PwC TT
Tax News Alert

Finance Act 2019

January 2020

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Individual Measures

INDIVIDUAL MEASURES					
Measure	**Legislative reference**	**Effective up to December 31, 2019**	**Effective from January 1, 2020**	**Note**	**Comment**
Personal allowance on goods for personal use brought into T&T by passengers	Customs Act - Second Schedule Item 6(aa)(5)	Allowance of TT$3K	Allowance of TT$5K		
Tax credit on solar water heating equipment purchased by individual for private use	Income Tax Act - Section 48M	Tax credit of 25% of cost of equipment up to a maximum of TT$10K	Tax credit of 100% of cost of equipment up to a maximum of TT$10K		Measure in support of an energy efficiency drive. The increase in the tax credit is aimed to act as an incentive to individuals to purchase solar water heating equipment and thus reduce the consumption of electricity generated by natural gas.
Increase on amount payable to nominee/ legal representative of deceased	Cooperative Societies Act - Section 41(3)	Sum payable by cooperative society to nominee/ legal representative of deceased not treated as subject to inheritance laws capped at $5K	Sum payable by cooperative society to nominee/ legal representative of deceased not treated as subject to inheritance laws capped at $50K		

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Corporations

CORPORATIONS					
Measure	**Legislative reference**	**Effective up to December 31, 2019**	**Effective from January 1, 2020**	**Note**	**Comment**
Promotional allowance	Corporation Tax Act- Section 10B(3)	Allowance of 150% of promotional costs incurred, granted upon exportation of goods to countries other than CARICOM countries listed in Sixth Schedule	Allowance of 150% of promotional costs incurred, granted upon exportation of goods, agricultural products and services in the case of (i) export outside of CARICOM countries listed in Sixth Schedule and (ii) (ii) first time export to CARICOM countries listed in Sixth Schedule		Move in support of export. Allowance now also includes CARICOM countries for first time exports.
Promotional allowance	Corporation Tax Act- Section 10B(6)	Promotional allowance not applicable to expenses incurred in: i) petroleum operations ii) exports of services, goods and agricultural produce to CARICOM countries listed in Sixth Schedule	Promotional allowance still not applicable to expenses incurred in petroleum operations. However wording of the provision updated to make it clear that allowance granted on exports of services, goods and agricultural produce to CARICOM countries listed in Sixth Schedule based on the parameters set in Section 10B(3).		

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CORPORATIONS					
Measure	**Legislative reference**	**Effective up to December 31, 2019**	**Effective from January 1, 2020**	**Note**	**Comment**
Art and culture allowance	Corporation Tax Act - Section 10G(1) and 10L(1)	Deduction of expense incurred up to a maximum of TT$3m	Deduction of expense incurred up to a maximum of TT$6m	[1] Aggregate of all claims restricted to TT$6m (2019: TT$3m)	Measure in support of diversification of the economy.
Sporting allowance	Corporation Tax Act - Section 10I(1) and 10L(1)	Deduction of expense incurred up to a maximum of TT$3m	Deduction of expense incurred up to a maximum of TT$6m	[1] Aggregate of all claims restricted to TT$6m (2019: TT$3m)	Measure in support of diversification of the economy.
Audio/Visual/Video production allowance	Corporation Tax Act- Section 10J and 10L(1)	Allowance of 150% of expense incurred up to a maximum of TT$3m	Allowance of 150% of expense incurred up to a maximum of TT$6m	[1] Aggregate of all claims restricted to TT$6m (2019: TT$3m)	Measure in support of diversification of the economy.
Production company allowance	Corporation Tax Act - Section 10K	Allowance of 150% of expense incurred up to a maximum of TT$3m	Allowance of 150% of expense incurred up to a maximum of TT$6m		Measure in support of diversification of the economy.
Fashion allowance	Corporation Tax Act - Section 10Q	Allowance of 150% of expense incurred up to a maximum of TT$3m	Allowance of 150% of expense incurred up to a maximum of TT$6m	[1] Aggregate of all claims restricted to TT$6m (2019: TT$3m)	Measure in support of diversification of the economy.
Environmental tyre tax	Miscellaneous Taxes Act- Section 27D(3)	Environmental tax imposed only in tyres imported into T&T with the following tariff numbers: (a) 4012.20.10; (b) 4012.20.90; and (c) 4012.20.00	Environmental tyre tax imposed on all imported tyres		

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Insurance Companies

INSURANCE COMPANIES NB: This is the only measure of the Act which will not be effective from Jan 1, 2020. The effective date will be as fixed by the President by Proclamation. It is anticipated to be in line with the proclamation date of the Insurance Act, 2018.					
Measure	**Legislative reference**	**Effective up to December 31, 2019**	**Effective from date fixed by President**	**Note**	**Comment**
Taxation of insurance companies – **a) other than Long Term business of non-resident assurance company**	Corporation Tax Act - Fourth Schedule paragraph 1(1) and paragraph 5(1)	Profits chargeable to tax in T&T are profits directly or indirectly accruing or derived from T&T as ascertained from the "revenue account".	Profits chargeable to tax in T&T are profits directly or indirectly accruing or derived from T&T as ascertained from the "policy account".		In practice there is no change to the requirement to prepare accounts supporting the various lines of business carried out by the company. The objective of the legislative change is mainly to remove the reference to the older version of the Insurance Act.
Taxation of insurance companies – **a) other than Long Term business of non-resident assurance company**	Corporation Tax Act - Fourth Schedule paragraph 1(1) and paragraph 5(1)	"Revenue account" defined as "revenue account required to be kept under section 45 of the Insurance Act, 1966 Section 45 of the Insurance Act, 1966 required the preparation of a revenue account in respect of long term insurance business and a revenue account in respect of any insurance business other than long term insurance business.	"Policy account" refers to accounts used in accordance with financial reporting standards to account for investment income attributable to policyholders.		In practice there is no change to the requirement to prepare accounts supporting the various lines of business carried out by the company. The objective of the legislative change is mainly to remove the reference to the older version of the Insurance Act.

INSURANCE COMPANIES

NB: This is the only measure of the Act which will not be effective from Jan 1, 2020. The effective date will be as fixed by the President by Proclamation. It is anticipated to be in line with the proclamation date of the Insurance Act, 2018.

Measure	Legislative reference	Effective up to December 31, 2019	Effective from date fixed by President	Note	Comment
Taxation of insurance companies – **b) taxation of long term business**	Corporation Tax Act - Fourth Schedule paragraph 3(1)	Profits taxable are profits derived from the investment of the "Statutory Fund"	Profits taxable are profits on the "assets supporting liabilities to T&T policyholders as required under Section 83(2) of the Insurance Act 2018". These profits are credited to the policy accounts and included in the insurance reserves		With the disbanding of the Statutory Fund under the Insurance Act 2018, the fiscal regime could no longer be pegged on investment income derived from the Statutory Fund. The methodology for the calculation of the tax however remains largely unchanged since tax is calculated on the investment income derived from the assets supporting the liabilities to T&T policyholders, which in effect is largely the equivalent of the income previously generated from the Statutory Fund.
Taxation of insurance companies – **b) taxation of long term business**	Corporation Tax Act - Fourth Schedule paragraph 3(1)	"Statutory Fund" has the meaning ascribed to it in section 2 of Insurance Act 1966, except that it includes authorised and paid up share capital of the company [1]	Section 83(2) of the Insurance Act 2018 provides that "an insurer shall maintain and hold adequate assets to support its liabilities to T&T policyholders [2]		

INSURANCE COMPANIES NB: This is the only measure of the Act which will not be effective from Jan 1, 2020. The effective date will be as fixed by the President by Proclamation. It is anticipated to be in line with the proclamation date of the Insurance Act, 2018.					
Measure	**Legislative reference**	**Effective up to December 31, 2019**	**Effective from date fixed by President**	**Note**	**Comment**
Taxation of insurance companies – **b) taxation of long term business**	Corporation Tax Act - Fourth Schedule paragraph 5(1)	"foreign long term insurance fund" refers to (i) fund representing liabilities in respect of long term business where the policyholders and annuitants reside outside of T&T and that the proposals were made to them/ contracts granted to them by a branch or agency outside of T&T or (ii) that portion of the Statutory fund that represent the liabilities under such policies	definition of "foreign long term insurance fund" remains the same except that the term "Statutory fund" is replaced by the term "policy account"		As advised above, with the disbanding of the Statutory Fund under the Insurance Act 2018, the fiscal regime could no longer be pegged on investment income derived from the Statutory Fund. The methodology for the calculation of the tax however remains largely unchanged. According to the Fourth Schedule paragraph 3(1), where the long term business income is earned from contracts where the policyholders/ annuitants reside outside T&T and that the contracts were made/ granted by a branch or agency outside of T&T, tax is still charged on the investment income derived from the foreign long term insurance fund. That fund simply comprises of the liabilities supporting that foreign business.

[1]Section 2 of the Insurance Act, 1966 defines the term as referring to the statutory fund to be maintained under Section 28 of that Act. Section 28 requires that a company carrying on long term insurance business place in trust in T&T assets equal to its liability and contingent reserves with respect to its T&T policyholders as established by the revenue account of the company for the last preceding financial year.

[2]Profits of "foreign insurer" for purpose of Section 281 of Insurance Act 2018 are profits of the assets supporting liabilities to T&T policyholders. These profits are credited to the policy account and included in the insurance reserves reported to CBTT.

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Petroleum Companies

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PETROLEUM COMPANIES NB: Oil and Gas Production Companies.					
Measure	**Legislative reference**	**Effective up to December 31, 2019**	**Effective from January 1, 2020**	**Note**	**Comment**
Tax Losses -Tax loss incurred in the year of income can be carried forward and off-set against chargeable income of succeeding years.	Income Tax Act - Section 16	No restriction – 100% relief	Restriction - 75% relief		This measure is aimed at increasing the collection of taxes from the energy sector. Its effectiveness will depend on the quantum of such companies who currently have tax losses and the volume of these.
Investment Tax Credit - In computing Supplemental Petroleum Tax (SPT), a tax credit is allowed in respect of capital expenditure incurred on approved development activity in Mature marine/land oil fields and Enhanced Oil Recovery Projects.	Petroleum Taxes Act – Section 26(1)	20% Tax Credit	25% Tax Credit		The measured is aimed at increasing the cash flow of companies who operate in mature oil fields and perform enhanced oil recovery projects.

PETROLEUM COMPANIES NB: Oil and Gas Production Companies.					
Measure	**Legislative reference**	**Effective up to December 31, 2019**	**Effective from January 1, 2020**	**Note**	**Comment**
Capital Allowances- Applies to both Tangible and Intangible capital expenditure.	Income Tax (In Aid of Industry) Act – Sections: 16(1B), 17A(2), 23, 24(1),	Year 1 - Initial Allowance 50%; Year 2 - Allowance 30% of expenditure incurred; Year 3 - Allowance 20% of expenditure incurred.	Straight-line basis over five years (20% per annum)	Income Tax (In Aid of Industry) Act – Sections: 16(1B), 17A(2), 23, 24(1),	This measure is aimed at increasing the collection of taxes from the energy sector via an extension in the write off period for capital expenditure.
Capital Allowances- Unrelieved balances	Income Tax (In Aid of Industry) Act – Sections: 17A(3) and 24(2)	Unrelieved Tangible expenditure brought forward as at 31 December 2013 will continue to be calculated in the manner in which it was calculated prior to January 1, 2014. Unrelieved Intangible expenditure brought forward as at 31 December 2013 will be will be calculated on a 20% straight line basis	Unrelieved Tangible and Intangible expenditure brought forward as at 31 December 2019 will continue to be calculated in the manner in which it was calculated prior to January 1, 2020 (see above for rates applicable, i.e. in column effective up to Dec 31, 2019)		

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