



TAXATION OF INTERNATIONAL EXECUTIVES

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Overview and Introduction

A person's liability to T&T tax is determined by his/her residence status for taxation purposes and the source of income derived by him/her.

The general rule is that a person who is a resident of Trinidad and Tobago is assessable on worldwide income that is not exempt income. A person who is a non-resident is only assessable on income derived directly or indirectly from sources in Trinidad and Tobago.

Net taxable income is taxed at the standard rate of 25 percent. Generally, all non-cash fringe benefits provided to employees are subject to Pay As You Earn (PAYE), a tax payable by the employer. Trinidad and Tobago residents and all are also subject to a health surcharge.

The official Trinidad and Tobago currency is the Trinidad and Tobago Dollar (TTD).

For information on practical matters that employers and employees should consider with respect to an international assignment, please refer to the companion publication titled *Planning Your International Transfer*.

For the purposes of this publication, the host country refers to the country where the expatriate is going on assignment. The home country refers to the country where the expatriate lives when he/she is not on assignment.

Income Tax¹

Tax Returns and Compliance

When are tax returns due? That is, what is the tax return due date?

April 30 . However, an individual has until 31 October to submit the tax return before a penalty of TTD 100.00 is imposed for every six months, or part thereof, that the return is late in being furnished.

What is the tax year-end?

31 December

What are the compliance requirements for tax returns in Trinidad and Tobago?

Residents

An individual who is resident in Trinidad and Tobago and whose sole source of income is from an office or employment is not liable to furnish a return of income.

As a general rule, employers are required to make withholdings on taxable income paid to their employees and to pay these withholdings over to the tax authorities by the 15th of the following month. The amounts withheld are determined on the basis of the projected annual emolument, applicable allowances/deductions, if any, at the applicable tax rate. The tax so calculated is then distributed evenly over the period to which the emolument relates.

Non-residents

The same applies as that of a resident

¹ All information contained in this document is summarized by KPMG, the Trinidad and Tobago member firm of KPMG International, based on the Trinidad and Tobago Income Tax Rates Act 1986, Superannuation Guarantee Charge Act 1992 and the Superannuation Guarantee (Administration) Act 1992, Medicare Levy Act 1986 and Income Tax Assessment Act 1936 Part VII B, Trinidad and Tobago Income Tax Assessment Act 1936 and Trinidad and Tobago Income Tax Assessment Act 1997, the Trinidad and Tobago Fringe Benefits Tax Assessment Act 1986, Trinidad and Tobago Taxation Administration Act 1953, Part 2-5, SGD 2004/1 Superannuation Guarantee: What is the Maximum Contribution Base for a quarter in the 2004-2005 year? Trinidad and Tobago Income Tax Assessment Act 1997 Division 102 (section 102-5 is the operative provision which includes net capital gain in assessable income), Trinidad and Tobago Taxation Office Web site ATO assist at www.ato.gov.au or Tax Pack.

Tax Rates

What are the current income tax rates for residents and non-residents in Trinidad and Tobago?

Residents

Taxable income is taxed at 25 percent.

Non-Residents

Taxable income is taxed at 25 percent

Residence Rules

For the purposes of taxation, how is an individual defined as a resident of Trinidad and Tobago?

An individual is considered resident for tax purposes if he/she remains in Trinidad and Tobago for, in aggregate, 183 days or more in any given calendar year. The individual is only 'temporarily resident' if he/she is not establishing permanent domicile and has not actually resided in Trinidad and Tobago at one or more times for a period equal in the whole to six months in the year of assessment.

Is there, a deminimus number of days rule when it comes to residency start and end date? For example, a taxpayer can't come back to the host country for more than 10 days after their assignment is over and they repatriate.

There is no such rule in Trinidad and Tobago

What if the assignee enters the country before their assignment begins?

If the assignee enters the country before the assignment begins those days are also counted in determining the total number of days present in Trinidad and Tobago.

Termination of Residence

Are there any tax compliance requirements when leaving Trinidad and Tobago?

There are no special requirements on termination of residence in Trinidad and Tobago.

What if the assignee comes back for a trip after residency has terminated?

There ought not to be any issues if the assignee has a valid passport and the purpose of entry is for vacation/attending meetings. If to undertake employment, then the assignee must have a visa and a work permit.

Communication between Immigration and Taxation Authorities

Do the immigration authorities in Trinidad and Tobago provide information to the local taxation authorities regarding when a person enters or leaves Trinidad and Tobago?

We are unable to confirm. However, the Ministry of National Security will provide the tax authorities with particulars on individuals to whom work permits have been issued.

Filing Requirements

Will an assignee have a filing requirement in the host country after they leave the country and repatriate?

Only in respect of period the employment was exercised in Trinidad and Tobago.

Economic Employer Approach²

Do the taxation authorities in Trinidad and Tobago adopt the economic employer approach to interpreting Article 15 of the OECD treaty? If no, are the taxation authorities in Trinidad and Tobago considering the adoption of this interpretation of economic employer in the future?

Not applicable.

² Certain tax authorities adopt an "economic employer" approach to interpreting Article 15 of the OECD model treaty which deals with the Dependent Services Article. In summary, this means that if an employee is assigned to work for an entity in the host country for a period of less than 183 days in the fiscal year (or, a calendar year of a 12-month period), the employee remains employed by the home country employer but the employee's salary and costs are recharged to the host entity, then the host country tax authority will treat the host entity as being the "economic employer" and therefore the employer for the purposes of interpreting Article 15. In this case, Article 15 relief would be denied and the employee would be subject to tax in the host country.

Deminimus Number of Days³

Are there a deminimus number of days before the local taxation authorities will apply the economic employer approach? If yes, what is the deminimus number of days?

Not applicable.

Types of Taxable Compensation

What categories are subject to income tax in general situations?

Income items subject to tax include salary, bonuses, pensions, personal use of a company maintained vehicle or equipment and other perquisites, such as the fair rental value of any quarters owned by the company or the value of any board or rented residence, in respect of a loan to an employee the difference between the interest rate charged by the company and the repo rate of interest set by the Central Bank of Trinidad and Tobago where the repo rate is higher or any other allowance granted in respect of employment or office whether in money or otherwise.

Tax-Exempt Income

Are there any areas of income that are exempt from taxation in Trinidad and Tobago? If so, please provide a general definition of these areas.

- Reimbursements for expenses of relocating the employee and the employee's family are generally not taxable. (This exemption is not legislated and it will require some research to address. Reimbursements of expenditures of a personal nature, such as those relating to the employee's family, living expenses, etc, will most likely be taxable, whereas those expenditures wholly

³ For example, an employee can be physically present in the country for up to 60 days before the tax authorities will apply the economic employer approach.

and exclusively incurred in respect of the exercise of the employment will likely be exempt from tax.)

- The amount or value of the dividend or other distributions paid to a resident individual under the first and second unit schemes of the Trinidad and Tobago Unit Trust Corporation.
- The amount or value of distributions, other than preference dividends, paid by a resident company to a resident individual.
- Interest, whether or not denominated in local currency, paid or credited to a resident individual by a bank or other financial institution in Trinidad and Tobago arising from sources within Trinidad and Tobago.
- Interest, whether or not denominated in local currency, paid or credited to a resident individual on savings or other accounts with a person carrying on a trade or business in Trinidad and Tobago who, in the ordinary course of business, receives and retains money in such circumstances that interest becomes payable
- Interest, whether or not denominated in local currency, paid or credited to a resident individual on bonds or similar investment instruments issued in Trinidad and Tobago.
-

Certain Employer Provided Housing Allowances (Employer's Contribution to Rent)

Housing allowances including contribution to rent by the employer are subject to tax.

Certain Employer Provided Housing Allowances (Cost of Utilities)

Housing allowances including cost of utilities are subject to tax.

Living Away From Home Allowance (LAFHA)

All allowances including LAFHA are subject to tax.

Certain Employer Provided Tax Reimbursements

Tax reimbursements are subject to tax.

Certain Employer Provided Relocation Reimbursements

As mentioned above, reimbursements for expenses of relocating the employee and the employee's family are generally not taxable. (This exemption is not legislated and it will require some research to address. Reimbursements of expenditures of a personal nature, such as those relating to the employee's family, living expenses, etc, will most likely be taxable, whereas those expenditures wholly and exclusively incurred in respect of the exercise of the employment will likely be exempt from tax.)

Home Leave

Expense of traveling to the expatriate's home country for home leave purposes is subject to tax.

Certain Employer Provided Education Costs

Education costs paid or reimbursed by employers for the expatriate employee's children are subject to income tax. A resident employee is however entitled to an allowance of up to a maximum of TTD 60,000 in respect of tertiary education expenses incurred on behalf of himself/ herself or his/her or spouse or his/ her child at an institution approved by the Ministry with responsibility for tertiary education.

Certain Bonus Payments

The tax laws of Trinidad and Tobago provide that in the case of income (which include bonus payments) arising outside of Trinidad and Tobago to a person who is not ordinarily resident or not domiciled therein tax shall be payable on the amount received in Trinidad and Tobago, so however, that where any employment or office is exercised by any such person in Trinidad and Tobago, gains or profits (including bonus payments) from the employment or office, whether received in Trinidad and Tobago or not, shall be treated as income arising therein.

Certain Interest Subsidies

The Trinidad and Tobago tax laws provide that where a company provides a loan to an employee and the repo rate of interest set by the Central Bank of Trinidad and Tobago as at the 31st December of the year immediately preceding a year of income, is more than the rate of interest charged by the company on such loan, the amount of the additional interest that would have been payable by the employee in that year of income had the repo rate been applied to the loan, shall be treated as a perquisite and shall be chargeable to tax.

Certain Auto Allowances

Auto allowances are subject to tax. Note however, if the employer leases a motor car for the employee, the employee is subject to tax on 50% of the lease amount. If the company owns the car and it is made available to the employee, the latter is subject to tax on 50% of the wear and tear of the motor vehicle.

Health Insurance

The provision of health insurance to employees is not usually subject to tax in Trinidad and Tobago.

Expatriate Concessions

Are there any concessions made for expatriates in Trinidad and Tobago?

There are no special concessions generally available to expatriates.

Salary Earned from Working Abroad

Is salary earned from working abroad taxed in Trinidad and Tobago? If so, how?

Residents are taxed on salaries earned from working abroad. Persons not ordinarily resident are also taxed on income arising outside of Trinidad and Tobago but received in Trinidad and Tobago.

Taxation of Investment Income and Capital Gains

Are investment income and capital gains taxed in Trinidad and Tobago? If so, how?

Interest payable to non-residents is tax at the treaty rates, which range from 7.5 percent to 15 percent or the non-treaty rate of 15 percent.

Gains from the disposal of assets in possession for less than one year are taxable, except gains from disposal of securities in Trinidad and Tobago are not taxable. Also exempted are profits on sales of motor vehicles, proceeds from the disposal of household effects for TTD 5,000 or under and gains on the disposal of currency.

Non-compliance by the employer will result in a penalty of 25 percent of the tax and interest at the rate of 20 percent per year on both the tax and the penalty from the due date to the date of settlement.

Dividends, Interest, Rental Income

For taxation of dividends and interest refer to comments above.

In respect of rental income, income tax shall be payable upon such income of any person accruing in or derived from Trinidad and Tobago or elsewhere and whether received in Trinidad and Tobago or not.

Gains from Stock Option Exercises

Residency Status	Grant	Taxable at: Vest	Exercise
Resident	Y		
Non-resident	Y		
Other (if applicable)	N/A	N/A	N/A

Foreign Exchange Gains and Losses

No chargeable gains shall accrue upon the disposal by an individual of a currency of any description acquired by him/her for personal expenditures outside Trinidad and Tobago of him/herself or his/her family or dependents, including expenditure on the

Principal Residence Gains and Losses

No chargeable gain shall accrue upon the gain arising from the disposal of the principal residents after 12 months of ownership

Capital Losses

Capital losses can only be deducted in determining the chargeable gains of short-term capital gains.

Personal Use Items

No chargeable gains accrue on the disposal of personal use items.

Gifts

There is no provision to charge tax for the benefit of a gift provided by a third-party to an employee or members of his/her family or household, by reason of his/her employment. It is more likely than not, such an exemption will not be extended to

gifts provided in recognition of particular services performed, or to be performed, by the employee in the course of his employment.

Additional Capital Gains Tax (CGT) Issues and Exceptions

Are there additional capital gains tax (CGT) issues in Trinidad and Tobago? If so, please discuss?

Chargeable gains will only accrue on capital gains arising from the disposal of capital assets within 12 months of acquisition

Are there capital gains tax exceptions in Trinidad and Tobago? If so, please discuss?

No chargeable gain shall accrue:

- upon the disposal by an individual of currency of any description acquired by him/her for personal expenditure outside Trinidad and Tobago of him/herself or his/her family or dependents (including expenditure on the provision or maintenance of any resident outside Trinidad and Tobago);
- from sums obtained by way of compensation or damages for any wrong or injury suffered by an individual in his/her person or in his/her profession or vocation;
- from winnings from betting lawfully carried on under or by virtue of the Gambling and Betting Act, including pool betting and lotteries or games with prizes;
- on the disposal of an asset by an individual or a company which is under the provisions of this Act or of the Corporation Tax Act;
- on the disposal of any security in Trinidad and Tobago; and
- private motorcars, household goods and owner-occupied houses disposed of for \$5,000 or under.

Pre-CGT Assets

Not applicable

Deemed Disposal and Acquisition

Not applicable

General Deductions from Income

What are the general deductions from income allowed in Trinidad and Tobago?

Deductions that are generally allowed include:

- Amounts contributed to an approved pension or annuity plans and 70 percent of amounts contributed to the National Insurance Scheme, up to a maximum of TTD 30,000 in aggregate.
- Tertiary education expenses up to a maximum of TTD 60,000
- Personal allowance of TTD 60,000.

Tax Reimbursement Methods

What are the tax reimbursement methods generally used by employers in Trinidad and Tobago?

Information not available.

Calculation of Estimates/Prepayments/Withholding

How are estimates/prepayments/withholding of tax handled in Trinidad and Tobago ? For example, Pay-As-You-Earn (PAYE), Pay-As-You-Go (PAYG), etc.

Pay-As-You-Go (PAYG) Withholding

PAYE only.

PAYG Installments

Information not available.

When are estimates/prepayments/withholding of tax due in Trinidad and Tobago?
For example, monthly, annually, both, etc.

On a monthly basis for employees and on a quarterly basis for the independently employed

Relief for Foreign Taxes

Is there any Relief for Foreign Taxes in Trinidad and Tobago? For example, a foreign tax credit (FTC) system, double taxation treaties, etc?

If certain requirements are satisfied, credit is given for taxes paid in foreign countries.

General Tax Credits

What are the general tax credits that may be claimed in your country? Please list below.

The only tax credits that are available are income tax credits.

Sample Tax Calculation

This calculation assumes a married taxpayer resident in Trinidad and Tobago with two children whose three-year assignment begins 1 January 2008 and ends 31 December 2010. The taxpayer's base salary is USD 100,000 and the calculation covers three years.

	2008 USD	2009 USD	2010 USD
Salary	100,000	100,000	100,000
Bonus	20,000	20,000	20,000
Cost-of-living allowance	10,000	10,000	10,000
Housing allowance	12,000	12,000	12,000
Company car	6,250	4,688	3,316
Moving expense reimbursement	20,000	0	20,000
Home leave	0	5,000	0
Education allowance	3,000	3,000	3,000
Interest income from non-local sources	6,000	6,000	6,000

Exchange rate used for calculation: USD 1.00 = TTD 6.30

Other assumptions

- All earned income is attributable to local sources.
- Bonuses are paid at the end of each tax year, and accrue evenly throughout the year.
- Interest income is not remitted to Trinidad and Tobago.
- The company car is used for business and private purposes and originally cost USD 50,000.
- The employee is deemed resident throughout the assignment.
- Tax treaties and totalization agreements are ignored for the purpose of this calculation.

Calculation of Taxable Income

Year ended	2008	2009	2010
Days in Trinidad and Tobago during year	366	365	365
Earned income subject to income tax			
Salary	100,000	100,000	100,000
Bonus	20,000	20,000	20,000
Cost-of-living allowance	10,000	10,000	10,000
Net housing allowance	12,000	12,000	12,000
Company car	6,250	4,688	3,516
Home leave		5,000	
Education allowance	3,000	3,000	3,000
Total earned income	151,250	154,688	148,516
Other income	0	0	0
Total income	151,250	154,688	148,516
Deductions:	9,911	9,911	9,911
Total taxable income	141,339	144,777	138,605

Calculation of Tax Liability

	2008	2009	2010
Taxable income as above	141,339	144,777	138,605
Trinidad and Tobago tax thereon			
Less:	35,335	36,194	34,651
Domestic tax rebates (dependent spouse rebate)	N/A	N/A	N/A
Foreign tax credits	N/A	N/A	N/A
Total Trinidad and Tobago tax	35,335	36,194	34,665

Special Considerations for Short-Term Assignments⁴

Residency Rules

Are there special residency considerations for short-term assignments?

The provisions of the tax treaty will determine the application of tax in relation to short-term assignments. If the assignee is a resident of a country that does not have a tax treaty with T&T, then the emoluments arising from the exercise of the employment will be taxed.

Payroll Considerations

Are there special payroll considerations for short-term assignments?

Refer to comment above

Taxable Income

What income will be taxed during short-term assignments?

Refer to comment above

Additional Considerations

Are there any additional considerations that should be considered before initiating a short-term assignment in Trinidad and Tobago?

Information not available

⁴ For the purposes of this publication, a short-term assignment is defined as an assignment that lasts for less than one year.

Other Taxes and Levies

Social Security Tax

Are there social security/social insurance taxes in Trinidad and Tobago? If so, what are the rates for employers and employees?

Employer and Employee

Type of Insurance	Paid by		Total Percent
	Employer Percent	Employee Percent	
Health Surcharge	N/A	TTD 8.25 per week	N/A
National Insurance	TTD 137.88 per week	TTD 68.94 per week	10.5
Total Percent	66.67	33.33	100

Trinidad and Tobago maintains a quasi-social security system called the national insurance scheme. All employees are required to make weekly contributions on a graduated scale, the maximum contribution of TTD 68.94 per week being reached at an income of TTD 8,300 per month. Employers contribute twice the employee's contribution. Benefits cover retirement and loss of income due to illness, but these benefits are not substantial and are generally covered otherwise to a much greater degree by employers. Employees also pay a health surcharge of TTD 8.25 per week, for which there are no benefits to be derived

Gift, Wealth, Estate, and/or Inheritance Tax

Are there any gift, wealth, estate, and/or inheritance taxes in Trinidad and Tobago?

None.

Real Estate Tax

Are there real estate taxes in Trinidad and Tobago?

Currently not applicable

There is also stamp duty, which is levied on instruments of all types, for example, deeds of conveyance, mortgages, debentures, trusts, leases, insurance policies, agreements, and share transfers. The duty is paid at the Board of Inland Revenue and a machine stamp is affixed to the instrument.

The rates vary from TDD 25.00 on a trust deed to TDD 4.00 per TDD 1,000.00 on mortgages and charges.

- Residential transfers are exempt up to TTD 850,000.00.
- More than TTD 850,000 but not exceeding TTD 1,250,000 the rate is 3 percent on the excess.
- More than TTD 1,250,000 but not exceeding \$1,750,000 the rate is 5 percent on the excess
- More than TTD 1,750,000.00 the rate is 7.5 percent on the excess.

Sales/VAT Tax

Are there sales and/or value-added taxes in Trinidad and Tobago?

Yes. There is value added tax which is charged on the commercial supplies made by the VAT registered person within Trinidad and Tobago and on the importation of good into Trinidad and Tobago. The standard rate is 15%, but certain supplies are charged at the rate of 0%.

Unemployment Tax

Are there unemployment taxes in Trinidad and Tobago?

Not applicable.

Other Taxes

Are there additional taxes in Trinidad and Tobago that may be relevant to the general assignee? For example, customs tax, excise tax, stamp tax, etc.

Customs Duties

Customs duties are levied at varying rates on customs entries in respect of imported goods according to classification in schedules to the relevant legislation. In all cases, the basis is the c.i.f. value of the goods at the time of import. There are exemptions in relation to specific goods

Contact us

Robert Alleyne

Partner, Tax

T (868) 623 1081 ext 4113

E ralleyne@kpmg.co.tt

Gillian Wolffe-O'neil

Director, Tax

T (868) 623 1081 ext 4246

E gwolffeoneil@kpmg.co.tt

Nicole Joseph

Senior Manager, Tax

T (868) 623 1081 ext 4247

E nicolejospeh@kpmg.co.tt

Address:

69-71 Edward Street

Port of Spain

Trinidad and Tobago, W.I.

T (868) 623 1081

F (868) 623 1084

www.kpmg.co.tt

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