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Towards a MORE Tax efficient T&T

T&T must become one of the efficient places in the world to pay taxes. This is the vision of Deokia Hosein, chairman, Board of Inland Revenue (BIR). “We want to make T&T one of the top ten places in the world to pay taxes,” she said. She admitted that there is a lot of work to do as over the last few years the BIR has been trying to reform and modernise itself. She was speaking two Wednesdays ago at a seminar hosted by Bertram Hadaway and Co, chartered accountants entitled “Tax Amnesty 2011” held at the Crowne Plaza Hotel, Port-of-Spain. In the 2010 to 2011 budget the Government stated that it would grant a tax amnesty for tax penalties and interests for late filing of returns and late payment of income, corporation and VAT, the business levy and Land and Building Taxes. The notices in the media have stated that penalties and interest would be waived on taxes/levy (for businesses) and tax returns (for individual citizens) that are paid by May 31, 2011. Any VAT payments made after this deadline would attract an eight per cent late payment penalty plus interest of two percent per month.



Inefficient System

She stated the BIR has already begun overhauling its entire system. “We really need to clean house,” she said. The BIR was not even able to inform taxpayers of their outstanding liabilities because of an inefficient and outdated system. She said for the past two tax amnesties over the last ten years a “limited number of tax payers” were informed of what they owed. “How come some people did not know they owed taxes? The BIR had not been able to inform everyone of outstanding liabilities. As a result of the old data processing system, it could not take all the information that we stored on it. “Now we have implemented a new integrated tax system which caters for everyone. When we pull up your BIR number all your taxes now come up. Now, all persons can be informed now,” she said. She described the new system as a success. “We have since implemented a new integrated tax paying system. It’s amazing what a computer system can do for compliance. “The Government paid a lot of money for this computer system. It was not easy to roll out a computer system in the environment that BIR operates in. You see big financial corporations implementing computer systems that fail and 80 per cent of IT systems fail. I’m boasting about the BIR,” she said.

At the same time, she stressed that it was important that taxpayers do their part and provide the relevant information so that they can be contacted easily. “We need things like phone numbers and e-mail addresses to contact people. There are systems where the liabilities could be put against telephone numbers and the telephone will dial automatically and someone will pick it up and tell you about your tax liabilities. Some of the

addresses are also wrong ones. So during this amnesty you need to check your information at the BIR to ensure we have the correct address,” she said.

Staffing

She boasts that the staff and training at the BIR is as good as anywhere else. “We are training our employees to be able to deal with our problems. I would have had a whole lot of persons who would have not been able to fit into the organization. We were able to train these persons in simple tax matters so that they could deal with simple tax procedures of tax returns,” she said. She also hopes that Government would be able to give the BIR funding to train people on the outside of the BIR as they would need extra staff.

Compliance

She warned taxpayers to take advantage of this amnesty because there will not be another one anytime soon.

“I am sure given the effort that we are going to put into this we are not going to have an amnesty for a long time. That would be basically fishing in the same spot all the time. That would be diminishing returns,” she said. She also said there will be warning letters. “We’ll send first letters, then we’ll send second letters. Then if you don’t pay then we’ll go into something called enforcement. We have made the registration simpler to comply,” she said. “We know who you are and what you are doing. After the amnesty and you didn’t pay then don’t ask for any waiver. In this new system if you owe 5 cents then we know. We want to ensure that everyone is responsible for their action,” she said. She urged everyone to go into the BIR to ensure that their information is correct and updated. “How can you administer a tax system if you don’t know where your customers are?” she asked.

Other Revenue Sources

She stressed that oil prices have nothing to do with supply and demand but with other factors and who controls the supplies. She asked what would happen to T&T if there is a drop in oil prices and there are not other sources of revenue. “In the event of a drop in oil prices we have to ensure that all the other aspects of taxes are paid. We are going to communicate with all persons who owe us. We have to ensure that all other revenues like taxes are paid properly,” she said. She stated that \$13 billion in outstanding taxes are owed to the BIR. “Some \$4.7 billion is owed in arrears of taxes. This does not include interests and penalties. With interests and penalties it goes up to \$13 billion.”