

Ideas sound, but execution key

EY tax partner on 2026 budget:



EY Caribbean Tax Partner Colin Ramsey. PHOTO COURTESY EY



The 2026 National Budget, presented against the backdrop of a projected \$3.65 billion fiscal deficit and mounting demand for social services, introduced a mix of new taxes, structural reforms, and targeted investments in key sectors such as agriculture, housing and tourism.

While in the budget presentation on Monday, personal income tax rates remain unchanged; the government has leaned heavily on new levies and contribution increases to bolster revenue.

Speaking with Business Guardian on Monday evening, EY Caribbean tax partner Colin Ramsey provided analysis of the budget's core measures.

Ramsey began by highlighting the fiscal context of a deficit reduced from the \$9 billion flagged earlier this year.

Against that backdrop, he said it was expected that the government would introduce several measures to raise revenue and manage expenditure, even if not all would be equally welcomed.

One of the more notable aspects of the budget, he said, is that there were no increases in personal income tax rates, which is a relief for salaried workers already managing tight budgets. Instead, the government opted for new taxes and levies across sectors, including a new asset levy targeting banks and insurance companies, along with a landlord business surcharge and an increase in NIS contributions.

New asset levy

Ramsey noted that the new levy was introduced at 0.25 per cent of the assets of commercial banks and insurance companies operating in T&T. The levy mirrors similar measures implemented in other Caribbean countries such as Jamaica and Barbados. He stressed, however, that its actual impact will depend on implementation details, such as how the asset base is defined, whether deductions are allowed, and how frequently payments are due.

"This is definitely a key measure to watch," Ramsey said. "Particularly for banks and insurers, the fine print will matter.

Whether the tax is deductible, and how it's scheduled for payment quarterly or annually could affect financial institutions' profitability and willingness to lend."

NIS contributions to rise

Another impactful measure is the increase in National Insurance Scheme (NIS) contributions, which will rise by three per cent in 2026 and another three per cent in 2027. While this will increase costs for both employers and employees, Ramsey pointed out that employer contributions are fully deductible for tax purposes, while employees already receive some tax relief on their NIS payments.

"Still," he said, "a higher contribution means reduced disposable income. Although the increase is phased, it will be felt, especially if the deductible limits for payroll taxes are not adjusted to match the new rates."

Landlord surcharge

The landlord business surcharge, which was announced in the budget presentation is also likely to stir debate. Ramsey explained that the surcharge appears to function as a substitute for property tax, with rates starting at 2.5 per cent and rising to 3.5 per cent for landlords earning more than \$20,000 annually in rent.

He noted that while this move generates revenue, its broader impact depends on whether landlords pass the cost on to tenants.

“There are concerns about how this will play out,” he said. “Much will hinge on whether legislation prevents landlords from transferring the burden to renters. Otherwise, tenants could be the ones footing the bill.”

Fuel price drop brings relief

Amid the revenue-raising measures, there were some cost-saving policies that benefit the wider population. Most notable is the \$1 decrease in the price of super gasoline, which took effect immediately. Ramsey acknowledged this move will be welcomed by many households and is unlikely to strain government finances, given that global oil prices remain relatively low.

“The savings at the pump, while modest, are meaningful for those already stretched.

It’s a practical move, especially given the Government’s push to reduce subsidies over the years,” he said.

Disbanding CEPEP and URP

The disbandment of the Community-Based Environmental Protection and Enhancement Programme Company Ltd (CEPEP) and the Unemployment Relief Programme (URP), two long-standing employment support programmes, was another bold and controversial element of the budget. Ramsey acknowledged public concern, especially given the number of people depending on these programmes for basic employment.

“These initiatives supported some of the most vulnerable,” he said. “The government’s challenge now is to roll out its replacement strategy quickly and effectively, creating jobs that are more sustainable and provide long-term stability.”

While the budget promised to redirect funds toward a job creation programme, the risk remains that delays could leave many without support in the interim.

Public servants’ 10 per cent Increase

The long-promised 10 per cent salary increase for public servants, along with back pay, was also confirmed. While this is a welcome development for workers, Ramsey noted it does place additional pressure on the wage bill.

“It’s a major recurring cost,” he said.

“However, with the Government introducing various new revenue measures, and enhancing tax enforcement, especially through transfer pricing and strengthening the tax authorities, they’re hoping to balance it out.”

Strengthening tax enforcement

Ramsey emphasised the importance of the government’s commitment to institutional strengthening of the Board of Inland Revenue and the Customs and Excise Division.

More staff, better training, and modern technology could improve compliance and increase collections, especially from sectors that have historically flown under the radar.

“Revenue enforcement will need to be a key part of the strategy. There’s untapped revenue sitting in weak compliance systems.

Fixing that could give the Government more breathing room,” he added.

Support for Tobago

The Tobago House of Assembly received \$2.96 billion. The Finance Minister said a further \$763 million will also be spent by various ministries on Tobago. In total, then, the allocation to Tobago for fiscal 2026 will be \$3.724 billion, which equates to 6.3 per cent of the National Budget. Ramsey saw the increased funding as a positive step. The island received more than usual in this budget, and the THA leadership has responded positively.

“Tobago has huge potential,” Ramsey said. “Better infrastructure and economic support there could feed into national development, particularly if aligned with tourism and small business growth.”

Focus on tourism and agriculture

The budget contained some support for tourism, particularly through refurbishment projects and hotel investments. However, Ramsey believes the sector still needs more dedicated focus, given its potential as a pillar in the country’s diversification efforts.

“There’s more that can be done,” he said.

“Tourism, especially when integrated with the orange economy and creative industries, can become a real driver of jobs and foreign exchange.”

He was more optimistic about the push for agriculture, noting that the sector received a larger budget allocation and expanded tax incentives. “There’s already a suite of agricultural tax benefits, and now with more inputs being zero-rated, the aim is clearly to reduce our massive \$7 billion food import bill,” he said. “Local production has to increase, and this budget makes a meaningful attempt to support that.”

Housing Development and First-Time Grants Ramsey also welcomed the government’s pledge to provide 20,000 affordable homes, with support from public-private partnerships and innovative construction methods. A first-time homeowner’s grant is also being launched to ease access. “There are already strong tax incentives in place, stamp duty relief and income tax deductions for first-time buyers,” he said. “For developers of lowcost housing, there are tax exemptions too. With the right policies and partnerships, this housing target is achievable.”

Special Needs Education Support Finally, Ramsey expressed strong support for the announced increase in support for education services for children with disabilities.

“This is long overdue,” he said.

“Inclusive education is essential to building an equitable society. The private sector also has a role to play, but government leadership is critical.”

A budget of trade-offs

In closing, Ramsey described the 2026 budget as one of trade-offs, balancing revenue needs with social investments and attempting to spread the load across sectors rather than just individuals. While there are burdens to bear, particularly in the form of higher contributions and new levies, the budget also offers relief and opportunity if its programmes are implemented efficiently.

Whether the intended outcomes are achieved will depend heavily on execution.

“The ideas are sound,” Ramsey concluded.

“But what matters most is how quickly and effectively they’re put into action.”