

# Land Tax Reform for Greener Economies in the Caribbean: Trinidad & Tobago Case Study

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## SUMMARY

This paper critically examines the issues that are likely to arise from the introduction of a new property tax regime in Trinidad & Tobago, with a particular focus on those that may impede the process. The paper is part of a wider study that looks at how land taxation in the Caribbean affects the shift towards a sustainable economy, in particular less environmentally damaging agricultural land use and the development of eco-tourism. This is based on the hypothesis that an improved tax base coupled with good governance should facilitate a smoother transition to a greener economic model.

Trinidad & Tobago is an exception in a region where the tourism sector is usually the greatest contributor to GDP (IUCN, 2012). The country's oil and gas exports have dominated the economy, making it one of the wealthier countries in the region. Through the National Development Strategy (NDS) - Vision 2030, the government has recognised the need to diversify the economy away from fossil fuels, with tourism seen as one of the main sectors that will achieve this goal. The strategy also recommends changes to fiscal management policy noting that tax administration needs to be modernised and improved to facilitate increase revenue collection. In spite of having a history of property taxation, a moratorium on tax collection in 2010 was not followed by expected reform due to public opposition. This left a significant deficit in tax collection, estimated to be almost US\$ 200 million of lost revenue over the ensuing 12 years. Benefitting from political stability under the same leadership since 2015 has enabled the passing of a new law that seeks to modernise the system, introducing a new valuation roll that will capture the value of land according to type and which uses modern mapping tools that better capture the nation's real estate value.

Good practice in property taxation is well established (Griffith-Charles, 2010; Grover et al 2017). This paper builds on this research to look more closely at the issues which will determine the

success of the new tax law, chiefly: capacity and infrastructure to implement the valuation process, administration of tax collection, and resistance from taxpayers. The paper then attempts to evaluate the conditions for success in terms of the promotion of sustainable rural development.

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