

# MINISTRY OF TOURISM

## INVESTMENT FACILITATION

### Getting Started

To answer the first question the following points are salient:

#### Trinidad and Tobago Economic Indicators

- GDP (USD Mn) 24, 000 (Budget Statement 2008/2009)
- Real GDP Growth (%) 3.5 (Central Bank, October, 2009, estimated)
- Headline Inflation (%) 13.7 (Central Bank, June, 2010)  
Core Inflation (excludes food prices) (%) 4.3 (Central Bank, June 2010)
- GDP per Capita (USD) 21,300 (Estimated 2009, World Factbook)
- Gross International Reserve (USD Mn) 8,651 (Review of the Economy 2008/2009)

Trinidad and Tobago also offers:

#### Competitive Operating Costs

- Reliable and Low Cost Energy
- Educated and Trained Labour Force

#### An Investor Friendly Environment

- No negative Lists, quotas, surcharge and stamp duties
- Modernized Customs and Export procedures
- No Price or Foreign Exchange Controls

#### A Business Friendly Environment

- Liberalized Financial System

- Liberalized Trading System
- Repatriation of funds
- Arbitration

**Investment grade rating by looking specifically at Tourism, Trinidad and Tobago has:**

- A Dynamic Tourism Industry–Open for Investment
- Diverse Tourism Products

**Incentives for Tourism Development**

**Tourism Development Incentives in Trinidad and Tobago are offered under Legislation known as:**

The Tourism Development Act 2000 (TDA)

No. 9 of 2000“ facilitate the development of the Tourism industry by providing to investors incentives and concessions and to make provision for matters incidental thereto.”

**The act identifies Qualifying Tourism Projects in three categories:**

**1. Tourism Accommodation Projects:**

- Dive-Lodges,
- Eco lodges,
- Camp sites
- Hotels
- Integrated Resort Development (IRD)
- Guest Houses
- Resorts

**2. Tourism Ancillary Facilities and Services:**

- Marinas
- Boatyards

- Dive Operations
- Water Sports
- Charter Boats
- Cruise Activities
- Tour Operations
- Recreational Space Use
- Theme Parks
- Cultural Centres
- Special Events
- Golf Courses
- Film Making
- Transportation Service – solely for guests/visitors
- Convention Centers
- Shopping Facilities for local craft
- Historical Museum
- Sports Events

### **3. Tourism Infrastructure**

- Dive Re-Compression/ Hyperbaric Chambers
- Heliports
- Sea Ports and Airports
- Communications
- Public Utilities
- Roads
- Irrigation
- Ecological and Environmental Maintenance
- Land Clearance and Cleaning

Now that we know why to invest in Trinidad and Tobago and the areas of investment for which incentives are offered.

The next question is:

What exactly are the incentives offered?

### Benefits under the TDA

- (a) Tax exemptions on profits not exceeding seven (7) years
- (b) Tax exemption on profits from the initial sale of villas or condominiums, which form part of an Integrated Resort Development
- (c) A carry-over of losses from a tax exemption period
- (d) The importation of vehicles for use in the transportation of guests/visitors at a reduced rate of import duty (10%) and exemption from motor vehicle tax
- (e) Exemption from customs duties on building materials or articles of tourism equipment, not being manufactured locally
- (f) Tax exemption on the dividend received by a non resident shareholder if the recipient is not liable to tax on the dividend in his country of residence
- (g) Accelerated depreciation on depreciable equipment
- (h) Capital allowance on approved capital expenditure

How do you access these incentives?

The Incentives offered are accessed for long term projects by an Investor via the following 9 step process.

#### Step 1

An "Application Form for Approval of a Tourism Project" (**Form A**), which can be collected from the Ministry of Tourism (MOT), TDC or the Tobago House of Assembly (THA), must be completed by all applicants.

This form must be submitted to TDC, Trinidad if the project is located in Trinidad, and to TDC, Tobago if the project is in Tobago.

## **Step 2**

The submitted application is evaluated by TDC/THA, and forwarded to the Ministry of Tourism with recommendations for consideration.

Ministerial approval is conveyed to the applicant on "**Form B**", via TDC. This form grants Approval/Interim Approval/Additional Interim Approval, subject to the conditions appropriate to the type of activity identified by the relevant authority.

**On approval the investor can commence Start-up activities.**

## **Step 3**

The investor may require a permit for the importation or entry into Trinidad and Tobago of items free of customs duty, or for the purchase of items with the privilege of a drawback of customs duty. This is done in writing together with a list of the relevant items, on "**Form C**", by the applicant. This step can be done simultaneously with Step 1

## **Step 4**

This request and list of items are evaluated by TDC/THA and forwarded to the Ministry of Tourism for further evaluation and approval. The Minister approves the Permit (**Form D**) and this is issued to the applicant via TDC.

## **Step 5**

The owner/operator of the Tourism project is required to keep a list of the items used in the project which have been imported or purchased in Trinidad and Tobago under Permit. This list and the items are subject to verification by the Comptroller of Customs and Excise in order to establish that the items have been used in the project.

## Step 6

The applicant is then required to submit to the Ministry of Tourism on completion of the project, full details of the Total Actual Capital Expenditure/Additional Capital Expenditure **(Form E)**. This must be certified by an accredited Valuator, Accountant, Engineer or Quantity Surveyor. A Completion Certificate from the relevant Local Health Department and Regional Municipal Authority (where relevant), must also be submitted.

## Step 7

On completion of the project/start-up activities, the project is examined by TDC and the Ministry of Tourism to ensure that it is completed in accordance with conditions of the Interim Approval (Form B).

If the project is substantially completed an Order **(which specifies the tax incentives granted for the tourism project)** is issued by the Minister declaring the project an **"Approved Tourism Project"**.

## Step 8

After the declaration of the project as a bona fide Tourism Project, the owner/operator may request by letter to its lending agency that an application be made to the Minister of Finance for exemption from tax on interest received from an approved loan used for financing the project. This request is conditional upon agreement by the Ministry of Tourism.

**This incentive is applicable to persons who applied prior to 1<sup>st</sup> January 2006.**

## Step 9

The Minister of Finance conveys approval for the tax exemption by a Tourism Development (Exemption from Tax) Order. This Order specifies the lending institution involved, the loan amount and the effective period of the benefits.

It is to be noted that all construction, expansion and renovation projects must provide the following:

- Proof of ownership of the project or proposed project or lands
- A plan or drawing of the proposed project
- An Outline Planning Permission from the Town and Country Planning Division (except for renovation)
- A Certificate of Environmental Clearance Authority from the Environmental Management Authority (EMA), where applicable.
- Estimated time for commencing, completing and opening the project for business.
- Estimated capital expenditure for the project.

### Applications for Incentives for Tourism Transport Vehicles

#### **Step 1**

An "Application Form for Approval of a Tourism Project" (**Form A**), which can be collected from the Ministry of Tourism (MOT), TDC or the Tobago House of Assembly (THA), must be completed by all applicants.

#### **Step 2**

##### (A) For Road Vehicles (with six (6) passengers or less)

The Form A must be submitted to TDC, Trinidad if the project is located in Trinidad, and to THA, Tobago if the project is in Tobago, along with the following:

- The applicant's valid taxi **driver's badge**, driver's permit and identification card
- A quotation identifying details of the vehicle to be imported which should include cost (cost, insurance and freight) name of supplier, name of applicant, type of vehicle, chassis, no., size of engine, seating capacity
- A letter from the registered taxi association certifying that the applicant is

a member

- A copy of the signed Ministry of Trade and Industry's application form "Application for Licence to Import Goods into Trinidad and Tobago"
- A letter from Licensing Department (for special vehicles such as left hand drive)
- A letter from the THA recommending the project, for applicants located in Tobago.
- Approval must be obtained from the Public Service Transport Corporation (PTSC) for vehicles which can accommodate more than six (6) passengers

#### (B) For Boats

(i) The Form A must be submitted to TDC, Trinidad if the project is located in Trinidad, and to THA, Tobago if the project is in Tobago, along with the following:

- A letter from the Maritime Services Division of the Ministry of Works and Transport **certifying** that a Safety Inspection was conducted
- Certificate of Drogher
- Motor Launches Licence
- Registration Licence
- Quotation
- Import license from the Ministry of Trade and Industry

(ii) The investor may apply to the TDC/THA for a permit for the importation or entry into Trinidad and Tobago of items free of customs duty, or for the purchase of items with the privilege of a drawback of customs duty.

This is done in writing together with a list of the relevant items, on "**Form C**", by the applicant.

This step can be done simultaneously with Step 1.



### **Step 3**

The submitted application on Form A is evaluated by TDC/THA, and forwarded to the Ministry of Tourism with recommendations for consideration. Ministerial approval is conveyed to the applicant on "**Form B**", via TDC. This form grants Approval for the project subject to certain conditions.

**For boats**, the application on Form C along with the list of items are evaluated by TDC/THA and forwarded to the Ministry of Tourism for further evaluation and approval. The Minister approves the Permit (**Form D**) and this is issued to the applicant via TDC.

### **Step 4**

In order to complete the processing of applications, Approvals (Form B and Form D) must be submitted to:

- Ministry of Trade and Industry
- Customs & Excise Division of the Ministry of Finance
- Licensing Department (**for road vehicles**)
- Maritime Services Divisions (**for boats**)