



Government of the Republic of Trinidad and Tobago  
**MINISTRY OF FINANCE**

**REQUEST FOR EXPRESSIONS OF INTEREST NOTICE**

**Expressions of Interest for the Development of a Methodology for Taxation of  
Life Insurance Companies in Trinidad and Tobago**

**Country:** Trinidad and Tobago  
**Project:** Development of a Methodology for Taxation of Life Insurance Companies in Trinidad and Tobago  
**Institution:** Ministry of Finance,  
Government of the Republic of Trinidad and Tobago

**Deadline Date for Submissions:** **Monday 22<sup>nd</sup> January, 2018**

The Government of the Republic of Trinidad and Tobago in the development of the Insurance Bill 2016, proposed the removal of a Statutory Fund which will affect the taxation of the Life Insurance Companies (LICs) aspect of the Insurance Industry. Currently, taxation of the long-term insurance business for an insurance company is calculated by the profits of the long-term insurance business derived from the investment of its Statutory Fund. Hence, the removal of the Statutory Fund eliminates the tax basis for long-term insurance business.

The taxation of the insurance industry, particularly the life insurance industry, has long been one of the more problematic areas of income taxation for tax policy makers. The industry is developed under a separate regulatory regime from other financial institutions. Its accounting systems are based on complex actuarial computations due to the lags between the assumption of liabilities and payments, and so it is difficult to apply appropriate accrual taxation principles to the calculation of insurance income. As a result, the taxation of this industry varies widely across countries and insurers often face a tax regime which is quite different from that applied to other industries in a country.

**Background:**

Main aspects of current Trinidad and Tobago Life Insurance Tax System

Income/Profits Chargeable

Section 3 of the Corporation Tax Act (CTA) 75:02 charges Corporation Tax (CT) on the profits of all companies and unincorporated associations accruing in or derived from Trinidad and Tobago or elsewhere whether received in Trinidad and Tobago or not.

Schedule 4 of the CTA then narrows the scope of the Section 3 charge in respect of Long Term Insurance Companies to the Investment Income derived from the Statutory Fund Investments of such a company. By this mechanism Schedule 4 specifically excludes the Underwriting Income and Profit of a Life insurance Company from the charge to CT. That is, the resulting Profit or Loss from (Premiums paid by policyholders – less claims, related operating expenses and provisions/reserves for future liabilities) are exempt from Trinidad and Tobago Corporation Tax.

Since the Insurance Bill will no longer require Long Term Insurance Companies to have Statutory Funds, the basis of the current tax regime that applies to such companies will cease to exist.

The Ministry of Finance requires special expertise and experience in devising a new tax regime that is simple, fair and transparent, to replace the existing regime.

LICs constitute an important pillar in the financial sector and the effects of any amendments are expected to rebound ultimately throughout the economy. This multiplier effect can be a potential risk and challenge to economic stability. As such, the Ministry of Finance is requesting the assistance of a consultant in supporting Trinidad and Tobago's efforts at strengthening insurance taxation.

Only firms which meet qualifying key criteria will be short-listed. These criteria are:

- Possessing the capacity to provide technical support services to develop a sustainable taxation system for LICs;
- Demonstrating the necessary experience in having implemented taxation systems for LICs aimed at establishing a simple, fair and transparent system to replace the existing method which relies on the Statutory Fund;
- Evidence of a clear understanding of the multiplier effect and potential risk and challenge to economic stability of LIC's, and the financial sector as a whole;
- Having an objective approach to the taxation analysis in identifying alternatives in transitioning to a new taxation regime, outlining clear methodologies, which would contribute significantly to the vision of establishing a fair and transparent assessment of the taxation regime in the interest of Trinidad and Tobago and LICs.

The Ministry of Finance now invites eligible firms to indicate their interest in providing the services described above which demonstrates the entity's experience in the provision of similar services on projects of a similar nature.

Prospective entities may associate to enhance their qualifications, but must indicate in the EOI whether their association is in the form of a Joint Venture, Consortium or Sub-Consultancy. All members of such association should have real and well-defined inputs to the assignment and the same should be detailed in the EOI submitted.

Interested entities must provide information indicating that they are qualified to perform the services and should provide at a minimum:

- Company Profile
- Letter of Introduction
- Description of all members of the prospective entity
- Description of similar design and construction projects undertaken by the entity
- Minimum of three (3) years' independently audited financial statements

Any further clarification and queries can be sought from the officer at the Address two (2) below from **Monday to Friday between the hours of 8:00 a.m. and 4:00 p.m. Local Time.**

**Submission of Interest:**

An original and five (5) copies of the documents must be submitted in sealed envelope(s) clearly marked:-

**Expressions of Interest for the Development of a Methodology for  
Taxation of Life Insurance Companies in Trinidad and Tobago**

Envelopes must be addressed to the **Permanent Secretary, Ministry of Finance at Address one (1) below** and deposited in the **Marked** Tenders Box located in the lobby of the Head Office of the Ministry of Finance **not later than 1:00 p.m. (Local Time) on Monday 22<sup>nd</sup> January, 2018.**

**Address one (1):**

Permanent Secretary  
Ministry of Finance  
Eric Williams Finance Building  
Independence Square  
Port-of-Spain

**Address two (2):**

Mr. Chevon Robinson  
Project Manager  
Level 16  
Ministry of Finance  
Eric Williams Finance Building  
St. Vincent Street  
Port-of-Spain  
(868-612-9700 Ext. 2632)

The Ministry of Finance reserves the right to develop a shortlist of entities based on its assessment of the responses received, from whom a detailed Proposal will be requested at a subsequent stage.

The Ministry of Finance does not bind itself to accept any submission.

The Ministry of Finance reserves the right to cancel the Request for Expressions of Interest in its entirety or even partially, without defraying any cost incurred by any Firm in the preparation and submission of such Expressions of Interest.

**Late submissions will not be considered under any circumstance.**

Interested firms are advised that the Request for Expressions of Interest will also be advertised on the Ministry of Finance Website: <http://www.finance.gov.tt>