

Government of the Republic of Trinidad and Tobago

Ministry of Finance

**ICATT's 2023 Conference**

**Speech-**

**14th Annual International Finance and Accounting Conference (AIFAC  
2023)**

**Presented by the Honourable Colm Imbert,  
MP, Minister of Finance**

Friday, November 17, 2023, at the  
Hyatt Regency, Port of Spain, Trinidad.

Good morning

I would like to thank the Institute of Chartered Accountants of Trinidad and Tobago for the opportunity to be the Feature Speaker at its **14<sup>th</sup> Annual International Finance and Accounting Conference.**

I wish to acknowledge this morning:

- Dwayne Rodriguez – Seijas - President ICATT
- Marsha Caballero -Chief Executive Officer ICATT
- All members of ICATT
- Members of the Media
- Other Distinguished Guests

## Overview

Ladies and Gentlemen, it is a pleasure to address you today, as this forum provides an opportune collaboration in developing and aligning public economic policy with the strategic plans of the private sector- so that the broad national agenda is executed.

Over the past year, the world has been recalibrating and repositioning its efforts following the World Health Organisation declaration in May 2023, ending the COVID-19 global pandemic. Furthermore, the geopolitical tension in the Ukraine-Russia conflict, along with the Israel-Hamas war, have proven that social and economic resiliency is now more than ever necessary to protect global communities, in particular, the vulnerable, the poor, the dispossessed, children and the elderly.

Over the last 10 years, we have also seen that global energy prices continue to display extreme volatility, which creates significant challenges for the economy of Trinidad and Tobago. For example, when the Israel-Hamas war began one month ago, persons who are not students of the factors that affect oil prices here and abroad predicted that oil would quickly cross US\$100 per barrel. Yet, this morning, the price of oil is struggling at around US\$75 a barrel, after crossing US\$90 per barrel at the end of September, while natural gas prices remain depressed.

The reasons for this include slowing demand for consumer goods in the USA, uncertainty over growth in China, and oversupply of oil by the major producers, wiping out the upward pressure on prices caused by the two wars. But it is such an uncertain environment that oil may cross \$90 again in a few months.

In the meantime, while the oil giants fight, we in Finance have to get on with our work.

The presentation of the 2024 Budget commenced, as is customary, with a consultative process involving Ministries and private stakeholders such as ICATT to collaborate and share insights to build our policies and programmes.

These and other macro-economic considerations shape an energy-commodity-driven economy such as ours so we can adapt, build resilience and mitigate risks. As auditors and accountants, you should be mindful that this is the Government's responsibility, and adequate resources and contingencies should always be in place to mitigate against any existing scenario.

The Government has been engaged in a series of reforms that seek to strengthen the overall economic management. These reforms are geared to creating a sustainable economic environment that would accommodate the generation of employment and opportunities for business development.

For example, the Government's Digital Agenda seeks to expand the financial inclusion landscape. In this area, unfortunately, there is still a lot of work to be done, as the statistics reveal that **72 percent** of businesses do not have a business bank account, **88 percent** of businesses do not accept digital payments, and **55 percent** of individuals do not now have the knowledge to use mobile or web online banking.

This digital divide remains a concern, as not all citizens have equal access to the benefits of digital transformation. Added to this is the danger of

cyberattacks and hacking, which have recently reared their head again. But we must press on with our cashless and digital agenda, lest we be left behind as a country.

Our overall ambition is to make as many citizens and businesses knowledgeable and comfortable with digital banking and digital payment solutions to keep pace with the rest of the world.

The e-commerce sector has grown significantly, making it easier for local businesses to reach international markets. The ability to trade and export goods and services online has opened up new revenue streams and opportunities for our local entrepreneurs.

The continuous Upgrade of the Single Electronic Window (SEW) - TTBiz Link is an ongoing digitalization of processes, all aimed at reducing the cost of businesses by allowing organisations to make online payments and directly download their approved documents in a timely manner.

In fiscal 2024, a further fourteen (14) new e-services on the platform are expected to be launched. Our e-government initiatives, together with increased online banking, and digital communication tools have streamlined processes, reducing bureaucratic inefficiencies and transaction costs. This, in turn, has boosted our competitiveness on a global scale. And despite the problems caused by cyberattacks, we can't stop now. We must simply install better cyber protection, maintain greater safeguards and far better systems for dealing with issues and informing the public when problems occur.

At this juncture, allow me to delve into some of the key budget highlights with a view to building resiliency in keeping with ICATT's theme for this year's event.

### **Global Economy**

Ladies and Gentlemen, world growth is forecast to slow down in 2023 as the global economy navigates a plethora of economic challenges comprising high inflation and unprecedented policy tightening by central banks, especially the Federal Reserve, giving rise to elevated debt costs and deepening geopolitical fragmentation and conflict.

### **Domestic Economy**

On the other hand, the Trinidad and Tobago economy is expected to register Real GDP growth of 2.7 percent in 2023, following more moderate growth of 1.5 percent in 2022.

Based on actual data from the Central Statistical Office (CSO) for the first quarter of 2023, real economic activity expanded by 3.0 percent, bolstered by marginal growth of 0.3 percent in the Energy Sector and a sharper 4.2 percent expansion in the Non-Energy Sector.

Global inflationary pressures have also eased on account of the normalisation of supply chains, lower shipping costs and improved delivery timelines.

Domestically, following a peak of 8.7 percent year-on-year in December 2022, our inflation rate continues to decline and is expected to drop to 4.0 percent by the end of the year, due to softer pricing pressures within both the food and core components of the All-Items Retail Price Index caused by reduced shipping costs, lower international food commodity prices

*Our fiscal consolidation process has begun to reap dividends; after a record deficit of **9.1 percent** of GDP in **2020**, during COVID-19, we generated a budgetary surplus of **0.6 percent** of GDP in **2022**, and we are estimating an overall deficit of less than **1.8 percent** of GDP in **2024**, well within the international benchmark for a fiscal deficit of **three (3) percent** of GDP.*

The country's external fiscal buffers remain healthy and strong. We continue to maintain 8 months of import cover and our Heritage and Stabilization Fund is back up to US\$5.5 billion, after the volatility of world stock markets of 2022.

Our sovereign credit rating also continue to be strong and are among the best in the Caribbean and Latin American Region

## **Trinidad and Tobago Revenue Authority (TTRA)**

Regarding institutions, we expect to significantly improve the efficiency of tax collection and administration in advancing the formation of the Trinidad and Tobago Revenue Authority (TTRA), which combines **2** divisions of the Ministry of Finance, i.e. the Inland Revenue and the Customs and Excise Divisions. Despite legal challenges, this process continues and we expect to engage the senior executives for this Authority in the near future, while continuing our outreach and recruitment programme with all of the employees of these two Divisions

### **Property Tax**

Concerning Property Tax, many of you will have observed that the Valuation Division has commenced the process of posting out notices of assessment of the annual rental value of residential properties.

The usual misinformation and mischief that some people seem to thrive on has also commenced.

Even though these notices of annual rental value are not statements of the property tax that will be due and payable, I have already begun to see misguided letters in the newspapers and false and inflammatory postings on Facebook, Tiktok and WhatsApp which twist entirely and distort the truth



about property tax by pretending that the tax is equal to the annual rental value.

For example, in a recent letter in a daily newspaper, a property owner who received his valuation notice complained that his property tax will be almost \$6,000 per month and he can't survive with that tax. However, he erroneously assumed that the annual rental value and his property tax were the same amount, when in truth, the annual rental value must first be multiplied by 90 percent and then by 3 percent to get the actual amount of property tax that he must pay. When the proper calculations are done, in this case, his property tax is actually \$161 per month, not \$6,000.

In other cases, where property owners complained on social media that their property tax would be over \$2,000 per month, when the calculations are done, it is actually only \$55 per month, because, again, either in error or deliberately persons are assuming or pretending that the rental value and the tax are the same, when it is publicly known that the tax is 3 percent of the rental value after first discounting the rental value by 10 percent. There is such a propensity for mischief in Trinidad and Tobago that this will require a comprehensive communications programme to remove unnecessary anxiety and misunderstanding about property tax.

However, upon proclamation and operationalisation of the relevant sections of the local government legislation, which will happen in 2024, residential taxes will be collected by the **14** municipalities and should solve once and for all the perennial complaint of local government bodies that they can't get anything done because they have no money. With residential property tax going directly to the corporations, there should be no excuse about the inability to repair and maintain local roads, clean drains, maintain parks and recreation grounds, collect garbage and so on.

## **Enabling Sectors**

### **Agriculture**

Ladies and Gentlemen, it has always been this Government's intention to change the dynamics within the Agricultural Sector by implementing meaningful initiatives that will move the sector forward. In this regard, we proposed the following:

- Making the agricultural sector tax-free through legislative change and rationalizing any ambiguities, omissions and loopholes within the law.
- Review, update and improve the system of concessions, incentives and rebates.
- Continue to support innovative and creative solutions to farming in order to attract young people to the sector.
- Efficient and effective land tenure administration

- Expansion of agriculture production
- Revitalization of the cocoa and coffee industries
- Rehabilitation and replanting of 900 hundred acres of coconut
- Strengthening the Farm-to-Table project and the Farm-to-Agro-processing Initiative
- Strengthening the praedial larceny squad to reduce praedial larceny in farming districts

From what was outlined above, our ambitions are clear in ensuring food security, as such the Ministry of Agriculture will also receive an additional \$400 million.

Additionally, a sum of \$7.5 million has been allocated for the establishment of both community gardens and green markets.

Ladies and Gentlemen, the Government's Market Box initiative will receive an allocation of \$60 million dedicated to re-introducing the delivery of market boxes to vulnerable families. While, the School Feeding programme will be re-examined to ensure the use of fresh produce and local meats as a mandatory requirement. The Ministry of Social Development and Family Services will be mandated to restructure the Food Card Programme to include a mandatory market box component.

## **Manufacturing**

Ladies and Gentlemen, the manufacturing sector has emerged as a standout performer in our diversification efforts. Over the years, we have seen a mushrooming of Small and Medium Enterprises (SMEs) and the expansion of the Manufacturing sector in the country post-COVID 19 and they have all contributed to job creation and economic resilience.

In 2022, this sector's contribution to GDP surged to 17.2 percent, marking a notable increase from the 14.7 percent recorded in 2015.

Notably, our total exports also saw remarkable growth, reaching US\$16.7 billion in 2022, a substantial rise from the US\$11.1 billion in 2021. Within this impressive export performance, non-energy exports were valued at US\$2.4 billion in 2022, compared to US\$2.1 billion in the previous year.

## **Special Initiatives**

The Government is committed to supporting and nurturing the growth of Small and Micro Enterprises. This sector plays a crucial role in generating revenue, creating employment opportunities, and enhancing foreign exchange earnings. To facilitate their expansion within the non-energy sector. To this end, we have introduced a suite of incentives and initiatives:

- The Export Booster Initiative
- The Grant Fund Facility
- The Yachting Grant Fund Facility
- The Research and Development Facility
- The Manufacturing Apprentice and the Wood Products Apprenticeship Programmes

Ladies and Gentlemen in 2024, the Government will also add:

**The Yachting Marine Apprenticeship Programme** which is a noteworthy addition to our existing initiatives. In the current financial year, the program will take on board 150 trainees, providing them with the training and skills needed to contribute to the flourishing yachting and marine industry. This not only strengthens the local workforce but also enhances the nation's reputation as a prime destination for yacht and pleasure craft storage and services.

**The Green Manufacturing Initiative** which represents a significant step forward in promoting sustainable practices within our local manufacturing sector. Through the provision of energy efficiency audits, this program will assist interested businesses in identifying opportunities for more eco-friendly operations. Additionally, the initiative will incorporate tax incentives and

waivers to encourage the adoption of renewable energy and improved energy efficiency.

The Government will provide support to the **Unit Trust Corporation and UWI Ventures' Urpreneur Plus Programme.**

The partnership between the Unit Trust Corporation and UWI Ventures is dedicated to nurturing the growth of young and emerging entrepreneurs. As a testament to our commitment to fostering the development of small- and micro-businesses, we will continue to support this initiative.

Its primary goal is to enable these enterprises to meet the criteria for listing on the junior stock exchange.

**In 2024, this program is expected to have a positive impact on approximately 100 small and micro enterprises, whereby empowering and uplifting aspiring entrepreneurs.**

### **Education**

Ladies and Gentlemen, in the aftermath of the COVID-19, the Remedial Education and the Vacation Remedial Programmes have contributed significantly to the improved performance results of the students of Trinidad and Tobago.

It is our intention to continue these two programmes to mitigate the effects of learning loss. These programmes will be delivered to 106 schools and benefit 25,000 students.

**Also, Ladies and Gentlemen, 65,000 needy students at the primary and secondary levels will benefit from a grant of \$1,000.00 to assist with the purchase of school supplies. The estimated cost of the school supplies grant is \$65 million and will assist 65,000 students.**

### **Adult and Financial Literacy**

Ladies and Gentlemen, we would like to inculcate a mindset and environment of sustainable living for everyone and, specifically for the vulnerable in our society. Our aim is to continue supporting programmes such as adult and financial literacy with the hope and expectation of improving the lives and livelihoods of our citizens.

**We will partner with the Adult Literacy Tutors Association (ALTA) to widen its reach to an additional 4,000 persons inclusive of CEPEP and URP workers. As such, \$7.69 million was allocated for the expansion of the programme.**

With respect to financial literacy, we will engage the Central Bank of Trinidad and Tobago to develop and implement a National Financial Literacy Strategy to serve as a guide for the promotion of financial literacy within "at-risk" communities with the expectation that citizens will become more knowledgeable about financial matters and make better decisions in managing their money. **A sum of \$5 million is allocated for the financial literacy programme.**

### **Public Sector Investment Programme (PSIP) Projects**

The Government will implement a capital programme of \$6,218.6 million in 2024 to support and advance the country's development by investing, among other things, in social and economic infrastructure, national security, and strengthening institutional and legislative frameworks. The investment programme will be financed by \$3,215.7 million from the Consolidated Fund and \$3,002.9 million from the Infrastructure Development Fund.

Some of the critical sectors that will receive significant funding for capital expenditure are:

- **Agriculture**
- **Crime and Security**
- **Education and the Youth**
- **Transportation**
- **Roads and Bridges**



- **Drainage**
- **Digital Transformation of our Economy**
- **Sports and Community Development**
- **Health Care**
- **Housing and Shelter**
- **Trade and Investment, among others.**

## **Youth**

Ladies and Gentlemen, the empowerment of the youth is tantamount to the future of the nation.

We are prioritizing youth economic participation and empowerment through a number of entrepreneurship programmes:

- Youth Agricultural Homestead Programme
- Youth Agricultural Shade House Project

Ladies and Gentlemen, **one of the notable programme from the MIC-Institute of Technology is the Student Enhancement Empowerment Programme (STEEP) which has proven highly effective in equipping young individuals with vital Technical and Vocational Education and Training (TVET) skills which will prepare them for the demands of the professional world.** To further expand the reach and impact of this program, there will be an increase in enrolment from 26 to 500 youths.

## **Tobago**

Ladies and Gentlemen, it's heartening to note that the Tobago economy is showing signs of recovery after the significant slowdown caused by the COVID-19 pandemic. The tourism industry, a vital component of Tobago's economy, is experiencing a resurgence with renewed interest from both local and international visitors. The availability of direct international flights to and from Tobago and rising hotel occupancy rates are clear indicators of this positive trend.

Our Fiscal Measures for 2024 will focus on improving the well-being of every individual in our society so that they can reach their full potential.

- 1. Minimum Wage:** Effective **January 1, 2024**, the minimum wage will be increased by **17 percent**, or **\$3.00 per hour**, from **\$17.50** to **\$20.50 per hour**. (\$500 to \$900 per month extra in the pockets of minimum wage earners)
- 2. \$1 billion in backpay** – on track for payment by December 24, 2023
- 3. Export Sales of Manufacturing Companies - Business Levy Charge:**  
In order to generate a competitive advantage for local manufacturing businesses to engage in exports, companies whose gross receipts fall

within the **30 percent** tax bracket from business levy charges regarding only export sales will be exempt from business levy manufacturing.

**4. Energy Sector: Supplemental Petroleum Tax:** The Government is seeking to encourage smaller oil producers and lease operators in small and mature marine oil fields to incentivize further their production. In this regard, the Sustainability Incentive will be increased from **20 percent** to **25 percent** with respect to the rate of supplemental petroleum tax for any mature marine or small marine oil fields. Where feasible, we will also make suitable adjustments to the capital expenditure allowances for small shallow water producers.

**5. Cybersecurity** is another critical issue as recent incidents have shown us. As we embrace digital technologies, we must be vigilant in safeguarding sensitive data and critical infrastructure against cyber threats, which is paramount.

For this is the reason for introducing a Cybersecurity Investment Tax Allowance of up to \$500,000.00 for companies which incur expenditure regarding investments in cybersecurity software and network security monitoring equipment.

However, to qualify, the expenditure must be certified by iGovTT. This initiative envisioned to incentivize companies to invest in cybersecurity

for two (2) years from January 1 2024. Therefore, we urge companies to take full advantage of this measure to protect your invaluable assets.

**6. Exempt Income: Expenditure Earned:** Ladies and Gentlemen, effective **January 1, 2024**, we propose to amend the tax legislation to address this issue by disallowing expenditures incurred in earning exempt income, subject to specific provisions of the tax law stating otherwise. This initiative will protect the tax base in Trinidad and Tobago, harmonize the law, and bring us into alignment with standard practice in jurisdictions worldwide.

**7. Public and Private Schools - Corporate Sponsorship:** As the final measure, effective **January 1, 2024**, the Government is proposing to introduce a 150 percent tax allowance of up to \$500,000 on corporate sponsorship to public and private schools registered with the Ministry of Education.

## **Conclusion**

Ladies and Gentlemen, this Budget's emphasis is on consolidating progress and ensuring broad-based development and extending benefits to urban and rural communities.

The Government recognizes the challenges and responsibilities it faces. We have refrained from increasing or reducing existing taxes whilst making specific adjustments in the energy sector.

The Fiscal 2024 Budget proposes an ambitious capital expenditure programme to stimulate economic growth, along with programmes for the less fortunate and support for small and medium enterprises. The sequencing of these economic activities is congruent to ICATT's theme of resiliency as we seek to put in place significant strategic intervention for the entire National community.

Ladies and Gentlemen, I thank you.