

Budget 2023/2024 Highlights

Key Macroeconomic Indicators

- Real GDP grew by 1.5 percent in 2022
- A fiscal deficit of less than 1.8 percent of GDP is expected for 2023
- Real GDP is expected to increase by 2.7 percent in 2023
- Expenditure is based on an oil price of US\$85.00 per barrel and a gas price of \$5.00 per mmbtu
- Total Revenue for the fiscal year 2024 is expected to be \$54.012 billion. Expenditure for 2024 is expected to measure \$59.209 billion
- A fiscal deficit of \$5.197 billion (2.7 percent GDP) is expected for 2024
- Expected Revenue of \$54.012 billion comprises oil revenue of \$16,709 billion, non-oil revenue of \$35,547 billion and capital revenue of \$1.756 billion.
- The net asset value of the Heritage and Stabilisation Fund as of September 2023 is US\$5.5 billion

Areas of Interest

Energy production

Average natural gas production is currently at 2.7 billion cubic feet per day (bcf/d). Petrochemical and LNG plants can use up to 4.2 bcf/d, which means that these plants are operating with spare capacity of 1.5 bcf/d. While key projects could raise gas production in the long term, in the interim, gas production will stabilise at approximately 2.6 bcf/d in 2024 and 2.5 bcf/d in 2025.

Inflation

T&T's recent inflation increase peaked at 8.7 percent in December 2022 and average inflation for that year was 5.8 percent. The rate of price increases (inflation) has been slowing since then. Average annual prices are expected to increase by 5.1 percent in 2023 and are forecast to increase by 3.4 percent in 2024.

Unemployment

The unemployment rate fell from 4.9 percent in January-March 2023 to 3.7 percent in April-June 2023, the result of 14,600 more people being employed in the second quarter than the first.

Property Tax

- Collection of property tax to be effective in the year 2024.
- Property tax calculation: Based on annual rental values discounted by 10 percent with an application of 3 percent of the discounted annual rental values. Example, a monthly rent of \$2,000 will have an annual rental value of \$24,000. Applying a 10 percent discount to the annual rental value leaves \$21,600. Three percent of 21,600, (21,600 x 0.03) gives a tax of \$648 per annum or \$54 per month.
- Financially vulnerable citizens can apply to the Board of Inland Revenue for deferral of property tax.

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Foreign Exchange

- New SME Foreign Exchange Facility to be established in the next 6 months to aid SMEs in attaining foreign exchange.
- Development of strategies to increase the repatriation of foreign exchange earned overseas by local and foreign businesses operating in T&T.

Agriculture

- In addition to the regular budgetary allocation, the government will allocate a further \$400 million in 2024 comprising \$250 million as incentive to farmers and \$150 million for the development of infrastructure through the Palo Seco Agricultural Enterprises Company.

Social services

- \$60 million will be allocated in 2024 in the first instance for the resumption of the market box programme for poor and vulnerable citizens.

Housing

- \$100 Million to be allocated to the Housing and Village Improvement Programme to allow the completion of 600 HVIP units in 2024.

National Security

- Government has mandated the Commissioner of Police to triple the annual intake of new recruits into the police service from 300 to 1,000 recruits in 2024.
- A hybrid approach to the training of recruits will be employed using facilities outside of the Police Academy.
- To detect the importation of illegal arms, 4 new, large-scale non-intrusive inspection scanners are to be acquired and deployed at the ports in Port of Spain and Point Lisas in 2024.
- There will be an additional allocation (totalling \$80 million) in 2024 for new vehicles and equipment that will allow the Police to expand and establish more community patrols to give them greater presence and visibility within communities and citizens a greater sense of comfort.

Minimum wage

- From January 1, 2024, the minimum wage will be increased by \$3.00 from \$17.50 to \$20.50. This measure will benefit approximately 190,000 people.

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Tobago

- The budgetary allocation to the Tobago House of Assembly is \$2.585 billion
 - \$2.298 billion would be for recurrent expenditure
 - \$260 million for the THA Development Programme
 - \$18 million for the Unemployment Relief Programme (URP)
 - \$9.2 million for CEPEP

- \$678.5 million is allocated to be spent by various government Ministries and Statutory Authorities

Fiscal Measures for 2024

Tourism Accommodation Upgrade Project: Small hotels

- The Tourism Accommodation Upgrade Project (TAUP) incentive, which would have expired on September 30, 2023, will be reinstated from November 1, 2023, for a period of three years.

Business Levy exemption

- Manufacturing companies whose gross receipts fall within the 30 percent tax bracket from business levy charges regarding only export sales, will be exempted from business levy. This will result in a tax loss of \$20 million. This initiative will be effective from January 1, 2024.

Supplemental Petroleum Tax (SPT)

- The Sustainability Incentive with respect to the rate of supplemental petroleum tax will be increased from 20 percent to 25 percent for the operators of any mature marine or small marine oil fields.
- Adjustments will also be made to the SPT regime for the shallow water areas, similar to what was implemented for small onshore producers, introducing a new threshold of \$75 per barrel for SPT for small shallow water producers. Where feasible, suitable adjustments will also be made to the capital expenditure allowances for small shallow water producers.
- These measures will require amendments to the Petroleum Taxes Act, Chapter 75:04.

Cybersecurity Investment Tax Allowance

- Cybersecurity Investment Tax Allowance of up to \$500,000 will be introduced for companies which incur expenditure in respect of investments in cybersecurity software and network security monitoring equipment. To qualify for this allowance, the expenditure must be certified by iGovTT. This will result in a tax loss of \$8 million.

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Exempt Income: Expenditure Earned

- The tax legislation will be amended to disallow expenditures incurred in earning exempt income, subject to specific provisions of the tax law stating otherwise. This initiative will protect the tax base in Trinidad and Tobago, harmonise the law, and bring us into alignment with standard practice in jurisdictions worldwide. This measure is anticipated to yield approximately \$75 million in tax savings and will take effect on January 1, 2024.

Public and Private Schools Corporate Sponsorship

- A 150 percent tax allowance of up to \$500,000 on corporate sponsorship to public and private schools registered with the Ministry of Education will be introduced, effective January 1, 2024.

School supplies and book grant

- Based on a means test, a school supplies and book grant of \$1,000 will be provided to the parent of a primary or secondary school child to assist with school expenses. Some 65,000 children are expected to benefit from this measure.

Back pay for Public Servants

- The 37,000 public servants that settled wage negotiations with the government, will receive their new salaries immediately and their backpay, which comes up to \$1 billion, by Christmas 2023.

Retirees Lump Sum

- Government plans to make a \$4,000 lump sum payment to retirees tax-exempt. This will cost the government \$19.7 million and will only benefit approximately 1,600 monthly-paid officers and 100 hourly, daily and weekly-rated workers who retired between January 1, 2014 and September 30, 2016. Furthermore, these workers would have also retired compulsory, voluntarily with permissions or on the grounds of ill health during the abovementioned period.

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Major Fiscal Allocations

- *Education and Training - \$8.022 billion*
- *Health - \$7.409 billion*
- *National Security - \$6.912 billion*
- *Social Development - \$5.5 billion*
- *Works and Transport - \$3.394 billion*
- *Public Utilities - \$3.018 billion*
- *Rural Development and Local Government - \$1.825 billion*
- *Agriculture - \$1.442 billion*
- *Housing - \$1.165 billion*