

Monday 7th October, 2019

TTMA FOCUSES ON VAT

The Trinidad and Tobago Manufacturers' Association (TTMA) notes the Minister of Finance's contribution, "Strength, Strategy and Growth", for the fiscal year 2020/2021 and acknowledges the government ingenuity on its attempt to address the VAT issue by its pronouncement where it proposes an initial \$3Billion interest bearing bond facility. However while we appreciate the government's attempt to bring some relief to the chronic VAT return issue, we regret it is not enough to offset the cost of doing business. SMEs stand to be most hard hit by this and we are concerned about their survivability in the near to medium term. In this regard, we will continue to lobby for a VAT net facilitation for our membership and in particular the entrepreneurs who need a different solution from what has been proposed. One of our concerns remains the cost of transferring or trading these bonds to potential buyers. The existing housing bond of 4.5% is more attractive to potential financial institutions and it would have been ideal if priority treatment could have been given to this VAT bond facility.

The TTMA applauds the government's mention of the extension of the promotional allowance for CARICOM for first time exporters which will redound to the benefit of the SME sector whose main export market is CARICOM. The existing "Promotional Expenses Allowance" allows for a maximum of 150% of the amount actually expended for the purpose of creating or promoting the expansion of foreign markets for the exports of certain goods and services.

TTMA is heartened by the initiatives of government to address concerns on the environment, for example the introduction of the LED bulbs, the incentive on solar water heaters and the use of "environmentally unfriendly" packaging materials. While this initiative is commendable, we must consider the implications for those that are currently in the sector and therefore we propose a framework to buffer those stakeholders in the shortest time frame possible.

It is commendable that the government sought to address legislative gaps to create a more enabling environment. Government procurement legislation, Revenue Authority and addressing the Licensing Framework are all welcomed measures that can have redounding benefit to the business community and by extension the population at large. However we note that these proposed amendments to the existing frameworks have been spoken to in the past without execution in a timely manner. In this regard, the TTMA looks forward to speedy implementation of these measures.

Finally TTMA is heartened by the fact that the government has realized that the way to raise revenues is not by placing more burden on the already tax paying compliant business sector and public but rather seeking to capture those that are evading the tax net. In this regard we welcome initiatives to build competencies in collection mechanism and commend the government on its collection of 2.382 Billion dollars from the 2019 Tax Amnesty.

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