



Republic Wealth Management



Highlights and Commentary

# Trinidad and Tobago FY 2024 National Budget

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Total Revenue for the fiscal year 2023/ 24 is expected to be \$54.012 billion



Total expenditure for 2023/ 24 is expected to measure \$59.209 billion



## ASSUMPTIONS

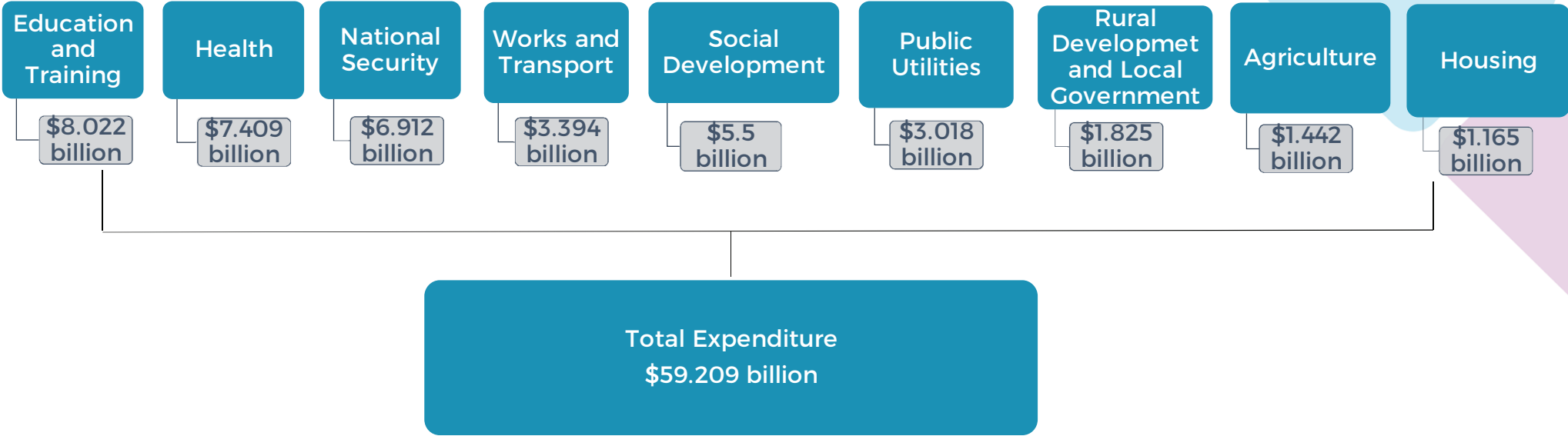


Oil price of US\$85.00 per barrel

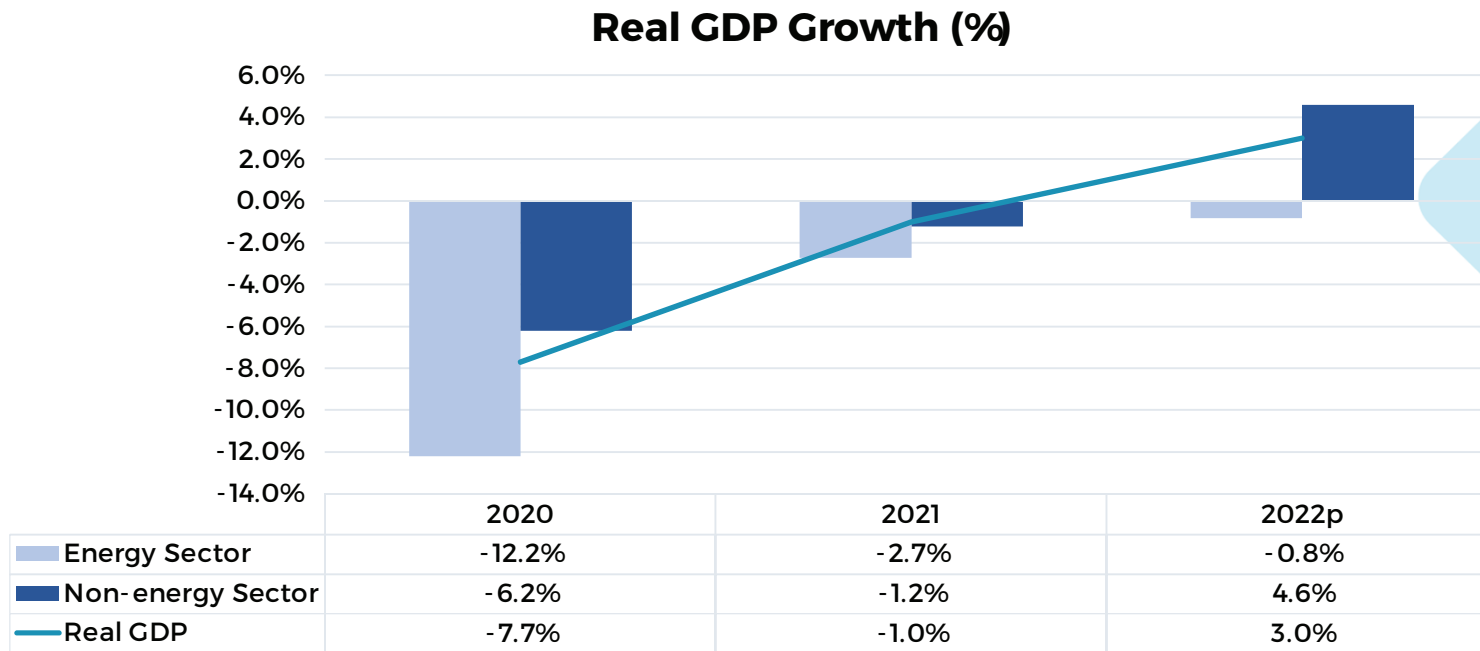


Gas price of US\$5.00 per MMBtu

# Major Fiscal Allocations



# Key Macroeconomic Indicators



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## Unemployment:

Decreased to 3.7% as of June 2023, down from the 4.5% recorded a year earlier and down from the 4.7% recorded at the end of December 2022.



## Repo rate:

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



## Inflation:

Decreased from its high of 8.3% from January 2023 to 6.2% at August 2023. However, this represents an increase over the 4.9% recorded in August 2022.



## Adjusted debt to GDP:

Increased to 68.2% in June 2023 from 66.5% in September 2022.

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# Key Macroeconomic Indicators

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## **The HSF NAV balance:**

Stood at US\$5.5Bn as at June 2023, up from US\$5.1Bn as at September 2022.



## **The Energy Commodity Price Index:**

Decreased by 37.4% over the first seven months of 2023 due to the lower than expected recovery in global energy demand.

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# Property Tax

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- Collection of property tax will be effective in the year 2024 for residential properties.
- The property tax is 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, ( $21,600 \times 0.03$ ) 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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# Increase in Minimum Wage and Retirement Age

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## ➤ Minimum Wage

- The Minister proposed an increase in the minimum wage of \$3.00 per hour, from \$17.50 to \$20.50 per hour. This measure represents a 17% increase.

## ➤ Retirement Age

- The Honourable Minister proposes to increase the retirement age from 60 years to 65 years and the government is currently completing consultations with major stakeholders on this initiative.





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# Foreign Exchange

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



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# Energy Sector Initiatives

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## Supplemental Petroleum Tax (SPT)

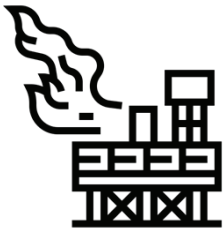
➤ A key amendment to the current SPT regime with specific reference to:

✓ Small oil producers

- The Minister proposes to increase the Sustainability Incentive for petroleum companies from 20% to 25%
- The Sustainability Incentive currently provides for the rate of Supplemental Petroleum Tax (SPT) for any mature marine oil field or small marine oil field to be discounted by 20%

✓ Rates of SPT for small shallow water producers

- The Honourable Minister also proposed to amend the SPT regime applicable to small shallow water producers, whereby SPT will be become applicable on weighted average crude oil prices over US\$75.



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# Manufacturing

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## 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. A company is required to pay the higher of its Corporation Tax liability or Business Levy liability. Business Levy is calculated at the rate of 0.6% on the gross sales or receipts for each year of income and is based on a calendar year of operation.



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## Other Proposed Measures

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### Cybersecurity Investment Tax Allowance

- To incentivize investing in cybersecurity and mitigate risk of cyber-attacks, the Minister proposes a tax allowance of up to \$500,000 for companies which incur expenditure on investments in cybersecurity software and network security monitoring equipment.

### School Supplies and Book Grant

- The Minister proposes a School Supplies and Book Grant of \$1,000 be provided in 2024 to needy students, to assist in meeting the cost of attendance at primary and secondary schools.

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# Tobago

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- 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 Summary TT\$ Mn (Fiscal Years)

	2022r	2023e	2024p
<b>1 Total Revenues &amp; Grants</b>	<b>54,607.00</b>	<b>53,819.30</b>	<b>54,012.00</b>
<b>2 Recurrent Revenue (3+4)</b>	<b>53,921.30</b>	<b>53,703.00</b>	<b>52,256.00</b>
<b>3 Tax Revenue</b>	<b>43,426.00</b>	<b>41,584.40</b>	<b>39,952.10</b>
<b>4 Non-Tax Revenue</b>	<b>10,495.30</b>	<b>12,118.60</b>	<b>12,303.90</b>
<b>5 Capital Receipts &amp; Grants</b>	<b>685.70</b>	<b>116.30</b>	<b>1,756.00</b>
<b>6 Total Expenditure</b>	<b>53,274.00</b>	<b>57,230.80</b>	<b>59,209.00</b>
<b>7 Recurrent Expenditure</b>	<b>50,061.50</b>	<b>53,441.10</b>	<b>53,009.00</b>
<b>8 Capital Expenditure</b>	<b>3,212.50</b>	<b>3,789.70</b>	<b>6,200.00</b>
<b>9 Current Account Balance (2-7)</b>	<b>3,859.80</b>	<b>261.90</b>	<b>(753.00)</b>
<b>10 Overall Budget Balance</b>	<b>1,333.00</b>	<b>(3,411.50)</b>	<b>(5,197.00)</b>

Sources: Budget Statement 2023/2024, Review of the Economy 2023, Draft Estimates of Expenditure 2024 and RBL Estimates,  
 r: Revised Figures  
 e: Estimates  
 p: Projections



**Garvin Joefield** is the Economist of Republic Bank Limited and leads the Bank's Economic Intelligence Unit. He has a wealth of experience in various aspects of financial services, having been employed with Republic Bank for the past twenty-three (23) years.

As Republic Bank's Economist, he advises the executive management team, functional areas and customers on key economic and financial developments, globally and the jurisdictions in which the Bank operates. He provides extensive research insights to support effective decision making at the Executive level. He also represents the Bank in discussions with multi-lateral and credit rating agencies, on committees, such as the Bankers Association of Trinidad and Tobago, as well as presents the views of the Bank to the Media on Economic matters.

Additionally, he is responsible for the production of specific Republic Bank publications, including the Republic Economic Newsletter and The Monitor.

Garvin holds Bachelor of Science 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.

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