



TRINIDAD AND TOBAGO – September 2017

LAND TAX LOOMS..... 1

LAND TAX LOOMS

Finance Ministry takes note to Cabinet to waive Property Tax

THE Ministry of Finance has submitted a note to Cabinet proposing the implementation of a new Land Tax package of legislation.

The note for Cabinet's consideration, dated September 7, will also see the contentious Property Tax being waived until 2019.

The new proposed Land Tax, which is proposed to be implemented from October, is intended to help the State cover an \$11 billion gap in revenue earned over the past fiscal year.

The note, received by the Sunday Express, stated: "Cabinet is advised that revenue collection for the 2017 fiscal year was considerably lower than expected. Cabinet is further advised, that whereas revenue was projected to be approximately \$39 billion for the period October 2016 to July 2017, actual collection for the same period was about \$28 billion. This represents a shortfall of some \$11 billion.

"In the next fiscal year, it is expected that Government will continue to face enormous challenges to increase its revenue collections. The Government therefore must move with haste to address in some respects, this serious revenue reduction. In this regard, a land tax package is being proposed."

Cabinet was advised that there are "challenges with the implementation of Property Tax which require amendments to the Property Tax Act and the Valuation Land Act to facilitate the valuations exercise that must be conducted prior to the imposition of the charge."

Flat tax rates

The note to Cabinet proposes to generate income through the Land Tax on residential and agricultural properties while the Property Tax issues are worked out.

It said: "In order to allow Government to generate revenue in the interim, a new Land Tax Bill is proposed (Appendix I). The Bill seeks to implement a simplified system for the imposition of tax on property in the absence of assessments. The Bill provides for the raising, levying and collection of a flat tax to be applied on all land. The flat tax rates are to be applied on a sliding scale on the basis of land use classification and acreage..."

This tax is expected to operate from October 1, 2017 to September 30, 2019.

"The legislation is to be in effect while the necessary machinery is being put in place for the full implementation of the property tax regime."

Cabinet was advised that the estimated amount to be collected in the first year ending September 30, 2018 is \$427,500,000.

International Property Tax Institute

IPTI Xtracts- The items included in IPTI Xtracts have been extracted from published information. IPTI accepts no responsibility for the accuracy of the information or any opinions expressed in the articles.

The matters for Cabinet to consider in the Land Tax Package are:

- (a) A Policy for the Implementation of a Taxation Regime on Property, 2017
- (b) The Land Tax Bill, 2017
- (c) The Valuation of Land (Amendment) Bill, 2017
- (d) The Property Tax (Amendment) Bill, 2017
- (e) Waiver of the property tax for the period January 1, 2016 to September 30, 2019.

For the purpose of the flat tax implementation, land will be classified as agricultural, residential, commercial, industrial and mixed, the note stated.

No three-fifths majority

The note advised Cabinet that the State is empowered to impose tax under the Republican

Constitution and the "imposition of this tax will not draw a sanction that attracts a deprivation of property.

"The package comprising the Land Tax Bill 2017, Property Tax (Amendment) Bill,

2017 and Valuation of Land (Amendment) Bill, 2017 will not infringe Sections 4 and 5 of the

Republican Constitution, and therefore will not require a three fifths majority in the Parliament as required by Section 13 of the Constitution."

The note to Cabinet also explained that the Ministry of Finance has been working with the Attorney General's Office to prepare the suite of legislation to be placed before the Parliament.

"Cabinet is also advised that we have conferred with the attorney representing the Ministry in the property tax appeal matter which is currently before the court and have taken her advice into account in seeking to ensure that the proposed amendments do not compromise the State's position in that matter."

Recommendations

The note said the Minister of Finance recommends and Cabinet is being asked to:

I. Approve the Policy for the Implementation of a Taxation Regime on Property, 2017;

and

II. Agree:

a) that the Attorney General cause to be prepared the necessary legislation to give effect to I above:

1. The Land Tax Bill, 2017 and accompanying Rate Sheet;

ii. The Valuation of Land (Amendment) Bill, 2017;

iii. The Property Tax (Amendment) Bill, 2017; and

2. (a) that the bills listed be introduced in Parliament as a package at the earliest opportunity

c) waive the Property Tax for the period January 1, 2016 to September 30, 2019.

International Property Tax Institute

IPTI Xtracts- The items included in IPTI Xtracts have been extracted from published information. IPTI accepts no responsibility for the accuracy of the information or anyh opinions expressed in the articles.

The Cabinet Note also states that the Commissioner of Valuations began collecting information for the property database but that exercise is expected to last beyond 2018, further hindering the Property Tax collection.

Now a new Land Tax Roll is being proposed, which will require the name and postal address of the owner, the situation, description or measurement or area of the land, the address of the land, land use classification and percentage, land tax liability, legal ownership documents, unique land identification number and “other information that the board may from time to time determine necessary for the administration of this Act”.

The Sunday Express e-mailed and texted Finance Minister Colm Imbert regarding the new tax but there was no response yesterday.

International Property Tax Institute

IPTI Xtracts- The items included in IPTI Xtracts have been extracted from published information. IPTI accepts no responsibility for the accuracy of the information or anyh opinions expressed in the articles.