



2024
BUDGET
REVIEW

“Building capacity for diversification and growth”



Our Values



Collaboration

Ask for help, give help
We work well together

Leadership

Have courage and inspire others
We challenge each other
to be the best we can be

Excellence

Find a better way every time
We never get complacent

Agility

Think broadly, act quickly
We thrive in change

Respect

Listen and understand,
be forthright
We create honest relationships

Responsibility

Use influence wisely
We own our actions

Global Reach



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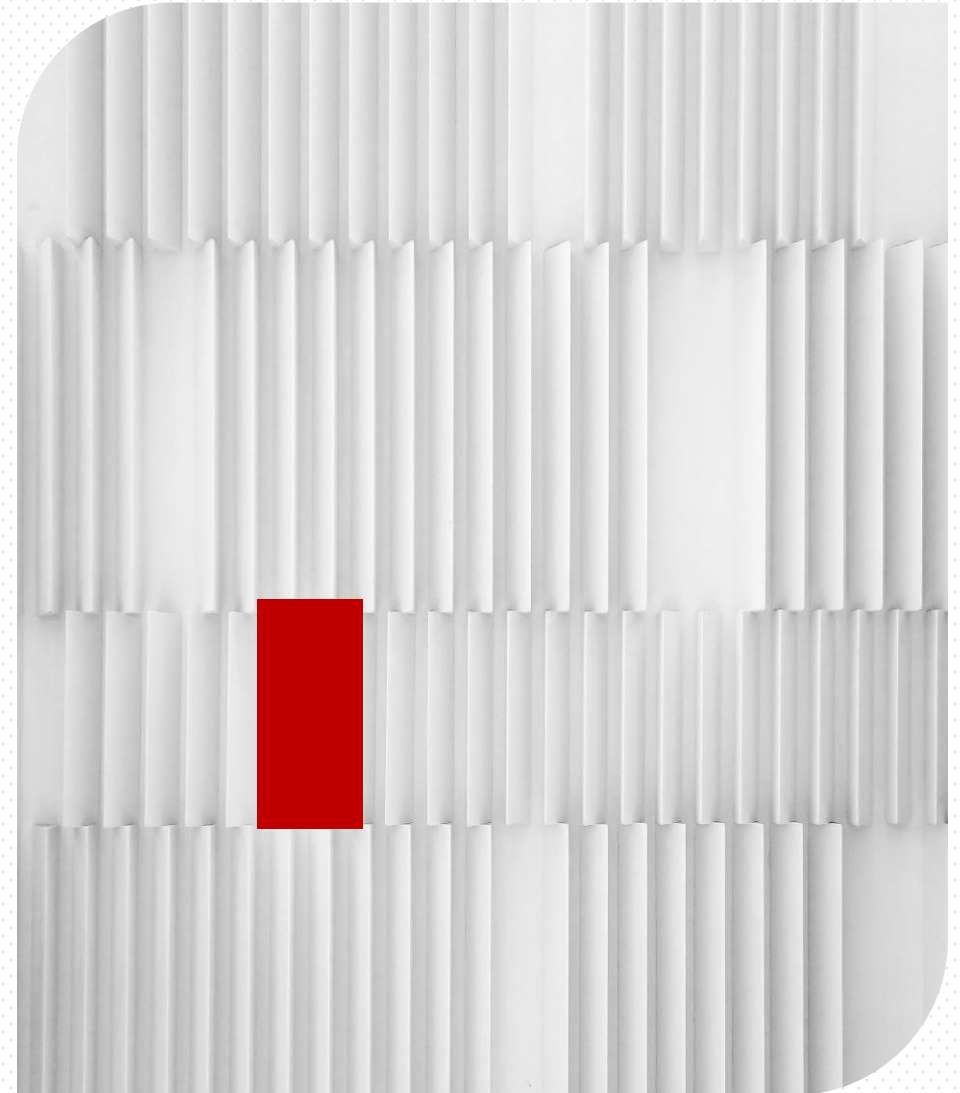
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Caveat

This review and its content do not constitute advice. Clients should not act solely on the basis of the material contained in this publication. It is intended for information purposes only and should not be regarded as specific advice. In addition, proper consultant should be obtained prior to taking action on any issue dealt with in this update.



Message from our Managing Partner

Message from our Managing Partner

The Budget statement for the year 2024 was laid in Parliament on October 2, 2023, and is the ninth budget of the current administration's term in office. It comes at a time when the global economy continues to face heightened inflation, weak growth prospects and significant uncertainties.

The theme of this year's presentation is "***Building Capacity for Diversification and Growth***". This theme we believe is fitting based on the current state of development of our country. The Minister of Finance has stressed, that this is in keeping with Government's agenda of creating an economy that whilst small should be able to withstand significant shocks from outside influences primarily in the energy sector.

In addition to the Budget statement, the Honourable Minister also laid the Estimates of Revenue and Expenditure, The Public Sector Investment Program and the Review of the Economy.

The Honourable Minister's presentation outlines several initiatives addressing infrastructure, social development and changes in fiscal measures. Our team has summarized these initiatives in this document which we trust will provide an effective summary that you can refer to and consider in planning for the year ahead.



Nicole Lawrence

Managing Partner,
Grant Thornton ORBIT Solutions Limited

Budget Commentary

Budget Commentary

“Building capacity for diversification and growth”

At the reading of the ninth Budget of the Administration, the Honourable Finance Minister, took the opportunity to thank the Honourable Prime Minister for the privilege of being assigned the portfolio of Minister responsible for Finance to manage the fiscal affairs of Trinidad and Tobago (“T&T”) since the Administration assumed office in September 2015. He further recognized that although the Government was confronted with exceptional and challenging difficulties over the past eight (8) years due to the collapse in oil and gas prices, they acted decisively with a well-focused and targeted approach within a medium-term framework.

The Honourable Minister expressed that although the economic and financial conditions for anchoring economic growth was duly established and positive results were emerging, the Government could not have foreseen the worldwide catastrophe which derailed the country’s hard-won economic gains such as the COVID-19 Pandemic which engulfed the global economy in March 2020 and the Russian invasion of Ukraine in February 2022. With positive indicators appearing, there are still many factors that mitigate against these and render the global recovery fragile and uncertain. The Minister further revealed that while oil, gas and petrochemical prices stay extremely volatile, climate change and the move towards the use of renewable energy and away from fossil fuels are gaining more importance.



Budget Commentary

“Building capacity for diversification and growth”

Bearing this in mind he advised as a priority we must continue to build and develop our non-energy sector while strengthening and preserving our aging energy sector. It was noted that the Budget 2024 was prepared in the context of continuing to take the economy forward and on this backdrop the Honourable Minister announced the theme for this year’s Budget Statement *“Building Capacity for Diversification and Growth”* within a world of challenges.

The Honourable Minister highlighted that in July 2023, the World Economic Outlook forecast that global growth would be approximately 3 percent in 2023 and 2024 and global inflation is expected to decrease from 8.7 percent in 2022 to 6.8 percent in 2023 and 5.2 percent in 2024. He further expressed while these metrics would give the Government the space to take advantage of the opportunity to power the economy forward, we must understand that in driving the economic and reform, agenda turbulence will be building below the surface as the situation is very fragile.

Adjustment in our public debt shows a steady decrease from 79.5 percent of GDP in 2021 to 66.6 percent of GDP in 2022 with an estimate to reach 70.9 percent at the end of 2023. These results show a positive effect on the country’s debt to GDP which the Honourable Minister expressed that the Government is confident that they can keep the country’s debt at soft target level. This decrease has now put us well below many of our peers in the Region.



Budget Commentary

“Building capacity for diversification and growth”

In keeping with the medium-term policy framework, the Government will continue to anchor planning efforts and reinforce fiscal and debt sustainability, with the energy sector still being the primary growth regime in the near and medium term. Concerning the challenges faced in the global economy and their negative impact on T&T, the Minister conveyed our fiscal sustainability is being reinforced and fiscal situation has been improving. He further expressed for the first time in more than 10 years, the Government recorded a fiscal surplus in 2022 of 0.6 percent of GDP. It is also expected that the fiscal outturn will remain within a range of 3 percent of GDP (the international benchmark) over the period 2023 – 2025 as the Government closely manage energy revenues while staying strongly focused on improving public spending efficiency, preserving support for the vulnerable and protecting essential capital spending.

The Honourable Minister highlighted that after more than 2 decades, the Trinidad and Tobago Revenue Authority Act 2021 became partially operational enabling the Authority to function according to its mandate. Since the partial proclamation of certain sections of the Act in March 2022 the TTRA has appointed a Board of Management who has since submitted its 3-year strategic plan for the period 2023-2025, which includes a 3-year roadmap and a detailed operational plan for year 1. It was also communicated that the Government anticipates a smooth merger for the Board of Inland Revenue and Customs and Excise Divisions and once the TTRA is in place the focus will be on maximizing revenue mobilization.



Budget Commentary

“Building capacity for diversification and growth”

On the long outstanding topic of the Trinidad and Tobago Special Economic Zones Authority (TTSEZA) it was expressed that the Special Economic Zones are now being completed, including a comprehensive investment incentive framework and a Special Economic Zone Authority to regulate the regime. Regarding the development of the Property Tax regime, the Honourable Minister pointed out that the Government is on track to begin collection of property tax in Fiscal 2024. He indicated that the Government is at an advance stage of operationalizing the property tax regime which will bring Trinidad & Tobago into the modern era.

It was further shown that upon proclamation of the relevant sections of the legislation residential taxes will be collected by the 2 cities, 5 boroughs and 7 corporations for usage on the provision of services to the benefit of citizens within the 14 municipalities. The Country’s foreign exchange crisis is also on a high priority for the Government and the Honourable Minister will continue to engage with the Central Bank, the Chambers of Commerce and the commercial Banks to address the demand for small businesses who are most at risk.

Notwithstanding the need to shift from being energy dependent, Trinidad and Tobago will continue to rely on energy for its main source of revenue in the near term. The changing dynamics of global energy markets with associated shifts in demand and supply balances for oil and gas, the Government consistently reviews oil and gas prices in the global markets to ensure that under normal conditions the energy revenue estimates are made using reliable assumptions for oil and gas prices are when formulating the budget.



Budget Commentary

“Building capacity for diversification and growth”

Based on an in-depth analyses undertaken by the International Energy Association on the outlook for oil and gas prices, it is forecasted that oil prices will range between US\$70 to US\$93 per barrel of WTI and US\$74 to US\$97 per barrel for Brent Crude Oil for the period 2022-2023 before dropping to US\$90 per barrel for the period 2024. On the other hand, the US Energy Information Administration (“USEIA”) outlook estimates the price of Brent Crude oil in 2024 at US\$88 per barrel. Considering the foregoing, the Government has based its budget 2024 at US\$85 per barrel of oil and natural gas price at US\$5.00 per MMBtu. Using these estimates, the Government projects fiscal revenue for the year 2024 of TT \$54.012 billion and total expenditure of TT\$59.209 billion resulting in a fiscal deficit of T\$5.197 billion.

The budgeted revenue for fiscal year 2024 of TT\$54.012 billion was based on the projected assumptions that the country will generate Oil Revenue of TT\$16.709 billion, Non-oil Revenue of TT\$35.547 billion and Capital revenue of TT\$1.756 billion. He further mentioned that the Government is confident that the estimates under the budget framework would materialize and ensure the economic recovery is anchored on sound and stable macroeconomic conditions. It was further expressed that he expects the non-energy sector to expand and advance the diversification agenda. On this backdrop the Honourable Minister announced several fiscal measures which follows.



The background features a close-up of a black calculator with white keys (6, 3, 1, +, =, .) in the lower-left corner. A silver pen with a black grip lies diagonally across a white spreadsheet with a grid pattern in the upper-right. The spreadsheet contains numerical data, including a row with values 25, 28, 31, 34, 37, 40, 43, 46, 49, 52, 55, 58.

Budget Highlights

Budget Highlights

Total Revenue

TT \$ 54.012 B

Oil	Non-Oil	Capital
TT \$ 16.709 B	TT \$ 35.547 B	TT \$ 1.756B

Fiscal Deficit

TT \$ 5.197 B

2.7% of GDP

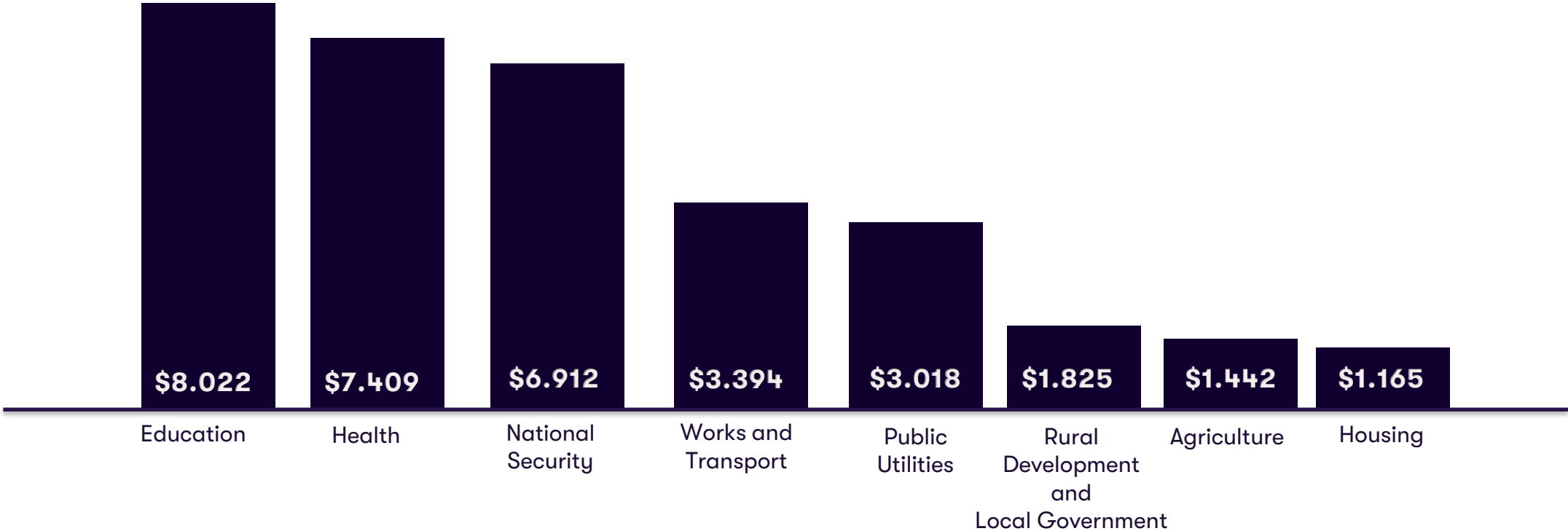
Total Expenditure

TT \$ 59.209 B

The budget is based on an expected oil price of US\$85 per barrel and Natural Gas price of US\$5.00 per MMBtu*

Budget Highlights - continued

2024 Budget Allocations (in Billions)



Budget Highlights - continued



Economic growth is forecasted to remain at **2.7%** of GDP for 2024 based on the growth of the energy and non-energy sectors by 2.4% and 2.6% respectively.



Inflation is projected to **decline** from 5.1% in fiscal year 2023 to 3.4% in fiscal year 2024.



Public Sector Debt is projected to be less than **75%** of GDP in fiscal year 2024.



Import cover remains constant at **8 months**.



The allocation to the Tobago House of Assembly increased to \$2.585bn; **an increase of \$64.2 million** or **2.5%** from fiscal year 2023.



The collection of property tax will become **effective** in fiscal year 2024.



\$1.36 billion in revision of wages, salaries and allowances to be paid in fiscal year 2024.



Grants of **\$1,000** for the purchase of books and school supplies will be provided to Primary and Secondary students.



A new SME forex facility to be implemented within the next **6 months**.



The Trinidad & Tobago Accommodations Upgrade Project to undertake several tourism initiatives in fiscal year **2024**.

Budget Highlights - continued



One-time tax-exempt lump sum payment of \$4,000 to be issued to persons who retired between 2014 to 2016.



A comprehensive special economic zones incentive framework and authority is being finalized.



Transfer pricing regime under development to aid in eliminating double taxation treaties and cross broader trade.

Fiscal and Other Measures

Fiscal and Other Measures



The Government proposes to increase the minimum wage from **\$17.50 to \$20.50 per hour**, an increase of \$3.00 per hour. This measure is aimed at minimizing the socio-economic imbalance in the country and to stimulate consumer spending resulting in economic expansion.

This initiative will benefit approximately 190,000 persons in the workforce and will take effect from **January 1, 2024**.



The Government proposes 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. The measure is intended to encourage the enhancement of these schools to ensure that access to and delivery of education are promoted.

This measure will take effect on **January 1, 2024**.

Fiscal and Other Measures - continued



In respect of export sales only, manufacturing companies whose gross receipts falls within the **30% tax bracket** will be exempt from Business Levy charges. This measure applies to companies whose tax liability falls within the business levy threshold. It envisaged that it will assist local manufacturing businesses who engage in exports.

The measure will take effect from **January 1, 2024**, at an estimated tax loss of \$20 million annually.



The Government proposes to increase the supplemental petroleum tax rate for any mature marine or small marine oil fields **from 20 percent to 25 percent**. This measure aims to encourage smaller oil producers and lease operators in small and mature marine oil fields to incentivize further production increasing the discount on the Supplemental Petroleum Tax (SPT) payable.

In addition, the SPT regime for small shallow water producers will be adjusted with a new threshold of **\$75 per barrel**. Suitable adjustments will be made where feasible, to the Capital Expenditure Allowances for small shallow water producers.

These measures will take effect on **January 1, 2024**.

Fiscal and Other Measures - continued



A Cybersecurity Investment Allowance of up to **\$500,000** was introduced for companies which incur expenditure in respect of investment in cybersecurity software and network security monitoring equipment. This measure is intended to incentivize companies in making investment in cybersecurity for a period of two (2) years from **January 1, 2024, to December 31, 2025**.

This measure will result in an estimated tax loss of \$8 million.



The Government proposes to amend the tax legislation with respect to deductions by disallowing expenditures incurred in earning exempt income, subject to specific provisions of the tax law stating otherwise.

This measure is anticipated to yield approximately **\$75 Million** in tax savings and will become effective **January 1, 2024**.

Fiscal and Other Measures - continued

Tourism Accommodation

7

The Honourable Minister expressed that under the Tourism Accommodation Upgrade Project (TAUP), 6 applications for reimbursements relating to hotel upgrades are now being processed.

The Government is currently delivering assistance through the Government loan programme to **three (3) ongoing projects** as follows:

- Financial Complex Suites Limited (Trade name Radisson Blue)
- The Radisson Trinidad
- The Bella Forms Resorts Limited (Trade name Coco Reef Resort and Spa)

He further indicated that a 4-year property improvement plan has been implemented for the Hilton Trinidad and Conference Center, which upon completion will enhance the overall attractiveness of Port of Spain as a location for business tourism.

The (TAUP) incentive which expired on September 30, 2023 will be reinstated from **November 1, 2023 for another 3 years** .

About Us

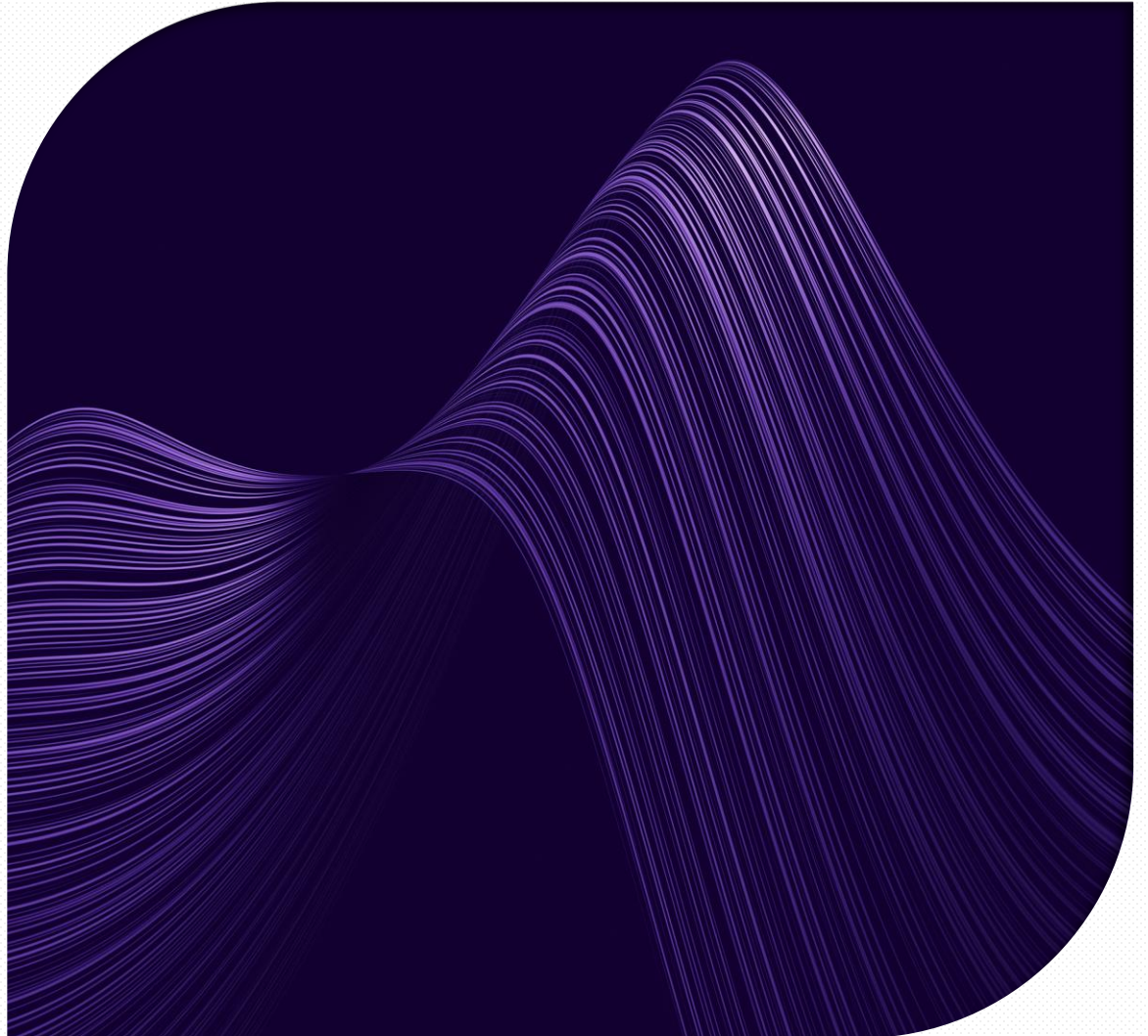
About Us

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The background of the slide features a series of high-voltage power line towers silhouetted against a dramatic sunset sky. The sun is low on the horizon, creating a warm, golden glow that illuminates the clouds and the lower parts of the towers. The towers are arranged in a perspective that leads the eye from the foreground towards the background. The overall mood is industrial yet serene.

Our Services

Our Services

Our professionals can help at every stage of your company's growth cycle - incorporation of the entity, registration with Government agencies, tax compliance and advisory services and audit of financial statements. As a member firm of Grant Thornton International Ltd, we can work together with other Grant Thornton member firms around the globe to provide business support that will allow you to attain your goals.

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- Internal audits
- Financial reporting advisory
- International financial reporting standards advisory
- Special purpose audits

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- Fully outsourced solutions
- Financial and management reporting
- Cash flow forecast
- Compilation of financial statements in accordance with IFRS and IFRS for SMEs
- Treasury management and accounts payable
- Accounting advisory services

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- Recruitment and selection
- Severance packages
- Employment tax issues
- Pensions and benefits
- Leave management
- Maintaining personnel records
- Provide advisory with regards to due diligence
- Advisory

Our Services - continued

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Payroll Outsourcing Services

- Payroll data processing and remittance
- The monthly calculation of the statutory deductions
- Ensuring that all remuneration and statutory deductions are remitted
- Facilitation of filed audits from the respective statutory agencies
- Severance packages
- Employment tax issues
- Pensions and benefits
- Preparation of TD4 slips

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- Preparation tax returns
- Rendering tax opinions on various domestic and regional transactions
- Advising on property transfer tax and stamp duties
- Advising on tax issues relating to mergers and acquisitions
- Advising tax legislations and laws
- Advising local and international clients on the implications of Value Added Tax; and other indirect taxes.
- Companies and individual BIR, VAT and NIS registrations

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- Setting up of Legal Entities
- Preparation and filing of documentation for both local and external companies
- Preparation and filing of Fundamental Changes for external companies
- Annual Company Management (ACM) services
- Maintenance of Statutory Registers
- Preparation of De-registration and Liquidation documentation
- Amalgamations, Corporate Restructuring and Companies Act advisory



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Trinidad and Tobago Office Contacts



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Our Regional Offices

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Message from our Tax Team

Message from our tax team

While tax laws change frequently, our tax compliance and consulting teams are ready to help you understand Trinidad and Tobago's tax system.

We are committed to keeping you abreast of developments that may affect the way you do business in Trinidad and Tobago.

Please contact us for assistance in relation to the commentary in this newsletter or any other matter, we will be pleased to assist you.



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