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No. 12 of 2021

Second Session Twelfth Parliament Republic of
Trinidad and Tobago

HOUSE OF REPRESENTATIVES

BILL

AN ACT to make provisions of a financial nature and
other related matters

THE FINANCE (NO. 2) BILL, 2021

Explanatory Note

(These notes form no part of the Bill but are intended only to indicate its general purport.)

This Bill seeks to amend the Gambling and Betting Act, Chap. 11:19; the Proceeds of Crime Act, Chap. 11:27; the Registration of Clubs Act, Chap. 21:01; the Motor Vehicles and Road Traffic Act, Chap. 48:50; the Port Authority Act, Chap. 51:01; the Income Tax Act, Chap. 75:01; the Corporation Tax Act, Chap. 75:02; the Petroleum Taxes Act, Chap. 75:04; the Value Added Tax Act, Chap. 75:06; the Miscellaneous Taxes Act, Chap. 77:01; the Customs Act, Chap. 78:01; the Securities Act, Chap. 83:02 and the Liquor Licences Act, Chap. 84:10.

Clause 1 of the Bill would provide for the short title.

Clause 2 of the Bill would amend the Gambling and Betting Act by inserting a new section 29A which would provide a mechanism for the waiver and refund of fees, by 42% for the year 2020, consistent with the periods of full closure of licensed premises as a result of the Public Health Regulations in 2020.

Clause 3 of the Bill would amend the Second Schedule of the Proceeds of Crime Act by inserting a new item 25 which applies to offences related to a prohibited scheme under section 165A of the Securities Act.

Clause 4 of the Bill would amend section 23 of the Registration of Clubs Act by inserting a new subsection (10) and subsection (11), which would provide a mechanism for the waiver and refund of gaming taxes, by 42% for the year 2020, consistent with the periods of full closure of licensed premises as a result of the Public Health Regulations in 2020.

Clause 5 of the Bill would amend the Fourth Schedule of the Motor Vehicles and Road Traffic Act by repealing paragraph 9 and substituting a new paragraph 9 that would exempt motor vehicles tax on a new private electric motor vehicle and a used private electric motor vehicle which is not older than two years from the date of manufacture.

This clause would also amend the Ninth Schedule of the Motor Vehicles and Road Traffic Act to increase the fixed penalty from \$750.00 to \$4,000.00 and to increase the demerit points from 3 demerit points to 4 demerit points for the offence of a goods vehicle carrying excess weight.

Clause 6 of the Bill would amend the Port Authority Act by inserting a new section 35A which would exempt the Port Authority from value added tax on all plant, machinery, appliances, apparatus, equipment and materials of every kind whatsoever, whether acquired locally or imported by the Port Authority.

Clause 7 of the Bill would amend the Income Tax Act by replacing specific references to the “Lands and Buildings Taxes Act and the Municipal Corporations Act” with a reference to the Property Tax Act, as the former Acts no longer require the payment of taxes.

This clause would amend section 18A of the Income Tax Act to increase the tax allowance for first time homeowners from \$25,000.00 to \$30,000.00 per annum per household on mortgage interest paid in the year of income.

This clause would amend section 28(15) of the Income Tax Act to allow for an increase in annual contributions to approved pension fund plans from \$50,000.00 to \$60,000.00.

The clause would also amend Part 2 of the Third Schedule of the Income Tax Act to reduce the withholding tax on any distribution made from 10% to 8%; and from 5% to 3% where such distribution is made to a parent company.

Clause 8 of the Bill would amend the Corporation Tax Act to harmonize the language of section 3(2)(b) with the language of the new proposed section 3B(1)(b).

This clause would also insert a new section 3B in the Corporation Tax Act to vary the rate of business levy for Small and Medium Enterprise companies (SME) that are listed on the Trinidad and Tobago Stock Exchange for a period of ten years. The business levy for a listed SME will be calculated at a rate of 0% for the first five years of listing and 50% of the existing rate of business levy for the next five years.

The clause would amend section 6 of the Corporation Tax Act to extend the period of the corporation tax exemption on the interest income generated by First Citizens Bank Limited, RBC Royal Bank (Trinidad & Tobago) Limited, Scotiabank Trinidad and Tobago Limited; and Republic Bank Limited, on loans granted under the Small and Medium Enterprises Loan Guarantee Programme for relief from the COVID-19 restrictions to December 31, 2028.

This clause would also insert a new section 10U in the Corporation Tax Act which would give a research and development allowance equal to 40% of actual expenditure on research and development, up to a maximum of \$3 million.

This clause would also give an allowance to companies that incur expenditure in the conservation or preservation of properties of interest certified by the Minister to whom responsibility of the National Trust of Trinidad and Tobago is assigned. This allowance would be equal to 150% of the actual expenditure incurred by the companies up to a maximum of \$1 million.

The clause would amend the First Schedule of the Corporation Tax Act to allow for a reduction in tax liability, for the income years 2022 and 2023, to manufacturing companies who invest in projects related to information technology, digitization or technology development. Such companies would be subject to corporation tax at the rate of 25% per annum on the first \$100,000.00 invested in each year. This benefit would not apply to petrochemical companies.

The clause would also amend the First Schedule of the Corporation Tax Act to allow for a two-year reduction in tax liability to companies whose core business activity is technology solution and digitization. Such companies would be subject to corporation tax at a rate of 50% on the first \$100,000.00 in income year 2022; and on the first \$200,000.00 in income year 2023.

Clause 9 of the Bill would amend the Petroleum Taxes Act by inserting a new section 26G to give an allowance equal to 30% of actual expenditure, up to a maximum of \$500,000.00, to companies which incur expenditure in carbon capture and storage, and enhanced oil recovery.

Clause 10 of the Bill would amend Schedule 2 of the Value Added Tax Act to zero rate value added tax on a new private electric motor vehicle or a used private electric motor vehicle, which is not older than two years from the date of manufacture.

This clause would also insert new items 49 and 50, in Schedule 2, to zero rate value added tax on certain items that are used by differently-abled persons.

Clause 11 of the Bill would amend the Miscellaneous Taxes Act by inserting a new section 62B to vary the rate of Green Fund levy, for Small and Medium Enterprise companies (SME) that are listed on the Trinidad and Tobago Stock Exchange, for a period of ten years. The Green Fund levy for a listed SME will be calculated at a rate of 0% for the first five years of listing and 50% of the existing Green Fund levy for the next five years.

Clause 12 of the Bill would amend the Customs Act by repealing and replacing section 45B. This would exempt customs duty on a new private electric motor vehicle or a used private electric motor vehicle, which is not older than two years from the date of manufacture.

This clause would also amend Part A of the Second Schedule of the Customs Act to exempt from customs duty certain items that are used by differently-abled persons.

Clause 13 of the Bill would amend the Securities Act to increase the administrative fines from \$500,000.00 to \$5 million.

The clause would also insert a new section 165A in the Securities Act to provide for the criminalization of Ponzi and pyramid-type schemes.

This clause would also amend the Schedule to the Securities Act to reflect the increase in administrative fines from \$500,000.00 to \$5 million and the creation of the new offences, penalties and administrative fines in the new section 165A.

Clause 14 of the Bill would amend the Liquor Licences Act to provide a mechanism for the waiver and refund of fees by 42%, for the year 2020 consistent with the periods of full closure of licensed premises as a result of the Public Health Regulations in 2020.

Clause 15 of the Bill would provide that clauses 5, 7, 8, 9, 10, 11 and 12 come into effect on 1st January 2022.

THE FINANCE (NO. 2) BILL, 2021

Arrangement of Clauses

Clause

1. Short title
2. Chap. 11:19 amended
3. Chap. 11:27 amended
4. Chap. 21:01 amended
5. Chap. 48:50 amended
6. Chap. 51:01 amended
7. Chap. 75:01 amended
8. Chap. 75:02 amended
9. Chap. 75:04 amended
10. Chap. 75:06 amended
11. Chap. 77:01 amended
12. Chap. 78:01 amended
13. Chap. 83:02 amended
14. Chap. 84:10 amended
15. Commencement

BILL

AN ACT to make provisions of a financial nature and
other related matters

[, 2021]

ENACTED by the Parliament of Trinidad and Tobago as Enactment
follows:

1. This Act may be cited as the Finance (No. 2) Act, Short title
2021.

2. The Gambling and Betting Act is amended by Chap. 11:19
inserting after section 29 the following new section: amended

“Waiver and 29A. (1) The fees payable pursuant to
refund of fees paragraph 17(2) of the First Schedule, for
for year 2020

the year ending 31 December, 2020, shall be reduced by forty-two per cent.

(2) Where it is proved to the satisfaction of the Board of Inland Revenue or the Betting Levy Board, as the case may be, that a licence holder paid a fee pursuant to paragraph 17(2) of the First Schedule, for the year ending 31 December, 2020, he shall be entitled to a refund of forty-two percent of the amount paid to the Board of Inland Revenue or the Betting Levy Board, as the case may be.”.

Chap. 11:27
amended

3. The Proceeds of Crime Act is amended in the Second Schedule by inserting after item 24 the following item:

“(25) Offences related to a prohibited scheme under section 165A of the Securities Act”.

Chap. 21:01
amended

4. The Registration of Clubs Act is amended in section 23, by inserting the following subsections:

“(10) The gaming taxes payable for the income year ending 31st December, 2020 shall be reduced by forty-two per cent.

(11) Notwithstanding subsection (6), where it is proved to the satisfaction of the Board of Inland Revenue that the Secretary has paid, on behalf of the members’ club, gaming taxes for the income year ending 31st December, 2020, the club shall be entitled to have forty-two per cent of the taxes so paid, refunded to it.”.

Chap. 48:50
amended

5. The Motor Vehicle and Road Traffic Act is amended—

(a) in the Fourth Schedule, by deleting paragraph 9 and substituting the following:

“9. (1) Notwithstanding paragraph 1, motor vehicles tax shall not be charged, levied and collected in respect of a—

(a) new electric motor vehicle, imported for private use; or

(b) used electric motor vehicle, imported for private use, which is not older than two years from the year of manufacture.

(2) In this paragraph, an “electric motor vehicle” means a motor vehicle, using only an electric motor for propulsion, referred to in the First Schedule to the Customs Act classified under Tariff Heading Numbers—

(a) 8703.90.90; and

(b) 8711.90.90.”; and

(b) in the Ninth Schedule, in paragraph 3, in relation to ‘Goods vehicle carrying excess weight’, by deleting the words “\$750” in the Third Column and “3” in the Fourth Column and substituting the words “\$4,000” and “4”, respectively.

6. The Port Authority Act is amended by inserting Chap. 51:01 amended after section 35, the following section:—

“Exemption
from value
added tax
Chap. 75:06

35A. Notwithstanding anything contained in the Value Added Tax Act, all plant, machinery, appliances, apparatus, equipment and materials of every kind whatsoever, whether acquired locally or imported by the Authority for the purpose of carrying out its functions under this Act, shall be free from value added tax.”.

Chap. 75:01
amended

7. The Income Tax Act is amended—

- (a) in section 11(7), by deleting the words “Lands and Buildings Taxes Act and the Municipal Corporations Act” and substituting the words “Property Tax Act”;
- (b) in section 18A—
 - (i) in subsection (1), by deleting the words “twenty-five thousand dollars” and substituting the words “thirty thousand dollars”;
 - (ii) in subsection (3)(c), by deleting the words “Lands and Buildings Taxes Act and the Municipal Corporations Act” and substituting the words “Property Tax Act”; and
 - (iii) in subsection (4)(b), by deleting the words “twenty-five thousand dollars” and substituting the words “thirty thousand dollars”; and
- (c) in section 28(15), by deleting the words “fifty thousand dollars” and substituting the words “sixty thousand dollars”; and
- (d) in Part II of the Third Schedule, in paragraph (i), by deleting the words “10 per cent” and “5 per cent” and substituting the words “8 per cent” and “3 per cent”, respectively.

Chap. 75:02
amended

8. The Corporation Tax Act is amended—

- (a) in section 3(2)(b), by deleting the words “fifteen percent” and substituting the words “fifty percent of the rate of corporation tax set out in subsection (1),”;

(b) by inserting the following new section:

“Rate of
business levy
for SME
listed
company 3B. (1) Notwithstanding section
3A, the rate of the business levy
for a SME listed company shall be
calculated as follows:

(a) zero per cent, for the
first five years from
listing;

(b) fifty per cent of the rate
of the business levy set
out in section 3A(1), for
the next five years
immediately following
the period referred to in
paragraph (a); and

(c) at the rate of the
business levy set out in
section 3A(1), for the
years immediately
following the period
referred to in para-
graph (b).

(2) For the purposes of this
section, “SME listed company”
means a Small and Medium
Enterprise company listed on the
Trinidad and Tobago Stock
Exchange, namely a company
whose—

(a) minimum issued share
capital is five million
dollars and maximum
issued share capital
does not exceed fifty
million dollars following
the initial public offering;

- (b) minimum and maximum capital base comprises of issued share capital only and does not include retained earnings and accounts transferred from such issued share capital or account;
 - (c) minimum of twenty-five unconnected shareholders own a total of at least thirty per cent of the new issued share capital of the company; and
 - (d) capital is raised with the issuance of an initial public offering to be followed by a listing on the Trinidad and Tobago Stock Exchange no more than sixty days after allotment of the issue.”;
- (c) in section 6(ze), by deleting the words “2026” and substituting the words “2028”;
- (d) by inserting after section 10T, the following sections:

“Research
and
development
allowance

10U. (1) Where in a year of income commencing from 1st January 2022, a company incurs expenditure in engaging in research and development, there shall be allowed as a deduction, in ascertaining the chargeable profits of the company for that year of income, an allowance equal to forty per cent of the

actual expenditure incurred, up to a maximum of three million dollars.

(2) For the purposes of this section, “research and development” means a process intended to create a new or improved product.

Conservation
or
preservation
of property of
interest

10V. (1) Where in a year of income commencing from 1st January 2022, a company incurs expenditure in the conservation or preservation of a property of interest, as certified by the Minister, there shall be allowed as a deduction, in ascertaining the chargeable profits of the company for that year of income, an allowance equal to one hundred and fifty per cent of the actual expenditure incurred, up to a maximum of one million dollars.

(2) For the purposes of this section—

“Minister” has the meaning assigned to it under the National Trust of Trinidad and Tobago Act; and

Chap. 40:53

“property of interest” has the meaning assigned to it under the National Trust of Trinidad and Tobago Act.”; and

(e) in the First Schedule—

(i) in paragraph 1, by deleting the words “and 4” and substituting the words “, 4, 5 and 6”; and

(ii) by inserting the following paragraphs:

“5. (1) Subject to subparagraph (2), for the income years 2022 and 2023, a company engaged in the business of manufacturing shall be subject to corporation tax at the rate of twenty-five per cent per annum on the first one hundred thousand dollars expended on investments in projects related to—

- (a) information technology;
- (b) digitization; or
- (c) technology development,

to advance growth in the manufacturing industry.

(2) This paragraph does not apply to a petrochemical company.

(3) For the purpose of this paragraph, “petrochemical company” means a company which produces chemicals from the cracking or processing of petroleum oil, natural gas or methane.

6. (1) A company whose core business activity is technology solution and

digitization shall be subject to corporation tax at a rate of fifty per cent of the rate specified in paragraph 1 of the First Schedule—

(a) on the first one hundred thousand dollars of chargeable income for income year 2022; and

(b) on the first two hundred thousand dollars of chargeable income for income year 2023.

(2) For the purposes of this paragraph, “technology solution” means a set of related software programmes or services that are sold as a package.”.

9. The Petroleum Taxes Act is amended by inserting Chap. 75:04 amended after section 26G, the following section:—

“Carbon capture and storage and enhanced oil recovery allowance 26H. (1) Where in a year of income commencing from 1st January 2022, a company incurs expenditure in investing in—

(a) carbon capture and storage; and

(b) enhanced oil recovery,

there shall be allowed as a deduction, in ascertaining the chargeable profits of the

company for that year of income, an allowance equal to thirty per cent of the actual expenditure incurred, up to a maximum of five hundred thousand dollars.

(2) For the purposes of this section—

“carbon capture and storage” means technology which prevents or removes carbon emissions from the atmosphere and stores the captured carbon emissions for reuse in manufacture or stores the captured carbon emissions underground or otherwise; and

“enhanced oil recovery” means the increased recovery of crude oil from a reservoir by using various methods, including steam, water flooding or gas injection into an existing oil well.”.

Chap. 75:06
amended

10. The Value Added Tax Act is amended in Schedule 2—

(a) in item 8, by deleting sub-items (2) and (3) and substituting the following sub-items:

“(2) A—

(a) new electric motor vehicle, imported for private use; and

(b) used electric motor vehicle, imported for private use, which is not older than two years from the year of manufacture.

(3) In subitem (2), “electric motor vehicle” means a motor vehicle, using only an electric motor for propulsion, referred to in the First Schedule to the Customs Act classified under Tariff Heading Numbers—

(a) 8703.90.90; and

(b) 8711.90.90.”; and

(b) by inserting after item 48, the following items:

“49. The following items contained in the First Schedule to the Customs Act:

(a) walking canes classified under Tariff Heading Number 6602.00.00;

(b) white canes classified under Tariff Heading Number 6602.00.00;

(c) mobility canes classified under Tariff Heading Number 6602.00.00; and

(d) braille typewriter classified under Tariff Heading Number 8469.00.00.

50. Articles which are exempt from the payment of Customs duty under item 5(d) of Part A of the Second Schedule to the Customs Act.”.

11. The Miscellaneous Taxes Act is amended by Chap. 77:01 amended inserting the following new section:

62B. (1) Notwithstanding section 62, “Rate of Green Fund Levy for SME listed company” the rate of the Green Fund Levy for a SME

listed company shall be calculated as follows:

- (a) zero per cent, for the first five years from listing;
- (b) fifty per cent of the rate of the Green Fund Levy set out in section 62, for the next five years immediately following the period referred to in paragraph (a); and
- (c) at the rate of the Green Fund Levy set out in section 62, for the years immediately following the period referred to in paragraph (b).

(2) For the purposes of this section, “SME listed company” means a Small and Medium Enterprise company listed on the Trinidad and Tobago Stock Exchange, namely a company whose—

- (a) minimum issued share capital is five million dollars and maximum issued share capital does not exceed fifty million dollars following the initial public offering;
- (b) minimum and maximum capital base comprises of issued share capital only and does not include retained earnings and accounts transferred from such issued share capital or retained earnings to a reserved account;

- (c) minimum of twenty-five unconnected shareholders own a total of at least thirty per cent of the new issued share capital of the company; and
- (d) capital is raised with the issuance of an initial public offering to be followed by a listing on the Trinidad and Tobago Stock Exchange no more than sixty days after allotment of the issue.”.

12. The Government Savings Bonds Act is Chap. 78:01 amended— amended

- (a) by repealing section 45B and substituting the following section:

Exemption re: electric vehicles 45B (1) Notwithstanding section 6 and the First Schedule, import duty shall not be imposed in respect of a—

- (a) new electric motor vehicle, imported for private use; and
- (b) used electric motor vehicle, imported for private use, which is not older than two years from the year of manufacture.

(2) For the purposes of this section, “electric motor vehicle” means a motor vehicle, using only an electric motor for propulsion, referred to in the First Schedule to the Customs Act classified under Tariff Heading Numbers—

- (a) 8703.90.90; and
- (b) 8711.90.90.”; and

(b) in Part A of the Second Schedule, in relation to ‘Articles for the Blind and Disabled’, by inserting the following:

*Item No. Goods exempt from payment of
Customs duty*

“5(d) Articles certified by the Minister with responsibility for persons with disabilities as necessary for mentally or physically handicapped persons and admitted as such by the Comptroller.”.

Chap. 83:02
amended

13. The Securities Act is amended—

(a) in section 156A(1), by deleting the words “five hundred thousand” and substituting the words “five million”;

(b) by inserting after section 165, the following section:

“Prohibited
scheme 165A.(1) For the purposes of this Act, “prohibited scheme” means a scheme in which—

(a) a business is structured in such a way that the returns an investor or client earns is directly tied to the number of persons he recruits to join the scheme;

(b) the amount of income a person earns while participating in the scheme depends on his rank in the scheme, where such rank is related to when a person joins the scheme;

- (c) the amount of income a person earns while participating in the scheme is directly tied to or depends on his success in recruiting other persons to join the scheme;
- (d) a person is required to purchase a financial product or financial training offered by the scheme before he can participate in and earn income from the scheme, and neither the product nor the training can be offered for resale to the general public;
- (e) a person is required to pay an advanced fee, either as a lump sum or by instalments, in order to receive a larger financial return which is solely based on the number of persons recruited to the scheme;
- (f) part of the marketing or promotion of the scheme involves an assertion or statement guaranteeing or promising that participation in the scheme will result in returns which far exceeds the returns

offered in the securities market;

- (g) an aggregate public scheme requires contributions to a pool of investment, and guarantees or promises a larger payout based on the number of persons recruited; or
- (h) an investment scheme provides an investor with returns derived substantially from investments made by other investors in the scheme, rather than from genuine profits—
 - (i) whether or not the name “ponzi” is used by any person in connection with the scheme; and
 - (ii) whether or not the scheme limits the number of persons who may participate therein, either expressly or by the application of conditions affecting the eligibility of a person to enter into, or receive compensation under, the scheme.

(2) A person who establishes or operates a prohibited scheme is liable on summary conviction to a fine of ten million dollars and to imprisonment for ten years.

(3) A person who knowingly participates in a prohibited scheme is liable on summary conviction to a fine of five million dollars and to imprisonment for five years.

(4) A person who knowingly advertises or invites another person to join a prohibited scheme is liable on summary conviction to a fine of two million dollars and to imprisonment for three years.”; and

(c) in the Schedule—

(i) in the Fourth Column, by deleting “\$500,000” wherever it appears and substituting “\$5,000,000”; and

(ii) by inserting the following in the appropriate place at the end of the Schedule:

<i>Section</i>	<i>General Description of Offence</i>	<i>Criminal Penalty</i>	<i>Administrative Fine</i>
“165A(2)	Establishes or operates a prohibited scheme	Ten million dollars and to imprisonment for ten years	Up to \$5,000,000
165A(3)	Knowingly participates in a prohibited scheme	Five million dollars and to imprisonment for five years	Up to \$5,000,000
165A(4)	Advertises or invites any other person to a prohibited scheme	Two million dollars and to imprisonment for three years	Up to \$5,000,000”.

Chap. 84:10
amended

14. The Liquor Licences Act is amended in section 20B, by inserting the following subsections:

“(6A) The gaming tax payable for the income year ending 31st December, 2020 shall be reduced by forty-two per cent.

(6B) Notwithstanding subsection (6), where it is proved to the satisfaction of the Board of Inland Revenue that the holder of a licence has paid gaming taxes for the income year ending 31st December, 2020, the holder of the licence shall be entitled to have forty-two per cent of the taxes so paid, refunded to him.”.

Commencement

15. Sections 5, 7, 8, 9, 10, 11 and 12 of this Act comes into effect on the 1st day of January 2022.

Passed in the House of Representatives this
day of _____, 2021.

Clerk of the House

I confirm the above and certify that this is a Money Bill.

Speaker

Passed in the Senate this _____ day of _____,
2021.

Clerk of the Senate

I confirm the above.

President of the Senate

No. 12 of 2021

SECOND SESSION
TWELFTH PARLIAMENT
REPUBLIC OF
TRINIDAD AND TOBAGO

BILL

AN ACT to make provisions of a financial
nature and for other related matters

Received and read the

First time

Second time

Third time