

KEY FISCAL MEASURES

- 0.25% levy on the assets of commercial banks and insurance companies, effective January 1, 2026-expected to generate \$575 million annually.
- A surcharge on rental income: 2.5% for annual rental income of \$20,000 or less. 3.5% for annual rental income exceeding \$20,000. Requires landlords to register with BIR and pay a one-time registration fee of \$2,500.
- Electricity Surcharge-A fixed charge of \$0.05 per kWh for commercial and industrial customers. Essential public services are exempt.
- Increase in Fees, Charges, and Excise Duties: Doubling customs duties on rum, spirits, beer, and cigarettes. Increased fees for container processing, customs declarations, environmental tyre tax, and other services. Immediate effect for customs duties on alcohol and tobacco; other fees effective January 1, 2026, expected to generate \$1 billion.
- New taxes on electric vehicles with CIF value exceeding \$400,000: 10% duty, 12.5% VAT, and tiered motor vehicle tax.
- 5% tax on the CIF value of single-use plastics at the point of importation.
- Customs duty relief and tax concessions on motor vehicles for returning nationals to be removed.
- Subsidy on LPG cylinders of 100 pounds and above to be reduced by \$0.50 per pound. Subsidy for cylinders below 100 pounds remains unchanged.
- A phased increase in NIB contribution rates: 3% increase effective January 5, 2026. Another 3% increase effective January 4, 2027. Gradual increase in retirement age for full NIS pension from 60 to 65, starting January 2028.
- Removal of VAT on basic food items, agricultural machinery, and components for hydroponic and greenhouse farming. Removal of customs duty on feed for poultry, cattle, and pigs.
- Amendments to Foreign-Used Vehicle Importation Policy: Increase in permissible age for importing private cars from three years to six years and light commercial vehicles from seven years to 10 years.
- Removal of certain construction materials from the negative list.

Promises made, promises kept'

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THE big winners in Minister of Finance Dave Tancoo's \$59.2 billion budget are the motorists using super gasoline, public servants, retirees, farmers and the many customers in the market for cheaper foreign used vehicles. The 'losers' were the landlords, the business owners, the drinkers and smokers, the commercial banks and insurance companies, the NIS contributor and those persons buying luxury electric vehicles costing over \$400,000.

The budget, which had a fiscal deficit of \$3.865 billion and is based on an oil price of US\$73.25 per barrel and gas price of US 4.25 per mmbtu, contained a mix of relief and tax impositions and penalties.

It brought good news for many ordinary people who will be happy for:

1) the \$1 reduction on every litre of super gas purchased 2) the tax exemption on private pensions from January 1, 2026 3) the removal of VAT on a 'multiplicity of basic food items' from October 17, 2025 4) the creation of opportunity to own a vehicle which will cost less through Government's relaxation on the importation of foreign used vehicles. The permissible age will be increased from three years and under to six years and under for cars and from seven years and under to ten years for vans and pick-ups from January 1, 2026.

Public servants, who had been promised a 10% wage increase, are in line to receive it along with a substantial backpay, thanks to Prime Minister Kamla Persad-Bissessar. 'The Prime Minister has instructed me to advise the Chief Personnel Officer to submit a revised offer of 10%. Promise made, promise kept because when UNC wins, public servants win,' Tancoo said. The PNM government had offered 4%.

Gas relief

In announcing many of the goodies, Minister Tancoo made sure to give credit to his Prime Minister. 'Kamla Persad-Bissessar has instructed that, effective immediately, the price of super gasoline at the gas station pump be reduced by \$1 per litre. The average fuel tank capacity is about 50 litres- this means every time you go to fill your tank you would be saving \$50 thanks to this reduction,' Tancoo said to applause from the public gallery.

For Tobagonians there was an allocation higher than the 4.03% prescribed by the Dispute Resolution Commission. Said Tancoo: 'I was directed by my Prime Minister to allocate \$2.96 billion to Tobago which represents a full 5% of the national budget. In addition a further \$763 million will be spent from the various ministries on Tobago. In total then, the allocation to Tobago for fiscal 2026 will be \$3.724 billion, which equates to 6.3% of the national budget'. Looking towards the two Tobago MPs in the House, Tancoo said: 'When the UNC wins, Tobago wins', to thunderous desk-thumping.

For those involved in agriculture, VAT will be removed from all machinery and equipment intended for agricultural use, for hydroponic and greenhouse farming, and custom duty will be removed from feed used for poultry, cattle and pigs from January, 1, 2026, Tancoo said.

The losers

But not everybody will win. Here are some of the measures: *Workers will face a phased increase in NIS contribution. There will be a 3% increase in the NIB contribution rate effective January 5, 2026, followed by further 3% increase from January 4, 2027. Tancoo said this was being done to maintain the viability of the fund.

- Landlords will pay an increased tax-a business surcharge from January 1, 2026. The landlord business surcharge requires that each landlord registers with the Board of Inland Revenue and pay a one time registration fee of \$2,500. Then the surcharge will be applied as follows: 2.5% of the gross annual rental income of \$20,000 or less; 3.5% of the gross annual rental income exceeding \$20,000. The measure is expected to yield \$70 million and takes effect from January 1 2026.
- Commercial and industrial consumers will pay an increased electricity rate. This electricity surcharge will be a fixed, bill level charge of \$0.05 per kwh for commercial and industrial customers. It is expected to yield \$269 million and takes effect from January, 2026. Churches, mosques, schools, hospitals, street lighting will not be required to pay this surcharge. Tancoo stressed that this electricity surcharge would not apply to residential customers.
- Commercial banks and insurance companies will have to pay an asset levy of .25% charged against their assets. It will not apply to financial institutions and insurance companies operating under the provisions of the Special Economic Zones Act. The measure will yield \$575 million revenue for the Government and takes effect on January 1, 2026. In justifying the measure, the Finance Minister said the while commercial banks and insurance companies had reported sustained earnings, high liquidity ratios and strong asset growth, the average citizen continued to be subjected to 'unreasonably high fees and near zero returns on their savings and investments'.

Comparative revenue and expenditure

The 2025/2026 budget is based on an oil price assumption of US\$73.25 per barrel and a natural gas assumption of US\$4.25 per MMBtu.

□ Total Revenue: \$55.367 billion □ Total Expenditure: \$ 59.232 billion □ Deficit: \$ 3.865 billion

Major allocations:

□ Education and Training: \$8.766 billion □ Health: \$8.214 billion □ National Security: \$6.366 billion □ Public Utilities: \$3.395 billion □ Infrastructure: \$1.943 billion □ Rural Development and Local Government: \$1.807 billion □ Transport: \$1.840 billion □ Agriculture: \$1.130 billion □ Housing \$ 0.662 billion The 2024/2025 budget was based on an oil price assumption of US\$77.80 per barrel and a natural gas assumption of US\$3.59 per MMBtu.

□ Total Revenue: \$54.224 billion □ Total Expenditure: \$59.741 billion □ Deficit: \$5.517 billion

Major allocations:

□ Education and Training: \$7.512 billion □ Health: \$7.571 billion □ National Security: \$6.113 billion □ Public Utilities: \$3.221 billion □ Infrastructure: \$1.862 billion □ Rural Development and Local Government: \$1.771 billion □ Transport: \$1.410 billion □ Agriculture: \$1.184 billion □ Housing: \$0.750 billion