly computation of the fuel levy in respect of sales of each petroleum product listed in the Schedule to the Act . At **section 11A(2)**, where the person conducting marketing business purchases petroleum products from a trading business, the formula for the fuel levy would be the whole sale price minus the ex-terminal price minus the gross margin multiplied

by the volume of sales by wholesale for the month. Where the person conducting marketing business purchases petroleum products from a refining business, the formula would be the whole sale price minus the ex-refinery price minus the gross margin multiplied by the volume of sales by wholesale for the month (**section 11A(3)**).

Madam President, to have further understanding of the calculation of the fuel levy we need to look at **Clause 10(d)(v)** of the Bill that inserts the following definitions:

**“ex-terminal price”** means the price at which petroleum products may be disposed of or are to be deemed to have been disposed of by the trading business of any person to the marketing business of such person or any other person for disposal and use in Trinidad and Tobago.

**“ex-refinery price”** means the price at which petroleum products may be disposed of or are to be deemed to have been disposed of by the refining business of any person to the marketing business of such person or any other person for disposal and use in Trinidad and Tobago.

**“wholesale price”** means the price fixed by the Minister under section 31(3) of the Petroleum Act.

**“gross margin”** means the sum of money fixed by the Minister by Order under section 8(3) in consideration of the cost of marketing a petroleum product.

Madam President, in addition to the computation of the fuel levy the section 11A also provides that a person conducting marketing business is required to make a return confirming the amount of volumes in litres of petroleum product sold to the Minister of Energy and Energy Industries no later than on the tenth day of each month for the preceding month. The Minister is then required to notify the marketing business of the applicable fuel levy within five days of receipt of the return and the marketing business is required to pay the fuel levy to the Minister within five days of being notified of the applicable fuel levy.

Madam President, the fuel levy, when collected by the Minister of Energy and Energy Industries, is then to be deposited in the Consolidated Fund and this is effected through the insertion of section 11B in the Act.

Madam President, a marketing business who fails to pay the fuel levy within the specified time commits an offence and is liable on summary conviction to a fine of one hundred thousand dollars, and in the case of a continuing offence, to a further fine of two thousand dollars for each day during which the offence continues after conviction.

Madam President, it is also important to emphasise that under the inserted section 11A(8), there is a defence open to directors and senior officers of a marketing business to the offence of not paying the fuel levy within the specified time. The defence is available if they can show that the non-payment of the fuel levy was not done with their consent or connivance and that they exercised all such due diligence to prevent the commission of the offence within the nature of their function and within all relevant circumstances.

Madam President the only thing left to me to mention is that **Clause 10(d)(iii)** is merely for the purposes of cleaning up the **section 2(1)** to introduce definitions in the appropriate alphabetical order.

Another clean-up provision includes **Clause 10(e)** which amends **section 5(1)** of the Act to rename the “Fund” to “Subsidy Fund” from which the Minister of Finance will make advances to subsidise the prices at

which petroleum products are sold by persons carrying on marketing business. In this regard, relevant changes were made to the Act under **Clauses 10(e)(ii), 10(f), 10(h)(ii) and 10(k)**.

Madam President, due to the introduction of the fuel levy into the Act there is a need to specifically define the levy to be paid by persons carrying on production business. In light of this, the new definition “petroleum production levy” has been inserted into the Act by way of **Clause 10(d)(v)**. Consequential amendments to the Act to provide for the new definition has been made at **Clauses 10(h)(i), 10(i), 10(j) and 10(k)**.

Finally, Madam President, in light of the fact that definitions for the terms “ex-refinery price” and “wholesale price” are now found in **section 2(1)** of the Act, **Clause 10(g)** of the Bill deletes those definitions from **section 8(5)** of the Act. The consequential clean-up to the Act is found at **Clause 10(g)(iii)** of the Bill.

#### **Development Loans Act, Chap. 71:04**

Madam President, I now turn to **Clause 11** of the Bill concerning the Development Loans Act.

Madam President, **Clause 11** increases the permissible headroom under the Development Loans Act, from which the Government of

Trinidad and Tobago may seek external or internal borrowings, from fifty-five thousand million dollars to sixty-five thousand million dollars.

Madam President this measure is necessary to aid budgetary support in recurrent expenditure, the continuation of Government's Covid-19 relief measures and other measures, as a result of unprecedented deficit financing that has become necessary to address the unforeseen impact of the pandemic.

### **Government Savings Bonds Act, Chap 71:41**

Madam President the objective of **Clause 12** of the Bill is to amend the **Government Savings Bond Act, Chap 71:41** and the regulations under that Act, that is, the Government Savings Bonds Regulations, the National Tax-Free Savings Bonds Regulations and the Tax-Free Housing Bonds Regulations, to facilitate borrowings denominated in foreign currency.

Madam President, these amendments are borne out of a recognition that the Trinidad and Tobago investing public has faced, in recent years, a consistent annual decline in ordinary Trinidad and Tobago dollar (TT\$) savings deposit rates. According to data from the Central Bank of Trinidad and Tobago website, these TT\$ deposit rates have been less than 1%

since 2012. TT\$ deposit rates on other saving instruments available within the domestic financial system, inclusive of mutual funds and credit unions, have broadly mirrored this trend. The amendments will allow our citizens to obtain attractive interest rates, at the level of current yields currently published by the Central Bank, such as 3% per annum on a 3-year bond and are premised on the simultaneous growing local appetite for domestic Savings Bonds denominated in foreign currency from local investors who hold foreign currency deposits and are seeking to enhance their earning potential as well as acquire a financial hedge against foreign currency exchange risk.

Madam President, **Clause 12** of the Bill amends **section 3** of the Government Savings Bond Act to empower the Minister to issue or exchange Savings Bonds in any currency or in any foreign currency. It also amends **section 3** to empower the Minister to issue Bonds up to a value of Three Billion Dollars (\$3B) in Trinidad and Tobago currency or the equivalent value in a foreign currency.

**Clause 12** of the Bill also amends **section 8** of the Act to allow the Minister to make Regulations in respect of the currency of the Bonds.

Madam President, by Order, Government will also amend the Government Savings Bonds Regulations, the National Tax-Free Savings Bonds Regulations and the Tax-Free Housing Bonds Regulations, to remove the limitation for the Bonds to be in Trinidad and Tobago currency and conversely, expressly allow for the Bonds to be in any currency or foreign currency.

### **Tax Amnesty (Waiver of Interest and Penalties)**

Madam President, the Government has provided and continues to provide a package of policies to address the unprecedented challenges posed by the Pandemic in the context of significant declines of oil and gas and tax revenues. These include, but are not limited to, the implementation of the Salary Relief Grant Programme, the Small and Medium-sized Enterprises Loan Facility and the Liquidity Support Loan Programme with the Credit Union Movement.

Madam President, behind the backdrop of these ongoing measures, which support and are aimed at the recovery of businesses and individuals during this Pandemic, Government intends to add further relief by implementing a Tax Amnesty. This will allow businesses who have



experienced difficulty in paying their taxes on time to avoid penalties and interest.

Madam President, in this vein, a number of **Clauses** in the Bill establish a similar tax amnesty as had been applied by virtue of section 2 of the Miscellaneous Provisions (Tax Amnesty, Pensions, National Insurance, Central Bank, Companies, and Non-Profit Organisations) Act No. 13 of 2019 and is applicable to interest, outstanding interest and penalties under the:

- (a) Registration of Clubs Act, Chap. 21:01 (**Clause 4**);
- (b) Income Tax Act, Chap. 21:01 (**Clause 13**);
- (c) Corporation Tax Act, Chap. 75:02;
- (d) Unemployment Levy Act, Chap. 75:03 (**Clause 14**);
- (e) Petroleum Taxes Act, Chap. 75:04;
- (f) Health Surcharge Act, Chap. 75:05 (**Clause 15**);
- (g) Value Added Tax Act, Chap. 75:06 (**Clause 16**);
- (h) Stamp Duty Act, Chap. 76:01 (**Clause 17**);
- (i) Section 54 Property Tax Act, Chap. 76:04 (**Clause 18**);
- (j) Parts IX, XI, XIII, XIV and XV of the Miscellaneous Taxes Act, Chap. 77:01; and
- (k) Tourism Development Act, Chap. 87:22

Madam President, you may notice that there are no specific clauses referenced in the Bill for the corporation tax, petroleum tax, miscellaneous taxes, and tax under the Tourism Development Act. This is so because **section 103A** which provides for the waiver of the liabilities relating to interest, outstanding interest and penalties in the Income Tax Act is applied under **section 19, section 16, section 62A** and **section 44** of the **Corporation Tax Act, Petroleum Taxes Act, Miscellaneous Taxes Act,** and the **Tourism Development Act,** respectively. Madam President, this means that persons under those pieces of legislation will also be able to benefit from the waiver of the liability without there being specific sections being contained in the legislation.

Madam President, the amnesty is applicable for the **years up to 31<sup>st</sup> December 2020 and during the period 1st January 2021 to 31<sup>st</sup> May 2021** and grants relief from penalties and interest and outstanding interest once the outstanding tax liability is paid between **July 5, 2021 and September 17, 2021.** Madam President, notwithstanding the July 5, 2021, to September 17, 2021, period, the Minister with responsibility for finance may, by Order, prescribe a later date to end this period as he thinks fit.

Madam President, where a tax or return under any one of the laws previously mentioned remains outstanding after the expiration of

September 17, 2021, the interest, and other penalties, which would have been payable in relation to the tax or return would be revived and become payable as if the amnesty did not exist.

### **Other Fiscal Measures**

Madam President, there are two measures that were mentioned in the Budget Statement, 2021 that have not been addressed in neither the Finance Bill, 2020 nor Finance Bill, 2021. Those measures relate to the tax waiver on imported construction material for approved building projects and the restoration of the value added tax base to its original conceptualisation. Madam President, additional work is required to properly put these measures in place and therefore these measures will be addressed at a later time.

Madam President, apart from **Clause 20** which provides for the proclamation by the President of **Clauses 9** and **10** of the Bill, I wish to indicate that all other clauses will take effect on the date of assent of the Finance Act, 2021.

### **Conclusion**

Madam President, I beg to so move.