



Republic Wealth Management Limited
Where Wealth Grows



Budget Highlights and Commentary

Resilience in the Face of a Global Pandemic



Garvin Joefield is the Economist/Manager of Republic Bank Limited's (RBL) Economic Intelligence Unit. He has a wealth of experience in various aspects of banking, having been employed with RBL for the past seventeen (17) years.

He holds Bachelor's Degrees in Economics and Management from the University of the West Indies (St. Augustine Campus) and a Master of Business Administration (MBA) from the Heriot-Watt University, Edinburgh Business School.

Prior to taking up the role of Bank Economist, he served as an Economic Analyst in the Bank's Economic Intelligence Unit for eight years, during which time he provided substantial support to the Bank's network of functional areas. This experience has both fostered his deep respect for Economics and facilitated his growth and development in the field.

During his tenure at RBL, he made significant contributions to the organisation. He is responsible for the production of its quarterly publication -the Republic Economic Newsletter- and provides extensive research to support effective decision making at the Executive level.

As Bank Economist, he is primarily responsible for monitoring the external environment and advising the Bank on key economic and financial developments. He is also required to represent the Bank on committees, such as the Bankers Association of Trinidad and Tobago, as well as to present the views of the Bank to the Media on Economic Matters.

Key Takeaways



Focus on the national digitization drive



Tax reduction for significant exporters of local goods



Divestment of First Citizens ordinary shares



Tax incentives for small and medium sized companies



Increase in tax free contributions to approved Pension Plan Funds

S U M M A R Y



Total Revenue for the fiscal year 2022 is expected to be \$43.3 billion



Total expenditure for 2022 is expected to measure \$52.4 billion

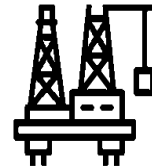


A fiscal deficit of \$9.1 billion (5.8% of GDP) is expected for 2022

ASSUMPTIONS

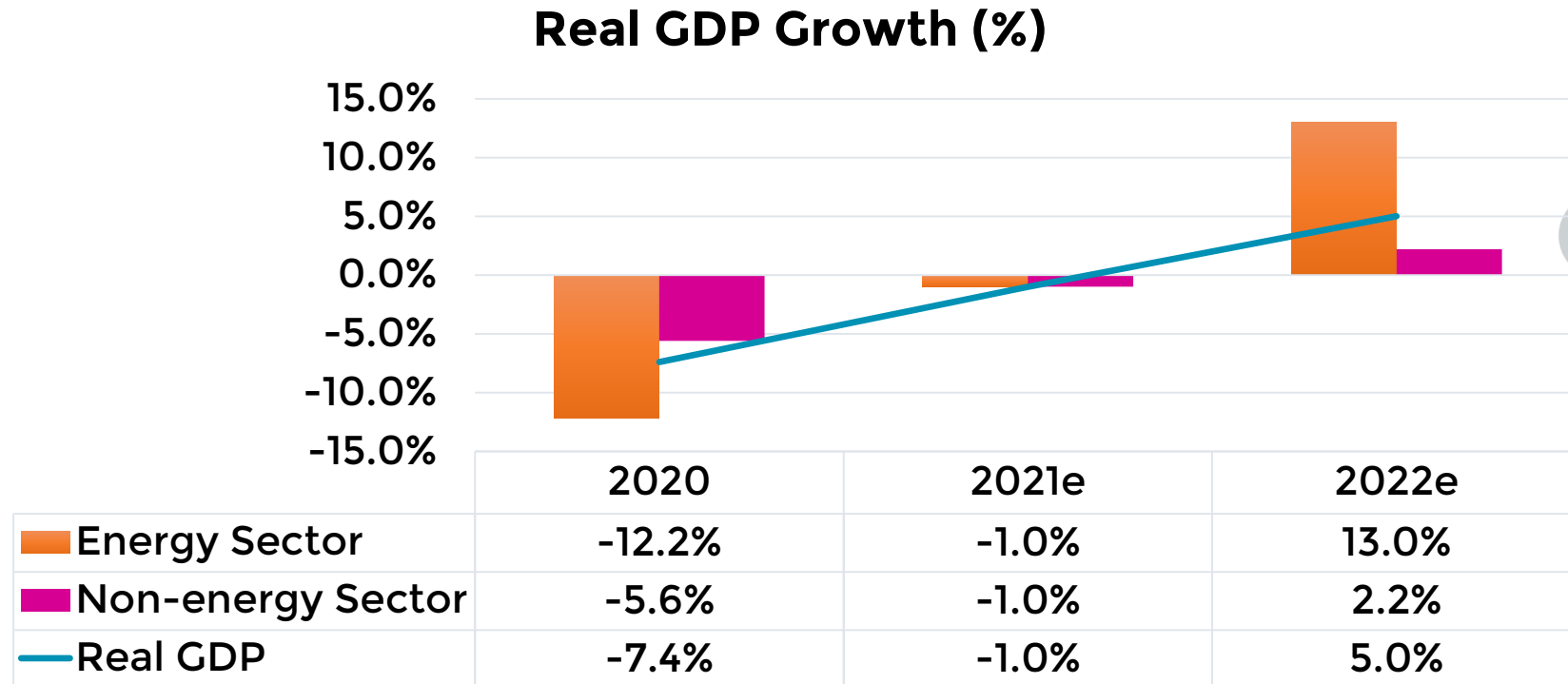


Oil price of US\$65.00 per barrel



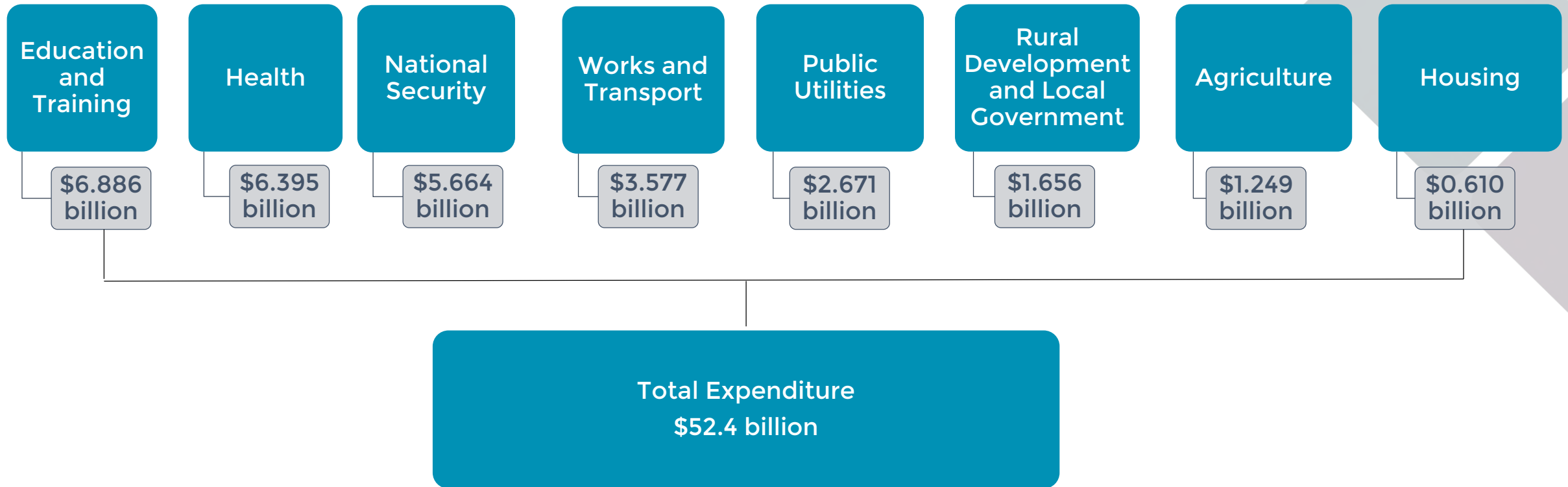
Gas price of US\$3.75 per MMBtu

Key Macroeconomic Indicators

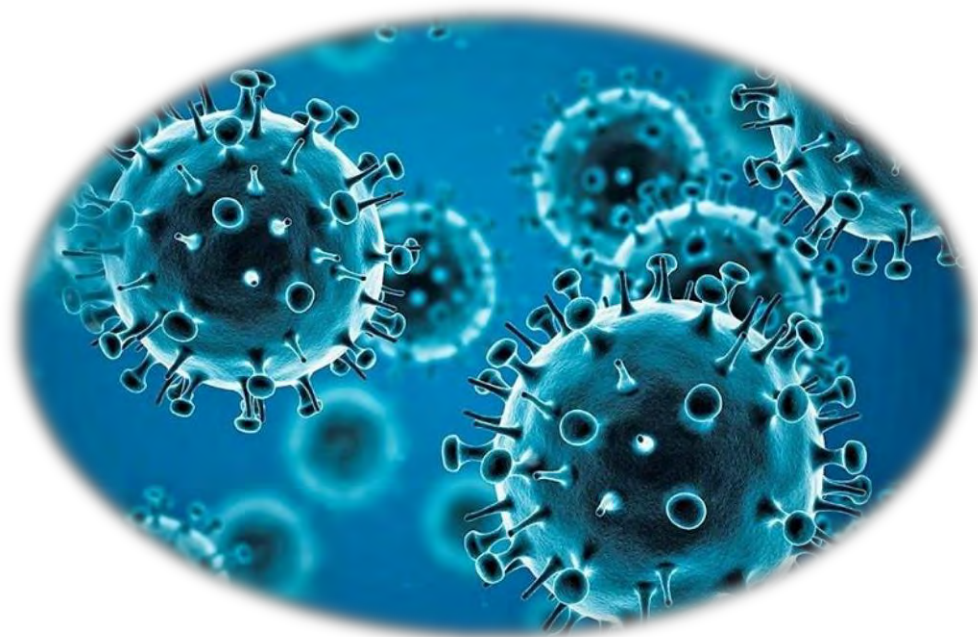


- Adjusted government debt is expected to increase to 87.2% of GDP in 2022 from 84.8% in 2021.

Major Fiscal Allocations



COVID-19 Relief Measures



- Reduction in tax rate by 5% for significant exporters of local goods with annual revenue of over \$500,000.
- Reduction in tax rate by 5% for small and medium companies where 50% of their annual revenue comes from any one of the following fields:
 - ❖ Technology Solutions,
 - ❖ Digitization; and
 - ❖ Construction.

Digital Sector



- ❑ New digitization and technology-based companies; 50% tax exemption on:
 - ❖ First \$100,000 of chargeable income for the first year and
 - ❖ The first \$200,000 of chargeable income in the second year
- ❑ Roll out additional TT-WIFI sites at transport hubs, libraries, schools and health sites.
- ❑ Increased ICT Access Centres
- ❑ Increased broadband service

Contributions to Approved Pension Fund Plans



- Increase tax free contributions to approved Pension Plan Funds from \$50,000 to \$60,000

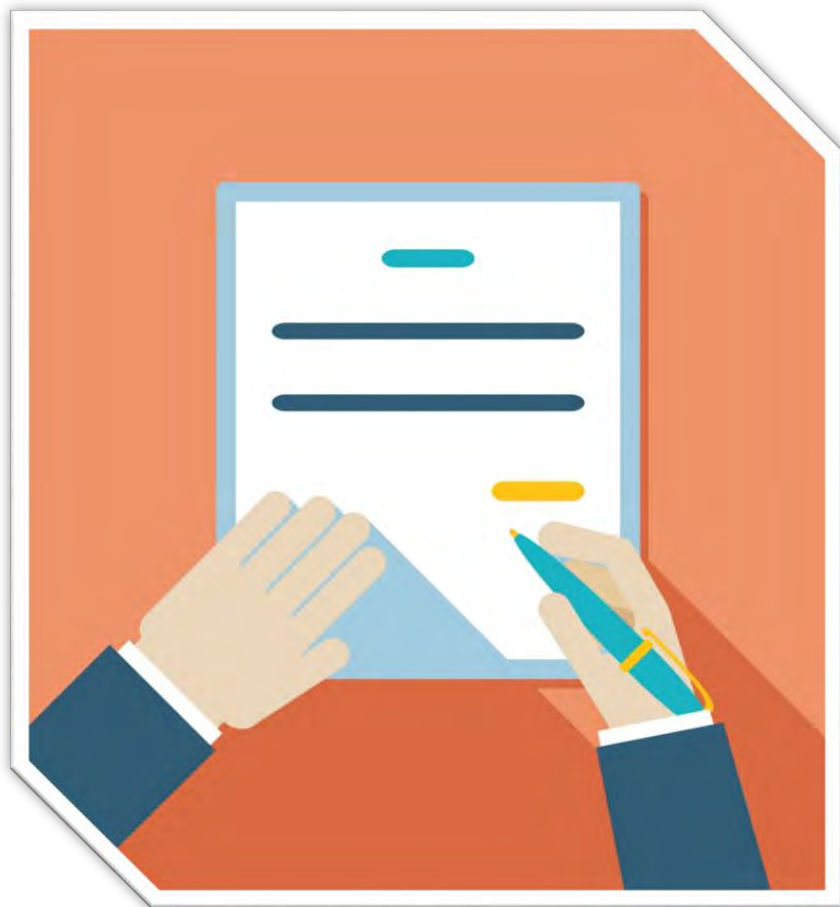
SME Mentorship Programme

Assistance will be provided to the TTSE to implement the SME Mentorship Programme which will focus on the following:

- 1) Supporting the re-drafting of the listing rules to include the SME Mentor and the subsequent approval process with the TTSE
- 2) Assist in identifying, assessing and maintaining a stable list of 'highly competent and experienced' SME Mentors
- 3) Integration of the SME Mentorship Programme into the government's existing support infrastructure for SMEs.



Divestment of FCB shares and Merger and IPO of HMB and TTMF



Divestment of 10.9 million ordinary shares in First Citizens Bank to raise approximately \$550 million

Launch of Trinidad and Tobago Mortgage Bank by the merger of Trinidad and Tobago Mortgage Finance Company Limited and the Home Mortgage Bank,

Initial Public Offer of Trinidad and Tobago Mortgage Bank

First Time Homeowners Tax Allowance

- Tax allowance on mortgage interest for first-time homeowner: Limit to increase from \$25,000 to \$30,000.



Support for Disabled Persons

- Removal of VAT and Custom Duties: Specified Therapy Equipment, Hearing Impaired, Visually Impaired, Physical Mobility Disabilities, Disability Safety Peripheral and Communication Devices

Construction

To be completed in 2022:

- First phase of the Churchill Roosevelt Highway extension to Manzanilla
- Solomon Hochoy Highway Extension to Point Fortin
- Vehicular and pedestrian Bridge Overpass in Diego Martin
- New terminal at the ANR Robinson International Airport
- Coastline protection

To commence in 2022:

- Valencia to Toco Road
- Macoya interchange



Energy

- Construction will commence in 2022 on the two solar photo voltaic plants:
 - ❖ 92.2MW solar photo voltaic at Couva;
 - ❖ 20MW solar photo voltaic at Trincity.



Manufacturing

- A new “Catalytic Fund” to be created at the EximBank for export-oriented companies to access financial support.
- Establishment of a national vocational training strategy for the manufacturing sector.
- \$50 million to support small and medium enterprises specifically in the areas of accounting services, record-keeping, training, management, inventory control, health and safety and to ensure that they meet their statutory obligations.
- The Phoenix Park Industrial Estate will be completed in April 2022.



Research and Development Capital Allowance:

Research and Development Capital Allowance up to forty percent of expenditure (in calculating taxable profits) incurred by companies in Research and Development.



VAT Removal on Basic Food Items:

Biscuits, cooking oil, canned vegetables, cornflakes, canned fish, canned meat, curry, juice, sausages, ham, ketchup, bottled water and pigtail. Luxury food items, such as imported lobster, clams and strawberries, subject to VAT. This is effective November 1st, 2021.



Stimulating the Digital Economy:

ALL computer hardware, software and peripherals: Removal of ALL import duties and Taxes (VAT & Online Purchase Tax)



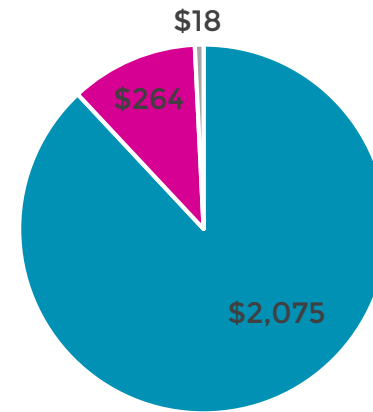
Heritage Conversations:

150 percent tax allowance of up to \$1 million on corporate sponsorship of Heritage properties under the oversight of the National Trust



Tobago

- Budgetary allocations to the Tobago House of Assembly is \$2.357 billion
- \$50 million to provide financial assistance to hoteliers and tourism businesses.
- \$30 million for farmland development.
- \$20 million for the development of green spaces.
- The Brix by Marriott, will offer 163 4-star global standard guestrooms upon its opening before the end of 2021.



- Recurrent expenditure
- Capital expenditure
- Unemployment Relief Programme

** Figures in millions*





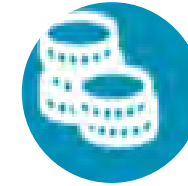
Agriculture:

- \$300 million to expand in production and marketing of selected high-demand commodities.
- An access road repair programme to commence in 2022, will provide relief for over four hundred farmers.



Utilities:

- Transformation Plan to establish WASA as a modern, technology-driven water management company.
- Implementation of the plan will commence in Fiscal 2022.



Gambling:

- Parliament to pass the Gambling (Gaming and Betting) Control Act, 2021
- Gaming revenue expected in financial 2022.

Fiscal Summary TT\$ Mn (Fiscal Year)

	2020r	2021e	2022p
1 Total Revenues & Grants	34,369.0	37,052.6	43,333.0
2 Recurrent Revenue (3+4)	33,842.4	36,140.5	42,327.0
3 Tax Revenue	26,572.5	29,652.0	
4 Non-Tax Revenue	7,269.9	6,488.5	
5 Capital Receipts & Grants	526.6	912.1	1,006.0
6 Total Expenditure	51,058.9	50,794.2	52,429.0
7 Recurrent Expenditure	47,081.2	47,723.6	
8 Capital Expenditure	3,977.7	3,070.6	
9 Current Account Balance (2-7)	-13,238.8	-11,583.1	
10 Overall Budget Balance	-16,689.9	-13,741.6	-9,096.0

Sources: Budget Statement 2021/2022, Review of the Economy 2021, Draft Estimates of Expenditure 2022 and RBL Estimates,
 r: Revised Figures
 e: Estimates
 p: Projections

Meet Our Team

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