



Government of the Republic of Trinidad and Tobago
MINISTRY OF FINANCE
OFFICE OF THE PERMANENT SECRETARY



F(SMEO): 3/11/1

January 24 2022

Attn.: Ms. Jacqui Sampson-Meiguel
Clerk of the House
Office of the Parliament
Parliamentary Complex
Cabildo Building
St Vincent Street
Port of Spain

Dear Ms. Sampson-Meiguel,

**First Report of the Joint Select Committee on an Inquiry into the Ease of Doing Business in
Trinidad and Tobago**

Reference is made to your correspondence **Parl: 14/3/69 Vol. V.** dated July 21, 2021 requesting written submissions regarding the above subject matter.

Kindly see the attached written responses from the Ministry of Finance on the requested information.

Should you require any clarification, please contact Ms. Karisa Grant, Project Leader, Strategic Management and Execution Office at 612-9700 ext. 2622 or via email at Karisa.Grant@gov.tt

Please be guided accordingly.


Permanent Secretary



(868) 612-9700
ext. 1813 - 1814



(868) 627-6108



Suzette.Leechee@gov.tt



www.finance.gov.tt

Ministry of Finance

Responses to comments and recommendations made in the Joint Select Committee (JSC) First Report on an Inquiry into the Ease of Doing Business in Trinidad and Tobago

The findings and recommendations of the Joint Select Committee (JSC) relevant to the Ministry of Finance are outlined on pages thirty-five (35) to forty (40), fifty-six (56) to sixty (60) and sixty-nine (69) to seventy-two (72) of the Report.

1. The implementation of online payment systems at the Inland Revenue Division; and the implementation of the Electronic Transaction Act, Chapter 22:05

Response:

The Inland Revenue Division (IRD) has completed an e-payments roadmap for the implementation of payments by the following methods:

1. Automated Clearance House System (ACH)
2. Online Banking Platform
3. Credit Card

The Automated Clearance House System currently facilitates Wire Transfer payment of taxes for TT\$100,000 and over.

Additionally, since 2020 the Division has placed even greater emphasis on obtaining the approval of the Treasury Division to move ahead with the implementation of an Online Banking Payment System for the payment of taxes. The Inland Revenue Division is currently awaiting this approval; however, ongoing technical communication is taking place.

The Trinidad & Tobago International Financial Centre (TTIFC), Ministry of Finance and Development Bank Latin American (CAF) have also engaged the Inland Revenue Division with the intention of implementing e-payments via the online banking platform by January/February 2022. Further to this, with the

assistance of the Ministry of Finance, CAF has also been engaged to provide additional funding for the project.

The Sections of the Electronic Transaction Act, Chapter 22:05, which have been proclaimed, are currently being examined by the Information Technology (IT) Unit of the Division for its applicability to the operations of the Division. A similar system of examination is also being conducted with the Data Protection Act as well as the Computer Mis-Use Act. It should be noted however that the Inland Revenue Division has already implemented parts of the Electronic Transaction Act, Chapter 22:05 with the introduction of electronic filing of tax returns via E-TAX.

Moreover, under the new Revenue Authority, the functions of the IRD and the Customs and Excise Division (CED) will come together. Historically, there has already been a significant degree of intermingling of processes both at formal and informal levels. There will be an increased use of technology in the systems operating under the Trinidad and Tobago Revenue Authority (TTRA). This will significantly improve record-keeping, and will also reduce the time and resources traditionally expended in gaining access to data. This will be cost-efficient system that will help the TTRA to streamline its operations across the board, which in turn, reduces the probability of illicit transactions.

2. Clarification on the scope of duties of the Monitors employed at the Inland Revenue Division, and that due consideration be given to the deployment of Monitors to assist in the reconciliation of the taxpayer database, through the conduct of physical inspections to check that all persons or establishments in a taxable business are indeed properly registered.

Response:

Currently there are seventy-three (73) VAT and TAX Monitors employed with the Inland Revenue Division. While these officers were initially employed to perform duties of VAT and Tax Monitoring, *(a copy of the respective Job Descriptions is attached)*, due to the Division's extreme shortage of technical officers, which has negatively affected the Division's daily operations, a decision was previously taken by management to assign the monitors throughout various operational units of the Division.

The measure is intended to be a temporary solution to supplement the staff shortage, in order to maintain the delivery of service to the taxpayers and facilitate continued operations in the short term. As such, the scope of duties currently performed by the Monitors varies across the division, and is based on the scope of work and responsibilities of the unit to which they have been assigned.

Of the seventy-three (73) Monitors however, thirteen (13) are assigned to the Compliance Unit which is responsible for monitoring the compliance of taxpayers. The duties of these Monitors include the preparation of Best of Judgement Assessments where no returns are filed. A work item is received; research undertaken to check all relevant aspects in the Integrated Tax Processing System (ITPS) and leads from external sources and set parameters are used to perform Best of Judgement Assessments. Taxpayers are then contacted for an interview, appointments are determined and interviews are then conducted with the supervisor present.

The review of refunds above the established threshold is also another duty performed by Monitors within the Compliance Unit. This involves investigations to determine whether these refunds are indeed valid and recommend whether the refund is to be paid or whether further checks are required through an audit.

Auditors usually perform this type of work however, due to the shortage of Auditors; Monitors are required to conduct the refund investigations.

Another duty performed by Monitors assigned to the Compliance Unit include the pursuit of stop-filer and non-filer taxpayers to file outstanding returns. The accounts of existing taxpayers (*Stop-Filers*) are researched to determine if returns are outstanding and for what periods. Contact is then made with these taxpayers and letters are sent to encourage and assist with the filing of returns.

Information obtained from the Integrated Tax Processing System (ITPS) and other third party sources such as the Financial Investigation Bureau, the Financial Investigation Unit and newspaper articles, is used to identify individuals and companies who are required to be registered and file tax returns; they are classified as *Non-Filers*. Contact is made with these taxpayers and letters are sent informing them of their obligation to register with the Inland Revenue Division and file all outstanding tax returns.

Follow up action is taken to determine whether the taxpayer (*Stop-Filer or Non-Filer*) has complied with the requests of the Division. However, where the taxpayer has failed to comply, recommendations for investigation are sent to the Criminal Tax Investigation Unit (CTIU).

It should be noted that prior to the advent of COVID-19, Tax Monitors of the Core Compliance Unit were engaged in random field visits to identify if persons or establishments in a taxable business are properly registered. Although this was found to be a very worthwhile exercise, IRD was forced to discontinue these exercises during the pandemic. It is envisaged that once the economy is reopened this activity will be recommenced.

The issue of the extreme staff shortage and the filling of the existing vacant technical positions has been an ongoing conversation with both the Ministry of Finance as well as the Department of Personnel Administration. The filling of

these vacancies will enable the Division to utilise the VAT and TAX Monitors as was initially intended, as well as in the reconciliation of the taxpayer database, and other similar compliance exercises.

To address this issue, the establishment of the Revenue Authority with a well-designed semi-autonomous governance model would greatly facilitate the restructuring of the operations of tax administration and create more robust human resource policies that reflect modern promotion practices and allow for reassignment and recruitment of the appropriate levels and composition of skilled staff.

The TTRA will ensure that vacant positions are filled by appropriately qualified people, especially at points identified as particularly vulnerable.

3. Any mechanisms employed with Government Ministries and Agencies to facilitate feedback, systems for monitoring and evaluation and grievance management procedures to enhance the Ease of Doing Business in Trinidad and Tobago.

Response:

The Inland Revenue Division have some established mechanisms, systems or arrangements with other Government Ministries or Agencies to facilitate feedback, systems for monitoring and evaluation and grievance management. To date, the Division has implemented established procedures for the processing of queries and requests for information, made by members of the public, in accordance with the Freedom of Information Act (FOIA), Chapter 22:02. This function forms part of the responsibilities of the Tax Administration Improvement Unit, and facilitates feedback to the public with respect to the granting of personal information or information related to the operations of the Division, in accordance with the Act.

Additionally, the Division also has established procedures to facilitate and seek to address queries or grievances matters made by the public to the Office of the Ombudsman. This process facilitates both the monitoring and evaluation and grievance management of the operations of and service provided by the Division.

Within the Inland Revenue Division, there are also several mechanisms which a member of the public can utilise to lodge a query concerning a service or information required. Queries can be made via the website or by contacting the Taxpayer Relations Unit at 800 – TAXX (8299). Further to this, letters of query can be directly sent to each Commissioner as well as the Chairman of the Board, who will then assign the responsibility for a response to the relevant Assistant Commissioner. Anonymous Reports of Fraud can also be made to the Criminal Tax Investigations Unit (CTIU) via three (3) methods. Members of the public can call the CTIU at 627-0654, send an email to ctiu@ird.gov.tt or write to: Criminal Tax Investigation Unit, PO Box 242, 92A Wrightson Road, Port-of-Spain.

4. The implementation of online payment systems at the Customs and Excise Division and the implementation of the Electronic Transactions, Chapter 22:05;

Response:

The Customs and Excise Division (CED) has an online payment system embedded in its declaration process. The facility can be accessed by Declarants as authorised by importers who open a prepayment account with the Division.

The Ministry of Finance has engaged the services of a consultant to enhance the Division's capacity to facilitate online payments via the commercial banks. The CED is also liaising with the Treasury Division, Ministry of Finance to be advised on the best way forward. Further the Customs Border Control System (CBCS) is configured to receive online payment.

The automation of processes is ongoing, ASYCUDA 4.2.2 has enhanced capabilities, which has automated a host of processes which were previously manually done. The Cargo Amend feature was recently introduced whereby Cargo Reporters can submit their request electronically and have changes made once approved by the Proper Officer.

Implementation of the Transit Declaration (PTR) for the movement of consolidated cargo (LCL) from the Port of Entry to an inland Customs Office will soon be introduced.

5. Implementation of the Port Community System.

Response:

The Port Community System is a project funded by the Inter-American Development Bank and spearheaded by the Ministry of Trade and Industry. A request for proposal for the project "Strengthening of the Single Electronic Window for Trade and Business Facilitation" was advertised in December 2020. This Division has made every effort to facilitate this project and two (2) representatives of the Customs and Excise Division were to be included on the evaluation committee appointed to review the proposals. However, a revised Request for Proposals (RFP) was issued and a new evaluation committee constituted for the process, with only one (1) representative of the CED required.

The tendering procedure is still in process as at January 2022.

6. UNCTAD training for the technical staff retained to effect the upgrades to ASYCUDA 4.2.2.

Response:

The CED upgraded to ASYCUDA 4.2.2 in January 2021. The technical staff was retained in order to provide future maintenance of the system. To date UNCTAD

has not provided any formal training to the staff. However, they have been informally working with them and assigning them minor tasks.

More notably, the new Revenue Authority, which will subsume the powers, responsibilities and functions of the IRD and CED will be a knowledge-driven organization. Part of its central core will be continuous improvement in both its human capital and its processes, through its improved training opportunities.

7. Measures taken to address the human resource constraints at the Customs and Excise.

Response:

Recommendation for the filling of vacant offices in the Customs and Excise Division was made at all levels. See table below:

Positions	No. of Positions	Posts Filled	Vacant Posts	Remarks
Customs and Excise Officer I	164	117	47	Recruitment is presently in effect for the filling of vacant offices of C&E.O. I
Customs and Excise Officer II	169	82	87	89 C&E Officers I acting as C&E Officer II. 56 C&E Officer I recommended for promotion as C&E Officer II. Recommendations was despatched by the MOF to the DPA on August, 12, 2021
Customs and Excise Officer III	80	52	28	18 C&E Officers II acting as C&E Officer III. Recommendations to be made shortly for the filling of these vacancies

Assistant Comptroller of Customs and Excise	6	3	3	Recommendations for the filling of the 3 vacant offices was despatched by the MOF to the DPA on July 20, 2021
Deputy Comptroller of Customs and Excise	3	1	2	Recommendations for the filling of the 2 vacant offices was despatched by the MOF to the DPA on August 16, 2021

Note that the Service Commissions Department (SCD) has the authority to fill vacant positions on the establishment of the CED for all recommendations presently before them.

Recently, the legislation providing for the establishment of the TTRA was passed in Parliament. Under the new Revenue Authority model, there will be reduced bureaucracy in hiring, appointments and promotions through the adoption of its own human resource procedures and systems, with the exception of the Enforcement Division, which will be governed by Civil Service Regulations.

Under the oversight of a Board of Management, the Revenue Authority will be empowered to develop its own human resource policies, including appropriate compensation packages and financial management regimes. It is envisioned that the new Authority will address the current human resource constraints present at both the IRD and CED, through the employment of competent, disciplined and more qualified staff via the freedom to offer higher compensation than the civil services and the freedom to recruit and terminate on its own terms. It is projected that this Revenue Authority model will result in improved revenues, greater efficiency, reduced human resource constraints and overall, better customer service.

8. Any mechanisms employed by CED with Government Ministries and Agencies to facilitate feedback, systems for monitoring and evaluation and grievance management procedures to enhance the Ease of Doing Business in Trinidad and Tobago.

Response:

Section 279 of the Customs Act, Chapter 78:01 notwithstanding any written law requires the Comptroller to share the data set specified in the Ninth Schedule in respect of an entry made in respect of imported or exported goods:

- (a) with —

- (i) an inspector referred to in the Food and Drugs Act;
 - (ii) the Chief Chemist and Director of Food and Drugs of the Ministry with responsibility for health;
 - (iii) the Chief Technical Officer referred to under the Plant Protection Act; and
 - (iv) the Chief Technical Officer (Agriculture) referred to in the Animals (Diseases and Importation) Act, for the purpose of safeguarding public health and safety;
- (b) the Executive Director of the Bureau of Standards for the purpose of enforcement of standards; and
- (c) the Chief Trade Officer or the Permanent Secretary in the Ministry with responsibility for trade for the purpose of trade and business facilitation.

All declarations that are processed through the Customs Border Control System (CBCS) are transmitted via a web service to TTBizLink to facilitate any import transactions that may be required by other Government Agencies (OGAs) as listed above. This data is routed by TTBizLink to the respective OGA based on the Tariff Classification code as identified on the import declaration. The importer's representative logs in through TTBizLink and attends to any query or additional documentation to be provided to any OGA. Through this mechanism the importer liaises directly with the respective OGA. Upon approval the OGA would give clearance to deliver or instruction to customs to hold for inspection etc. for respective consignment. This information is electronically transmitted to the CBCS upon a decision being made by the OGA. It is to be noted that only when the OGA grants delivery that a release order can be issued by the CBCS authorizing delivery of the cargo.

A dispute can arise at the point of examination of imported goods, when the tariff classification is queried by the Examination Officer. If an agreement cannot be arrived at, the importer can request an impartial review by filing a dispute notice with the Tariff Classification Committee. This review must be requested no later than ninety (90) days after the date of the first examination.

Advance rulings provide advance and predictable information to companies at their request and are granted for the convenience and guidance of importers. An advance ruling helps the importer obtain the correct tariff classification for the goods they plan to import or export for the first time. They also help to reduce the Customs clearance formalities and will consequently reduce release times.

Importers should be encouraged to seek classification of goods well in advance of their arrival in the territory in order to avoid delays.

Additionally, any query posed by an importer will be sent in writing to the Comptroller, CED who will forward such query to the respective customs unit to be reviewed and a response will be forwarded to the importer.

All requests for information under the Freedom of Information Act (FIO) are addressed by the CED Legal Unit and a response prepared in accordance with the provisions of the Act.

Additionally, with the introduction of the TTRA there will be the strengthening of the investigative capacities of the CED which will be provided with the resources, both in terms of technology and human capacity, to be able to track and apprehend those who attempt to breach the systems. The TTRA's structure will close the gaps with respect to excisable goods; and will address illicit trade practices, such as the collusion that exists when goods are deliberately classified wrongly.

9. The proposed amendments to the Bankruptcy and Insolvency Act, Chapter 9:70

Response:

In the Office of the Supervisor of Insolvency's previous submission on the "**Enquiry to the Ease of Doing Business**" in February 2021 it was stated that Part XI of the Bankruptcy and Insolvency Act (BIA), 2007 has not been proclaimed. Part XI deals with international insolvencies and addresses the situation where a foreign proceeding has commenced with respect to a debtor who has property in Trinidad and Tobago, and provides that the Court in Trinidad and Tobago may make such orders as it considers appropriate to coordinate the insolvency proceedings including the appointment of a trustee, the granting of a stay of proceedings, and the making of any other appropriate order.

Currently, there has been no proposed amendments to the BIA to date. These proposed amendments will be initiated in the next financial year under the Reimbursable Advisory Services Agreement (RAS).

In February 2019, GORTT agreed to a Reimbursable Advisory Services Agreement (RAS). The purpose of the RAS is to assist the OSI in the strengthening of the insolvency regime, the administration of estates, the regulation of corporate and individual insolvency and other related matters. This agreement will focus on the

review and reform of the BIA and the Bankruptcy and Insolvency Regulations (BIR); OSI capacity building; and Judicial training. These deliverables are directly linked with the strategic objectives of the OSI.

The RAS will lay the foundation to commence the process for legislative reform. The reform will include the harmonization of the Companies Act (inclusive of subsidiary legislation) and the BIA, modernization of the Cross-Border Insolvency provisions and future reform of the BIA and the Bankruptcy and Insolvency Regulations. The reform of the BIA will aid in bridging this gap and the modernization of the Cross-Border Insolvency provisions.

In March of 2020, the technical requirements of the OSI were crafted together with the World Bank Group (WBG) representatives. However, the agreement was not finalized, and will be revisited in the next financial year (2021/2022).

Ministry of Finance

January 19, 2022