

Imbert over decline in energy revenue:

## Delays to VAT refunds until Jan 31

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A DROP in the revenue expected from the energy sector hindered the Government's ability to pay Value Added Tax (VAT) refunds owed to Small and Medium- Sized Enterprises, Finance Minister Colm Imbert has said.

As a result, Imbert said the VAT refunds, which were expected to be paid before the end of 2024, will now be paid by the end of this month.

Imbert made the comments in a media release issued yesterday titled 'Cash Flow, not Bureaucracy, at the Core of VAT Refunds delay.'

This week's cover story in the *Express Business* magazine highlighted the issue of unpaid VAT refunds affecting SMEs. While delivering the 2025 national budget, Imbert stated that VAT refunds owed to SMEs would be paid by December 31, 2024.

However, many businesses that applied for these refunds reported not receiving them, leading to setbacks in their operations.

Imbert attributed this delay to cash flow constraints, rather than bureaucracy.

'As a result of oil and gas production being below estimated levels, coupled with depressed oil and gas prices in the latter half of calendar year 2024, the revenue collected by the Government in the last three months of calendar 2024 was lower than expected,' he stated.

'As a result, the government had to prioritise on its expenditure, address urgent bills first and delay VAT refunds,' Imbert stated.

Imbert stated that oil and gas prices recovered in November and December of 2024, and revenue collection stemming from the Tax Amnesty has been on the uptick.

'Accordingly, there is now sufficient cash flow to fulfil the commitment made with respect to VAT re-n funds to SMEs. Therefore, the Ministry intends to make good on its commitment and follow through on these SME VAT refunds by the end of January 2025,' he stated.

### Chambers respond

Speaking to the *Express* yesterday, president of the Chaguanas Chamber of Commerce Baldath Maharaj said he is still deeply concerned about the systemic challenges the delay presents to businesses.

'VAT is a system built on trust and timeliness. Businesses are required to collect VAT on behalf of the government and remit it promptly, with penalties imposed for late payments. However, when the government delays VAT refunds, it creates a severe imbalance. This undermines the purpose of VAT and imposes significant strain on businesses, particularly SMEs, which often operate on thin margins and rely on these refunds to manage their cash flow and reinvest in their operations,' Maharaj said.

He added that the delay in refunds also suggests a need for better financial planning and prioritisation.

'Businesses cannot function effectively in an environment where compliance with VAT obligations is enforced strictly on one side, while the reciprocal obligations of the government are subject to delays without any consequences. Such a system erodes trust and adds to the operational difficulties businesses already face,' Maharaj said.

Maharaj urged the Finance Ministry to not only address the current backlog but to establish a transparent and predictable system for VAT refunds moving forward.

'Timely refunds should be a standard, not a goal contingent on fluctuating cash flow or commodity prices. A lack of consistency in this area discourages compliance and hinders the growth and resilience of our business community,' he said.

Maharaj added that the chamber remains committed to working with the Government to ensure policies that support business sustainability and the overall ease of doing business in T& T and is hoping to see meaningful progress on this matter by the end of January as stipulated.

Maharaj added that the chamber remains committed to working with the government to ensure policies that support business sustainability and improve the overall ease of doing business in T& T.

He said he is hoping to see meaningful progress on this matter by the end of January, as stated by Imbert.

Greater San Fernando Chamber of Commerce president Kiran Singh said he believes that Imbert will prioritise payments.

'We are of the view that now that the Minister has prioritised the disbursement of VAT refunds to the small to medium enterprise sector by the end of January, it will bring welcome relief to small businesses,' he stated in a WhatsApp response to the *Express*.

He added that the SME sector is heavily dependent on VAT refunds for cash flow injections to sustain stock purchases and salaries and it must be remembered that it is a significant employer of workers after the Government and therefore, requires priority treatment.

'We acknowledge that the concerns of the business community with respect to VAT refunds, in particular from the SME Sector are now being addressed by the Minister of Finance. It is noteworthy that the State has informed the public of

the real reasons for the systematic delay in VAT refunds in the last quarter of 2024. We are well aware of the predicament we are face with declining non-renewable energy resources coupled with reduced foreign exchange earnings which have caused economic contraction,' stated Singh.

The Couva/Point Lisas Chamber of Commerce president Deoraj Mahase simply welcomed the news of the VAT refund payments and said he appreciated the prompt response from the ministry.