



Incentives to Investing in Trinidad & Tobago



Incentives – Agro-processing

The Government of Trinidad and Tobago supports agriculture through a combination of incentives to agricultural producers and support for research and infrastructure.

Agro-processing Incentives offered by the Government include rebates of:

- 50% of the cost of establishing approved facilities for Agro-Processing of approved commodities to a maximum of \$50,000.
- 50% of the cost refurbishing of approved facilities for Agro-Processing of approved commodities to a maximum of \$20,000.
- 50% towards the cost of packaging material to a maximum of \$15,000 annually.
- 40% of the cost of Hazard Analysis and Critical Control Points (HACCP) upgrade to a maximum of \$40,000.
- 100% of the cost of establishing a New Cocoa Estate, to a maximum of \$6,000 per Hectare

- 100% of the cost of rehabilitating an Existing Cocoa Estate, to a maximum of \$4,000 per Hectare.

Post-harvest and Marketing Incentives are also offered and include rebates of:

- 40% of the cost of establishing approved post-harvest facilities to a maximum of \$10,000.
- 50% towards the cost of packaging material up to a maximum of \$4,000.
- 50% towards the cost of post-harvest equipment up to a maximum of \$30,000.
- 30% towards the cost of a New Chill facility up to a maximum of \$30,000.
- 40% of the cost of HACCP upgrade to a maximum of \$40,000.

Incentives – Industrial/Technology

Fiscal Incentives Act.

- Exemption from **CUSTOMS DUTIES** on the construction of an approved project.
- Exemption from **VALUE ADDED TAX**.
- Exemption from **INCOME TAX** on dividends or other distribution, other than interest, out of profits or gains derived from the manufacture of the approved product during the tax holiday period.

The Income Tax (In Aid of Industry) Act.

Where a person carrying on a trade incurs capital expenditure on the provision of machinery or plant for the purposes of that trade, there shall be made to him, for the year of assessment in the basis period for which the expenditure is incurred, **AN ALLOWANCE** (in this Part referred to as “an initial allowance”) **EQUAL TO 90% OF THE EXPENDITURE INCURRED** in the provision of machinery and plant for the purposes of that trade.

Corporation Tax Act.

- A tax allowance set at 150 percent up to \$3 million will be provided to businesses that invest in tech start-ups and new tech businesses
- A tax allowance set at 150 percent up to \$3 million will be provided to businesses that engage in technology solutions and digitalization
- A tax allowance set at 150 percent up to \$3 million will be provided to businesses that create employment in the technology industry, particularly for young people.

The Customs Act.

- Exemptions from Customs Duties on raw **MATERIALS**, **MACHINERY** and **EQUIPMENT** and in some cases **PACKAGING MATERIAL** based upon the provisions of the Third Schedule of the Customs Act, Chapter 78:01 (as amended).

Incentives – Manufacturing

Import Concessions

Companies can import packaging materials via the Second Schedule of the **Customs Act** duty-free, based on certain conditions. An extract of the Second Schedule is provided below:

- Goods of all kinds including labels (except those goods that the Comptroller identifies as being manufactured in the country) which are imported for use exclusively in the manufacture or repair of containers or parts thereof, and will form part of, containers for packing or packaging any produce or manufacture of the country subject to such conditions as to the keeping or rendering of accounts, in respect of the use or disposal of such goods as the Comptroller may require.
- Containers (including and fashioned parts thereof) of such description or for use in such undertakings as the Government may from time to time approve, subject to such conditions in respect of disposal of such containers including component and fashioned parts thereof as the Comptroller may require.

Duty-free Treatment

Manufacturing enterprises are allowed certain duty-free treatment based upon the provisions of the Third Schedule of the Customs Act, Chapter 78:01 (as amended). These concessions are discretionary and require application to the Ministry of Trade and Industry (MTI). Under the provisions of the Third Schedule of the Customs Act, a company can benefit from duty exemptions on:

- Raw materials
- Machinery
- Equipment
- Packaging materials

The application can be done via TTBizLink.

Incentives – Manufacturing

Fiscal Incentives

An approved enterprise, which must be a locally incorporated resident corporation, may be granted an exemption from corporation tax for a period of up to 10 years, depending on the category under which it is approved. Exemption may be total or partial.

Subject to approval, profits may be distributed tax free to shareholders, except in the case of certain non-resident shareholders, where the relief is restricted to the amount of tax that exceeds their liability in their country of residence.

Net losses during the tax holiday period (i.e. the excess of total losses over total profits) may be carried forward for set-off without limitation for five years from the end of the tax holiday period, after which the normal set-off provisions for losses apply.

Amendments to the Corporation Tax Act for SMEs

These amendments include:

- An increase in the incentive period from 5 years to 10 years;
- A full tax holiday for the first five years following listing on the Trinidad and Tobago Stock Exchange instead of the current reduced corporation tax rate of 10%; and
- A 50% tax holiday for the next five years following listing on the TTSE.

Value Added Tax (VAT) Waiver on Imported Construction Material for Approved Building Projects

This entails the removal of VAT on the importation of building materials to be used exclusively in connection with approved building projects, except for certain items such as road paving and aggregate material.

Incentives – Manufacturing

EXIM Bank Forex Facility

The EXIM Bank Forex Facility which was launched in 2018 is targeted to export manufacturers with an annual revenue of TTD \$50K - \$100M. Eligible applicants can purchase U.S. currency for the following:

- Raw material purchases
- Shipping Line Costs
- Equipment and machinery purchases.

Promotional Expenses Allowance

Promotional expenses incurred by local firms to promote the expansion of existing markets and/or the creation of new ones for the export of specified services or locally produced goods are tax deductible as an expense at 150% of the actual outlay. Tax-deductible promotional expenses are defined as those expenses incurred in respect of specified services or goods produced in Trinidad and Tobago. This includes such items as advertising in foreign markets and participation in trade fairs and missions.

Research and Development Facility under exportTT

The Research and Development Facility is a grant fund to provide financial support to the non-energy manufacturing and services sector. The aim of the project is to stimulate and support investment in new and advanced technology and innovation as a competitiveness enhancement tool for enterprises in the non-energy manufacturing and services sectors. (Source: exportTT's website www.export.co.tt)

Export Booster initiative under the Ministry of Trade and Industry

The objective of the initiative is to promote the exports of manufactured goods. The Export Booster Initiative is made up of 16 initiatives under three broad strategic areas: Export Promotion (Accelerating Internationalisation); Capacity Building; and Institutional Strengthening.

The National Special Economic Zone (SEZ)

Companies operating in a SEZ will have the benefit of the tax breaks and incentives.

The legislation was passed in Parliament on January 19th, 2022.

The SEZ Authority is now being set up in order to administer/regulate the SEZ legislation.

- To **MODERNIZE** Trinidad and Tobago's economic/free zone regime;
- To **INCREASE** the economic and social impact of economic zones in Trinidad and Tobago;
- To **ENHANCE** the international appeal of Trinidad and Tobago's economic zone regime; and

To **IMPROVE** existing and **ADVANCE** new mechanisms and procedures to **EFFECTIVELY** develop and manage economic zones.

Types of Special Economic Zones and Permitted Activities

Development zone

Activities focused on the development of a specific geographic region with emphasis on factors such as employment, skills training, entrepreneurship and rural development and overall social and economic development of the area

Free port

A duty free area, located at a port of entry where imported goods may be unloaded for warehousing, repackaging or processing of imported goods for value-adding activities, and logistics services.

Free trade zone

A duty free area that accommodates specific activities targeted for international trade.

Industrial park

A purpose built industrial estate that leverages domestic and foreign fixed direct investment in manufacturing industries and logistics and distribution.

Types of Special Economic Zones and Permitted Activities

Single zone enterprise

Restricted to one business entity engaged in any one of the following business activities.

- Manufacturing
- Maritime services
- Aviation services
- Fishing and fish processing
- Agriculture and agro processing
- Information and communications technology
- Creative industries
- Financial services
- Medical tourism services
- Renewable energy
- Logistics and distribution
- Business process outsourcing

Specialised zone

A place designated for specialised activities, including-

- Manufacturing
- Maritime services
- Aviation services
- Fishing and fish processing
- Agriculture and agro processing
- Information and communications technology
- Creative industries
- Financial services
- Medical tourism services
- Renewable energy
- Logistics and distribution
- Business process outsourcing

Tourism Incentives

Tourism Development Act, Chap. 87:22 (TDA).

- **CUSTOMS & EXCISE DUTIES** for building materials and articles of tourism equipment.
 - A **TAX EXEMPTION** not exceeding 7 years in respect of the gains or profits from an approved tourism project.
 - A **TAX EXEMPTION** in respect of the gains or profits derived from the initial sale of a villa or condominium or the site for a villa or condominium that forms part of an IRD which is an approved tourism project.
 - An **ACCELERATED DEPRECIATION** of depreciable equipment owned by the owner or operator and used in an approved tourism project.
- A **CAPITAL ALLOWANCE** in respect of approved capital expenditure incurred by the owner or operator in the creation of a new tourism project or in the expansion of an existing tourism project.
 - A **CARRY-OVER** from a tax exemption period, if any, of any loss arising out of the operation or renting of an approved tourism project.
 - **DUTY CONCESSIONS** on motor vehicles – Payment of Customs duty at a rate of 10%, VAT (12.5%) and no Motor Vehicle Tax

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