



**Republic Wealth Management Limited**  
*Where Wealth Grows*



**Highlights and Commentary**

# Trinidad and Tobago FY 2023 National Budget

# S U M M A R Y



Total Revenue for the fiscal year 2022/23 is expected to be \$56.175 billion



Total expenditure for 2022/23 is expected to measure \$57.685 billion

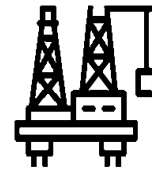


A fiscal deficit of \$1.510 billion (0.8% of GDP) is expected for 2022/23

## ASSUMPTIONS

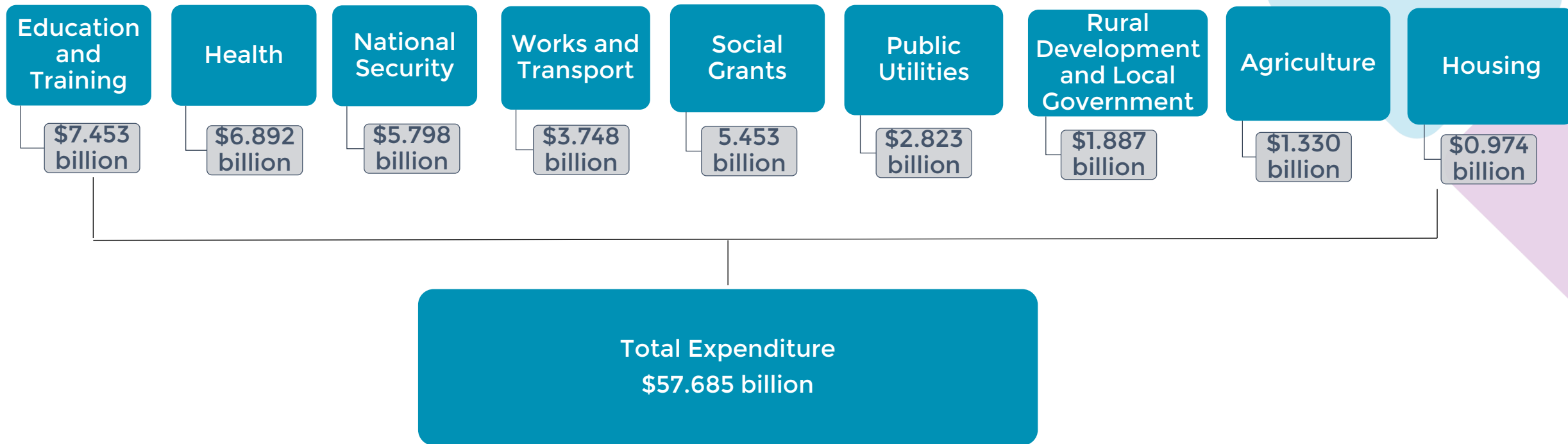


Oil price of US\$92.50 per barrel

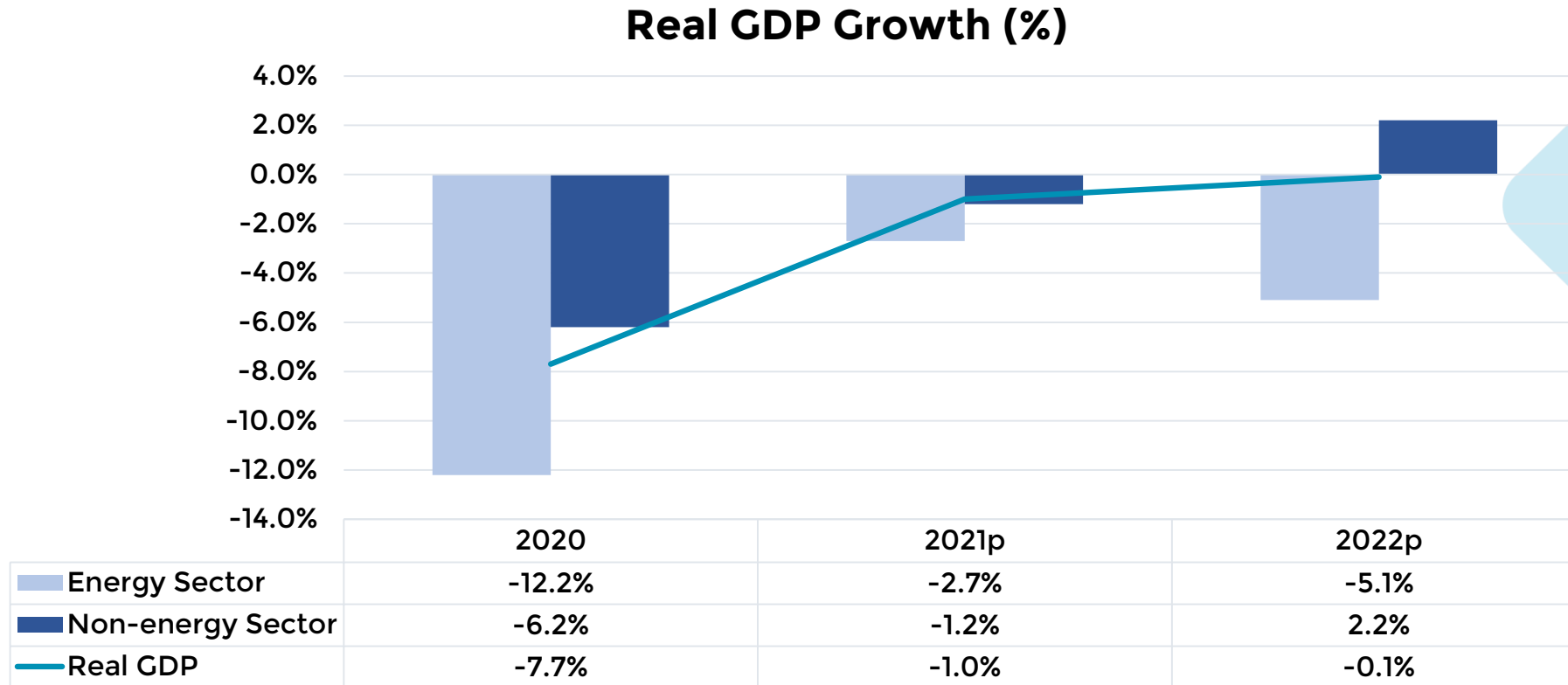


Gas price of US\$6.00 per MMBtu

# Major Fiscal Allocations



# Key Macroeconomic Indicators



➤ Economic growth forecasted at 3% for 2023 and 2024.

# Key Macroeconomic Indicators



## Unemployment:

Increased from 4.5% as of December 2019 (pre-pandemic) to 5.7% as of December 2020 but has since declined to 5.1% at March 2022.



## Repo rate:

Remains unchanged at 3.50% since the reduction from 5.0% in March 2020 in response to the pandemic.



## Inflation:

Annual headline inflation increased from its lowest historical value of 0.6% at December 2020 to 2.1% at the end of 2021 and further to 4.7% at July 2022



## Adjusted debt to GDP:

Decreased from 81% in 2020 to 70% in 2022. New soft limit of 75% set for next 2 years. |

# Key Macroeconomic Indicators



**The HSF NAV balance** stood at US\$5.6Bn as at December 2021. There was US\$0.163Bn in additions within the past year, compared to the TT\$6.0b drawn between October 2020 and September 2021.

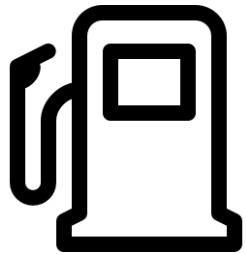


**The Energy Commodity Price Index:** increased by 73.4% over the first seven months of 2022. This was largely due to the continuing Russia-Ukraine war, which drove strong growth across all commodities

# Reductions to Subsidies

## Fuel

- Reduction of the fuel subsidy such that there will be an immediate increase in the price of premium and super gasoline, and kerosene by \$1 per litre, and diesel by 50 cents a litre. LPG, however, will remain fixed at \$21 per 20lb cylinder.
- In order to alleviate the effect of these fuel increases to the most vulnerable in society, a one-time transport grant of \$1,000 is proposed to all recipients of social grants (public assistance, disability, food support and senior citizens pension).



| Commodity        | Previous Price | New Price | % Change |
|------------------|----------------|-----------|----------|
| Premium gasoline | \$6.75         | \$7.75    | 14.81%   |
| Super gasoline   | \$5.97         | \$6.97    | 16.75%   |
| Diesel           | \$3.91         | \$4.41    | 12.79%   |
| Kerosene         | \$3.50         | \$4.50    | 28.57%   |
| LPG              | \$21.00        | \$21.00   | -        |

# Reductions to Subsidies (Cont'd)

## Inter-Island Air bridge and Sea bridge Travel

- Increased travel fares for inter-island air bridge for one-way tickets from \$150 to \$200 for all persons.
- Increased travel fares in inter-island sea bridge for one-way tickets as follows:
  - Over-60 from \$0 to \$25;
  - Standard Class from \$50 to \$75;
  - Premium Class from \$100 to \$150.





# Energy Sector Initiatives

## Supplemental Petroleum Tax (SPT)

➤ A key amendment to the current SPT regime with specific reference to:

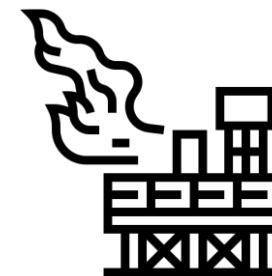
✓ Small onshore producers

- An increase in the production threshold for persons to be considered a small onshore producer from 2,000 barrels of crude oil per day to 4,000 barrels of crude oil per day, as well as the repeal of the sunset clause in the tax legislation which restricted the applicability of such reduced rates of SPT until the end of 2022.

✓ Rates of SPT for New Oil Wells in Shallow Marine Areas

- For new oil wells in shallow water marine areas, whether in existing fields or new fields, the following rates of SPT are proposed:

| Oil price (US\$) | New Oil Wells            |
|------------------|--------------------------|
| \$0.00-\$50.00   | 0.00%                    |
| \$50.00-\$70.00  | 15.00%                   |
| \$70.01-\$90.00  | 20.00%                   |
| \$90.01-\$200.00 | 20% + 0.2% (P** -US\$90) |
| \$200.01andover  | 42.00%                   |



# Energy Sector Initiatives (Cont'd)

## Investment Tax Credit

- An increase in the Investment Tax Credit (ITC) for energy companies from 25% to 30% with a view to stimulating further exploration and development related investments in the energy sector.

## Petroleum Profits Tax (PPT)

- The PPT will be decreased from the current 35 percent to 30 percent for companies engaged in deep water exploration.



# Tax Incentives

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## Manufacturing Tax Credit

- A one-time manufacturing tax credit of up to \$50,000 will be introduced for companies which make an investment in new machinery, production lines and equipment

## Personal Income Tax Allowance

- Increase in the personal income tax exemption limit from \$84,000 to \$90,000. This means, all individuals earning \$7,500.00 a month or less will now be exempt from income tax.

## Tax Amnesty

- An amnesty on penalties and interest on taxes owed up to and including the year ending December 31, 2021, will be implemented from November 14, 2022, to February 17, 2023.

# Tax Incentives (Cont'd)



## Vat Registration Threshold

- The VAT registration threshold will be increased from \$500,000 to \$600,000 to provide relief to small and medium businesses



## Approved Small Company: Exemption from Corporation Taxation

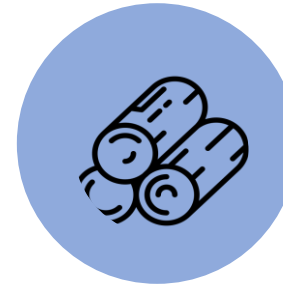
- Approved small companies will be exempted from paying corporation tax for a period of five to six years.

# Environmental Initiatives



## Renewable Energy/ Business Rebate for Agriculture:

Approved agriculture holdings will be offered rebates up to \$25,000 for the implementation of a renewable energy system such as solar or wind



## Illegal State Timbering:

The fine for illegal timbering will be increased from \$20,000.00 to \$100,000.00.



## Oil Pollution:

The penalty for oil pollution will be increased from \$10,000 to \$100,000



## Scrap Iron Penalties:

The fine for stealing or illegally obtaining old metal, selling, purchasing, trading, receiving and dealing in stolen old metal, inter alia will be increased from \$15,000.00 to \$100,000.00.

# Tobago

- Budgetary allocations to the Tobago House of Assembly is \$2.521 billion
  - \$2.194 billion would be for recurrent expenditure
  - \$300 million for the THA Development Programme
  - \$18 million for the Unemployment Relief Programme (URP)
  - \$9.2 million for CEPEP
- 731.5 million is allocated to be spent by various government Ministries and Statutory Authorities



# Other Proposed Measures

## Subsidy for Housing and Village Improvement Programme

- Increased from \$145,000 to \$165,000 for construction on flat lands, \$170,000 for construction on undulating lands and \$175,000 for construction on hilly lands.

## Government Assisted Tuition Expenses (GATE)

- Allow students, who have already accessed GATE to pursue baccalaureate level degree programmes consistent with the country's development needs.

## Electronic Payment Providers & e-Money Issuers

- One time tax credit up to a maximum of \$50,000 granted to approved electronic payment providers and/or e-money issuers.

# Fiscal Summary TT\$ Mn (Fiscal Years)

|  | 2021r             | 2022e            | 2023p            |
|--|-------------------|------------------|------------------|
| <b>1 Total Revenues &amp; Grants</b>   | <b>37,266.5</b>   | <b>51,641.1</b>  | <b>56,175.0</b>  |
| <b>2 Recurrent Revenue (3+4)</b>       | <b>36,345.5</b>   | <b>50,993.9</b>  |                  |
| <b>3 Tax Revenue</b>                   | <b>30,235.3</b>   | <b>40,634.9</b>  |                  |
| <b>4 Non-Tax Revenue</b>               | <b>6,110.2</b>    | <b>10,359.0</b>  |                  |
| <b>5 Capital Receipts &amp; Grants</b> | <b>921.0</b>      | <b>647.2</b>     | <b>1,006.0</b>   |
| <b>6 Total Expenditure</b>             | <b>49,617.2</b>   | <b>54,074.1</b>  | <b>57,685.0</b>  |
| <b>7 Recurrent Expenditure</b>         | <b>46,482.2</b>   | <b>50,528.7</b>  |                  |
| <b>8 Capital Expenditure</b>           | <b>3,135.0</b>    | <b>3,545.4</b>   |                  |
| <b>9 Current Account Balance (2-7)</b> | <b>(10,136.7)</b> | <b>465.2</b>     |                  |
| <b>10 Overall Budget Balance</b>       | <b>(12,350.7)</b> | <b>(2,433.0)</b> | <b>(1,510.0)</b> |

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





**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 (19) 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 organization. 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.

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