
Fifth Session Third Parliament Trinidad and Tobago
25 Elizabeth II



Parl. No. V 268
" " A 1966(333)

TRINIDAD AND TOBAGO
Act No. 14 of 1976

[L.S.]

AN ACT to amend the Law relating to income tax and
corporation tax.

[Assented to 10th May, 1976]

BE IT ENACTED by the Queen's Most Excellent Majesty, Enactment
by and with the advice and consent of the Senate and
House of Representatives of Trinidad and Tobago, and
by the authority of the same, as follows:—

1. This Act may be cited as the Finance Act, 1976. Short title

Interpretation
Ch. 33. No. 1

2. In this Act "the Ordinance" means the Income Tax Ordinance.

Section 5 of
the Ordinance
amended

3. Section 5 of the Ordinance is amended by adding immediately after subsection (5) the following subsections—

"(6) Notwithstanding paragraph (e) of subsection (1), where the gains or profits of any employee from any employment for any year of income include an amount which under the contract of employment the employer is liable to pay by way of severance pay upon the termination of such employment by reason of the redundancy of the position held by such employee—

(a) an amount equal to the lesser of one thousand eight hundred dollars or three months salary or wages shall be exempt from tax; and

(b) the remainder, if any, of such severance pay in excess of the amount exempt under paragraph (a), shall not form part of the chargeable income of such person but shall be separately charged to tax at his average rate of tax for the immediately preceding year of income.

(7) For the purposes of subsection (6)—

"severance pay" includes any payment in lieu of notice and any payment made in relation to past service of the employee;

"average rate of tax" means such rate, expressed as a percentage, as results from dividing the tax payable in respect of a year of income by the amount of the chargeable income of that year."

"(8) Where the gains or profits from any employment or office which are received by any person during a year of income include an amount paid by way of a retrospective increase in salary, wages, retiring allowances or pension

and part of such amount relates to a previous year or years of income, such part (hereinafter referred to in this subsection and in subsection (9) as "the arrears") shall be separately charged to tax at the marginal rate of tax payable for the year of income during which the arrears were received by the person.

(9) For the purposes of subsection (8)—
 "the marginal rate of tax" in relation to the charge to tax on the arrears means the rate of tax which is payable on the last dollar of the chargeable income of that year exclusive of the arrears."

4. Section 10 of the Ordinance is amended by adding Section 10 of the Ordinance amended immediately after paragraph (b) of subsection (1) the following paragraph—

"(c) in the case of expenses incurred by way of salary or wages paid to one's spouse as an employee, the expenses shall be allowable only to the extent to which the Board is satisfied that they are reasonable in amount, and any amount not allowed, shall be deemed not to be income of the spouse."

5. Section 15 of the Ordinance is amended by substituting the words "one thousand five hundred dollars" Section 15 of the Ordinance amended for the words "one thousand two hundred dollars" occurring therein.

6. Section 15A of the Ordinance is repealed and replaced as follows— Section 15A of the Ordinance repealed and replaced

"Deduction for spouse

15A. (1) Subject to this section, an individual to whom section 14 applies shall be entitled to a deduction of six hundred dollars in respect of his or her spouse if, at any time during the year of income the spouse is living with him or her or is maintained by and not separated from him or her in circumstances in which he or she is entitled to a deduction under section 15B.

(2) The deduction allowable under this section shall be reduced where the spouse has an income in excess of six hundred dollars—

- (a) in respect of the year of income 1975, by one dollar for each dollar by which the income of the spouse exceeds six hundred dollars; and
- (b) in respect of the year of income 1976, and subsequent years of income, by two dollars for each three dollars by which the income of the spouse exceeds six hundred dollars.”.

Section 16 of
the Ordinance
amended

7. Section 16 of the Ordinance is amended in subsection (1)—

- (a) by substituting for the words “has made insurance on his life or the life of his wife, or has contracted for any deferred annuity on his life or the life of his wife” occurring in paragraph (a) thereof the words “has paid premiums for insurance or a deferred annuity contract on his or her life or the life of his or her spouse,”;
- (b) by substituting for the words “before the 1st day of January, 1953, has made insurance on his life or the life of his wife, or has contracted for any deferred annuity on his life or the life of his wife,” occurring in paragraph (b) thereof the words “has paid premiums for insurance or a deferred annuity contract made before 1st January, 1953, on his or her life or the life of his or her spouse,”.

Section 16D of
the Ordinance
amended

8. Section 16D of the Ordinance is amended—

- (a) in subsection (1)—
 - (i) by substituting for the words “has made insurance on his life or on the life of his wife or has contracted for any deferred annuity on his life or on the life of his wife,”

occurring in paragraph (a) thereof of the words "has paid premiums for insurance or a deferred annuity contract on his or her life or the life of his or her spouse";

- (ii) by substituting for paragraph (b) thereof the following:—

"(b) has paid premiums for insurance made after 1st January, 1963, on his or her life or the life of his or her spouse shall be allowed a deduction of forty per cent of the annual amount of the premium subject to a maximum amount of eight hundred dollars;"

- (b) in subsection (5) by substituting for the words "has made insurance on his life or on the life of his wife or has contracted for any deferred annuity on his life or on the life of his wife, as is mentioned in paragraph (a) or (b) of subsection (1) of section 16 before the 1st January, 1963," occurring therein the words "has paid premiums for insurance or a deferred annuity contract, as is mentioned in paragraph (a) or (b) of subsection (1) of section 16 made before 1st January, 1963, on his or her life or the life of his or her spouse."

9. Section 18 of the Ordinance is repealed.

10. Section 18B of the Ordinance is amended—

- (a) by repealing and replacing subsection (5) thereof as follows:—

"(5) The exemption provided under paragraph (e) of subsection (2) applies in respect of a newly constructed house the cost of construction of which, inclusive of the cost

Section 18 of
the Ordinance
replaced

Section 18B of
the Ordinance
amended

and value of the land, in the opinion of the National Housing Authority, having regard to normal building costs prevailing at the time of its construction would not exceed—

(a) twenty-five thousand dollars, where construction commenced after 31st December, 1967, but not later than 31st December, 1973;

(b) forty thousand dollars, where construction commenced after 31st December, 1973, but not later than 31st December, 1975; or

(c) sixty thousand dollars where construction commenced after 31st December, 1975.”;

(b) by adding immediately after subsection (5) the following subsection—

“(6) For the purposes of paragraph (e) of subsection (2) “service charge” means a service charge prescribed by the Minister as the charge for administering a mortgage, that is not a guaranteed mortgage.”.

11. Section 18c of the Ordinance is repealed and replaced as follows—

Section 18c of the Ordinance repealed and replaced

“Limitation on tax exemption

18c. (1) The exemptions provided under paragraphs (b) and (c) of subsection (2) of section 18B apply in respect of a house the cost of construction of which, exclusive of the cost and value of the land, in the opinion of the Minister, having regard to normal building costs prevailing at the time of its construction, would not exceed—

(a) twenty thousand dollars, where construction commenced after 31st December, 1957 but not later than 31st December, 1967;

- (b) twenty-five thousand dollars, where construction commenced after 31st December, 1967, but not later than 31st December, 1972;
- (c) thirty thousand dollars, where construction commenced after 31st December, 1972 but not later than 31st December, 1973;
- (d) forty thousand dollars, where construction commenced after 31st December, 1973 but not later than 31st December, 1975;
- (e) sixty thousand dollars, where construction commenced after 31st December, 1975.

(2) The exemptions provided under paragraphs (a) and (b) of subsection (2) of section 18B, are operative for a period of ten years beginning with the date of the completion of the newly constructed house.

(3) The exemption provided under paragraph (b) of subsection (2) of section 18B ceases to apply in respect of a house where, in the opinion of the Minister, the cost of repairs, alterations or improvements made to the house when added to the cost of construction as determined under subsection (1) exceeds—

- (a) twenty thousand dollars, where the repairs, alterations or improvements were made after 31st December, 1957, but not later than 31st December, 1967;
- (b) twenty-five thousand dollars, where the repairs, alterations or improvements were made after 31st December, 1967, but not later than 31st December, 1972;
- (c) thirty thousand dollars, where the repairs, alterations or improvements were made after 31st

December, 1972, but not later than 31st December, 1973;

(d) forty thousand dollars, where the repairs, alterations or improvements were made after 31st December, 1973, but not later than 31st December, 1975;

(e) sixty thousand dollars, where the repairs, alterations or improvements were made after 31st December, 1975.

(4) Subsection (3) does not apply where the Minister has, before the repairs, alterations or improvements are made, authorised the making thereof.

(5) The Minister of Finance may from time to time by Order published in the *Gazette* amend—

(a) subsection (5) of section 18B, and subsection (1), by specifying the cost of construction of newly constructed houses in respect of which exemptions under subsection (2) of section 18B would apply and the date after which construction of the house should commence; and

(b) subsection (3), by specifying the cost of construction of a house built after a specified date, and of repairs, alterations or improvements made thereto, in respect of which exemption under subsection (2) of section 18B would cease to apply.”

Section 34c of
the Ordinance
amended

12. Section 34c of the Ordinance is amended by adding immediately after subsection (2) thereof the following subsection—

“(3) Notwithstanding subsection (1) where income which has accrued to any person is assigned by that person under a deed of covenant or other instrument of assignment to

his or her spouse, such income shall be deemed to be the income of the assignor and not the income of the spouse.”.

13. Sections 48 and 49 of the Finance Act, 1966 are repealed and replaced as follows—

“Export Allowance

48. (1) Subject to this section, where during a year of income a company incorporated under the laws of Trinidad and Tobago has made export sales of the products of a manufacturing or processing industry carried on by it, to any country, in ascertaining the chargeable profits of the company for that year of income, a deduction (referred to in section 49 and Schedule IV as an export allowance) shall be allowed to the extent specified in Part I of Schedule IV.

Sections 48 and 49 of the Finance Act, 1966, repealed and replaced Act No. 29 of 1966

(2) Subsection (1) applies to all export sales of the products, except—

- (a) export sales made to a country specified in Part 2 of Schedule IV; or
- (b) export sales of products specified in Part 3 of Schedule IV.

(3) The Governor-General may, by order published in the *Gazette* amend Schedule IV—

- (a) by reducing the percentage of export profits specified in Part 1 thereof; or
- (b) by adding to or deleting from the list of products specified in Part 3 thereof.

(4) In this section, “export sales” includes the sale of goods by the company to a purchaser in Trinidad and Tobago, where such goods are exported during the year of income.”.

“Saving of
company
right of
entitled to
an export
allowance

49. (1) (a) Notwithstanding subsection (2) of section 48, where a company was entitled to an export allowance under the former provisions of this Act in respect of the year of income 1973, but by reason of paragraph (a) or (b) or both such paragraphs of subsection (2) of section 48, is not entitled to an export allowance in subsequent years of income the former provisions of this Act shall continue to have effect—

(a) in relation to export sales of products to a country specified in Part 2 of Schedule IV, for the years of income 1974 and 1975 whether or not such products are specified in Part 3 of that Schedule; and

(b) in relation to export sales of products specified in Part 3 of Schedule IV to a country other than a country specified in Part 2 of that Schedule, for the years of income 1974 to 1983, inclusive.

(2) Where by reason of an insufficiency of tax against which the former export allowance could be offset in any year of income prior to the year of income 1974, a company would have been entitled to carry over such allowance to one or more subsequent years of income if the former provisions of this Act had not been repealed, then notwithstanding such repeal, the company may continue to carry over such allowance until—

(a) the allowance has been fully offset; or

(b) the end of the fifth year of income following the year in which such allowance arose,

whichever is the earlier.

(3) In this section—

“the former provisions of this Act”

means section 48 and 49 of this Act as repealed by section 11 of the Finance Act, 1976;

“the former export allowance” means the tax credit allowed by section 48 of this Act as repealed by section 11 of the Finance Act, 1976.”.

14. Schedule IV to the Finance Act, 1966 is repealed and replaced as follows—

Schedule IV
to Finance
Act, 1966
amended
Act No. 29
of 1966

“SCHEDULE IV

PART I

Calculation of Export Allowance

1. For the purposes of subsection (1) of section 48 an export allowance shall be calculated in accordance with the Table below—

Where the percentage of export sales in relation to total sales	Percentage of export profits deductible as export allowance shall be—
is under 10 per cent	— Nil
is 10 per cent or more but does not exceed 21 per cent	— 25 per cent
exceeds 21 per cent but does not exceed 41 per cent	— 35 per cent
exceeds 41 per cent but does not exceed 61 per cent	— 45 per cent
exceeds 61 per cent	— 50 per cent

2. For the purposes of this Part—

- (a) “total sales” means the proceeds of sale (ex-factory), of the total output of a company during a year of income;
- (b) “export sales” means the proceeds of sale (ex-factory) of the output of a company, exported to a country other than a country specified in Part 2, by the company or by a purchaser in Trinidad and Tobago of such output, during a year of income;
- (c) in relation to the definitions of total sales and export sales—
- (i) “proceeds of sale” shall not take into account any amount of excise duty paid in respect of the products sold during that year;

- (ii) "output" means the products of an industry to which section 48 applies;
- (d) "export profits" means that percentage of the total sales profits of a year of income which the export sales bear to the total sales of that year of income;
- (e) "total sales profits" means the amount which would be charged to tax as chargeable profits of the company if—
- (i) the manufacture, or production and sale of the product to which section 48 applies were the only source of profits of the company; and
 - (ii) no loss available as a deduction under section 13 of the Income Tax Ordinance (as applied by section 58 of this Act) were taken into account.

PART 2

COUNTRIES TO WHICH EXPORT DO NOT QUALIFY FOR EXPORT ALLOWANCE

Antigua	Jamaica
Barbados	Montserrat
Belize	St. Kitts-Nevis
Dominica	St. Lucia
Grenada	St. Vincent
Guyana	

PART 3

PRODUCTS WHICH DO NOT QUALIFY FOR EXPORT ALLOWANCE

Approved products (within the meaning of section 2 of the Fiscal Incentives Act, 1973)

Bitters
 Crude petroleum, petro-chemicals
 petroleum products and petroleum based products
 Pioneer products
 Re-exports
 Refined asphalt
 Rum
 Sugar."

15. Notwithstanding section 36 of the Ordinance every person (other than a company), liable to furnish a return of income in respect of the year of income 1975 shall furnish such return on or before the 30th day of June, 1976.

Extended time
for filing
return for
year of income
1975

16. This Act shall be deemed to have come into operation on the 1st day of January, 1976, except that—

Commencement

- (a) sections 3, 4, 6 to 9 and 12 thereof shall be deemed to have come into operation on the 1st day of January, 1975; and
- (b) sections 13 and 14 shall be deemed to have come into operation on the 1st day of January, 1974.

Passed in the House of Representatives this 9th day of April, 1976.

J. E. CARTER
Clerk of the House

Passed in the Senate this 13th day of April, 1976.

R. GRIFFITH
Clerk of the Senate

