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the Caricom region are eligible for a tax credit that covers the profits of the proportion of export sales that occur outside this region. In effect, this makes profits from these regions tax exempt.

Tax System

The tax system in Trinidad and Tobago includes personal income tax, corporation tax, business levy, petroleum taxes, and withholding tax. Value added tax and customs and excise duties are discussed in the "Exporting to Trinidad" section.

Corporate Taxes

A resident company is liable for taxation on its worldwide income (including short-term capital gains). A company is considered a resident within Trinidad and Tobago if its "mind or management" is ordinarily situated there, and is not necessarily the location where the directors meet. The place of incorporation is irrelevant. Nonresident companies are liable for taxation only on income arising in or derived from business operations in Trinidad and Tobago.

Business Levy

A business levy of .4% of gross sales is charged to companies eligible to pay corporation tax. Companies are exempted from this tax in the first year of operations, as are any corporations operating within the investment incentive programs outlined by the government. This levy is also applicable to self-employed persons who pay income tax.

Petroleum Taxes

For tax purposes, petroleum operations are classified into three different categories: exploration and production operations, refining, and marketing. All three categories are subject to a petroleum tax of 55%, in place of corporate taxes. Exploration and production operations are subject to a supplementary petroleum tax of 15% for land operations and 55% for marine operations. In 1992 the SPT was revised and is now calculated on a sliding scale based on oil prices above US\$13 for marine activities and US\$14 for land activities. Refining operations are subject to a throughput tax of US\$0.05 per barrel for full refining, and US\$0.02 for light refining.

Withholding Tax

The general rule regarding withholding tax is a 15% tax on dividends, and maximum 20% on other payments. However, Canada has signed a Double Taxation Treaty with Trinidad and Tobago in September 1995, and the tax rate charged is 15% across the board for dividend, interest payments, and patent royalties.