



Government of the Republic of Trinidad and Tobago

House of Representatives

Ministry of Finance

Statement on the Implementation of Property Tax

The Honourable Colm Imbert,
MP, Minister of Finance

March 15, 2024

Madam Speaker, I am authorized by Cabinet to make the following statement regarding the implementation of Property Tax in Trinidad and Tobago.

The Government has been making steady progress in the implementation of Property Tax. To this end, we are currently at the stage where Notices of Tax Assessments under the Property Tax Act, have been issued to a number of residential landowners and occupiers. This process commenced in February 2024. Prior to this, Notices of Valuation of Land were issued with that process commencing in November 2023.

This has not been a simple exercise since we have effectively been navigating in uncharted territory.

It should be emphasised that although the Property Tax Act has been on the law books for almost 15 years, it is still considered to be novel legislation as it was never previously implemented.

Accordingly, as is normally the case that with the operationalization of any new law there will inevitably be teething issues that arise that need to be addressed.

Property Tax is no different, and in fact, it is unique as Property Tax overhauled, *inter alia*, the antiquated and archaic Land and Building Taxes Act, an Act established in **1920**, and the Taxes Exemption Act, an Act established in **1902**.

It is therefore not reasonable to expect that the rationale and systems for collection of taxes on property that obtained in 1920, a time when Trinidad and Tobago was still a colony of the British Empire, would still be relevant 100 years later.

To demonstrate, how inefficient the previous system was, it is necessary to highlight that the 1920 Lands and Buildings Taxes Act governed Tobago and only some districts in Trinidad. However, that law excluded cities and boroughs. As a result, Assessment Rolls were created under the Lands and Buildings Taxes Act for the Counties, while under the Port-of-Spain Corporation Ordinance, the San Fernando Corporation Ordinance, the Arima Corporation Ordinance and the Municipal Corporations Act there was the creation of house rate books.

On the other hand, the 1969 Valuation of Land Act, now over 50 years old, governed **all** the municipal corporations, including the regional corporations **and** the cities and boroughs and Tobago, a recipe for confusion.

Given the different applicable laws that applied tax on property in Trinidad and Tobago, there was serious inequality. For example, in relation to the several Counties and Tobago, I am advised that some of the last valuations were conducted in 1948, over 75 years ago. In contrast, in relation to the cities and boroughs, there were much more recent valuations conducted; in 1975 for Port-of-Spain, in 2004 for San Fernando and in 2008 for Point-Fortin. This meant that the amount of tax being paid in relation to various districts and Tobago would have been highly disproportionate to the cities

and boroughs, which had much more recent valuations in place. This was far from fair and equitable and highly artificial.

But that was not all, the disparities in the old valuations and old tax rates were just part of the problem with the old Land and Building Taxes Act.

Madam Speaker, I wonder how many of us are aware that the tax rate to be applied under the old system for property under identical classifications was different depending on where the property was located?

For instance, a flat tax rate was applied on land under the Land and Building Tax Act. The rate was \$10 per acre on land in size from less than an acre to 10 acres; \$15 per acre on the next 11 acres, up to 100 acres of land; and \$20 per acre or part thereof for land over 100 acres.

Additionally, under the old Land and Building Tax Act there was also a flat annual tax of 96 cents on every building, where the taxable value did not exceed \$24. Otherwise, an annual tax rate of 7½ per cent was applied where the annual taxable value exceeded \$24.

Again, in contrast, in the case of the cities and boroughs, the previous tax rates were as follows:

- Port of Spain, the tax rate for residential was 10%; commercial, 10%; industrial, 10%.
- San Fernando, it was 8% for residential; commercial, 8%; industrial, 8%.
- Arima, it was 10% for residential; commercial, 10%; industrial, 6%.
- Point Fortin, 2% for residential; commercial, 2.5%; industrial, 6%. and 2 per cent on agriculture.

- Chaguanas, 10% for residential; commercial, 10%; industrial, 10%

The 2009 Property Tax Act was designed to eliminate all of these discrepancies and inequitable rates by establishing uniform rates for taxation of various categories of land. It is noteworthy that in the case of all cities and boroughs, the residential tax rate in the Property Tax Act is significantly less than what obtained prior to 2009 in several areas. **3% as compared to 10%.**

The Property Tax Act thus addressed two major concerns under the old system; consistency of valuations and uniformity and equity in the tax rate.

The old system, with its gross inefficiencies and inequities and outdated valuations also created false expectations as to what appropriate taxation on property should be. Indeed, if up-to-date valuations were in effect, as was required under Section 8 of the old Land and Building Taxes Act, the taxes to be paid by property owners under the old system would be way in excess of what is currently required under the new Property Tax Act .

I now turned to what occurred yesterday.

Contrary to media reports and postings on Facebook and elsewhere, there has been no “suspension” of Property Tax.

Instead, the Government has taken stock of the various issues raised in the public domain regarding the valuation of residential properties and as a responsible Government has decided to take appropriate action to alleviate the concerns as the new system is being rolled out.

The issues raised by property owners include:

- i. Primarily at the middle to upper levels, there have been several cases of feedback indicating that the Annual Rental Values identified in Valuation Notices are not consistent with the expectations of property owners or with the current property rental market;
- ii. Some residential land owners and occupiers in close proximity of each other have complained about discrepancies in Annual Rental Values that appear illogical to them;
- iii. Other residential land owners and occupiers have complained about what they consider to be the obscure manner through which some Annual Rental Values have been determined;
- iv. There are some duplicate Valuation Notices that have been issued to residential land owners; and most importantly:
- v. Some property owners believe that notwithstanding the fact that under the old Land and Building Taxes system, the ARVs used were extremely outdated, and in some cases as much as 75 years old, their property tax should be based on the old ARVs. In one case, a property owner who owns a substantial property is insisting that his property tax in 2024 should be in the vicinity of \$230, which is equivalent to a current ARV of \$8,400, or a rental value of \$700 per month, simply because \$230 a year is what he paid many years ago under the Land and Building Taxes Act. The fact that his old valuation may have dated back to the 1960s is of no concern to him.

Madam Speaker, as a result of these and other concerns, the Government has today introduced a Bill entitled the Property Tax (Amendment) Bill, 2024,

which, with the approval of the House, we wish to debate on Monday March 18, 2024.

It is the Government's intention to do the following:

1. To reduce the rate of Residential Property Tax from 3% to 2%, which represents **an effective reduction of Property Tax by 33%**; This is intended to reduce the impact of the new valuations, since it is clear that some property owners believe that the old 1948 valuations should still be used in the modern era, in 2024 and it is important to gradually adjust and correct that erroneous belief.
 - i. To extend the time in relation to the year 2024 for the Board of Inland Revenue to issue Notices of Assessment up to June 30, 2024. This would permit more time for the Valuation Division to review valuations under query and adjust where necessary and advise the Board of Inland Revenue of any tax assessments that that are required to be updated;
 - ii. To allow for the extension of all applicable time periods by Order, as is the case under the Valuation of Land Act. This will ensure that the Government can extend any further time limits under the Property Tax Act if required (inclusive but not limited to the date upon which Property Tax is to be paid and the date upon which penalties are incurred);

Madam Speaker, I also wish to advise that Regulations to give effect to the deferral form required under section 23 of the Property Tax Act were made yesterday and will be published today. This will allow indigent, elderly and infirm persons who satisfy the criteria under section 23 of the Property Tax Act to make applications to the Board of Inland Revenue for the deferral of Property Tax.

Further, Madam Speaker, an Order will soon be published in relation to extending the time period for persons to bring objections to notices of valuation from 30 days to 6 months. Importantly, this time period **only** commences after service of the notice of valuation on the residential land owner or occupier. The intention here is clear: the Government intends to be transparent with respect to the valuations that have been sent to residential land owners and occupiers by the Commissioner of Valuations and will give owners and occupiers additional time to lodge objections, which must be determined and answered by the Commissioner of Valuations in the first instance before being adjudicated upon by other authorities if there is still a dispute.

Madam Speaker, we expect that these measures will go a long way in addressing the teething issues currently being faced, and we also undertake to take all necessary and future legislative and operational measures needed to ensure that Property Tax is implemented equitably across Trinidad and Tobago.

With regard to the notices that were posted on the doors of some Regional Revenue Collection Offices yesterday stating that property tax payments had been suspended until further notice, these notices were not authorised and

should not have been put up, especially in view of the fact that the Property Tax Amendment Act 2024 is not yet law.

My investigations have revealed that some of the staff in the BIR after becoming aware of the provisions in the amendment bill took it upon themselves to do this, with apparent good intentions, but without authorisation, and without my knowledge or consent. However, this is not the way that a Cabinet decision should be communicated to the public, especially on a matter as sensitive as this.

I am disappointed that this procedural lapse occurred, and it is my hope and expectation that the public servants involved will learn from this mistake. On behalf of the Government, I wish to express my deep regret to all those who were inconvenienced.

Now that the Bill is before the Parliament, I have requested the Permanent Secretary in the Ministry of Finance to request the BIR to cease the collection of property tax until the new rate of residential property tax is in effect.

Additionally, I have been advised by the BIR that up to Wednesday March 15, 2024, a total of 801 payments of property tax had been made for a total of \$1,030,864.55 (an average of \$1,297 in annual property tax). All of these taxpayers will be issued with new tax notices at the new rate of 2% and refunded, and I have asked the BIR to do so promptly.

Madam Speaker, I thank you.