



GOVERNMENT OF THE REPUBLIC OF TRINIDAD AND TOBAGO

MINISTRY OF FINANCE, INLAND REVENUE DIVISION

**PARTNERSHIPS, JOINT VENTURES, TRUSTS
AND ESTATES OF DECEASED PERSONS**

PLEASE READ THESE INSTRUCTIONS CAREFULLY

**INSTRUCTIONS
2011
FORM 700 PAR**

The Tax Return for 2011 is due on 30th April, 2012. A penalty of \$100.00 is imposed on the members of Partnerships, Joint Ventures, Trusts and Estate of Deceased Persons if the return is filed after 31st October, 2012 and thereafter for every six months or part thereof that the Tax Return remains outstanding.

Please note that the return must be completed for a period not exceeding twelve (12) months except in the case of cessation of business.

GENERAL

Please follow the instructions below regarding the Registration and Identification Section.

I. Registration Information Change

Change of Partnership Information

If your Partnership's name/address is different from the pre-printed name/address on FORM 700 PAR (Partnership Tax Return), please tick box and insert correct name/address in the boxes provided in the Identification Section.

II. Identification Section

Do not write name and address in the boxes if your name and address are the same as pre-printed. Complete the Identification Section on Page 1 of FORM 700 PAR. Please Print in BLOCK LETTERS using **Black Ink Only**. Please stay within the boxes provided e.g.,

Name of Business

P C H A N N A B R O S

Address of Business (Street No. and Name)

2 1 1 H I G H S T R E E T

City and or Town

Country

S A N F E R N A N D O

1. Complete all sections of the Return and supply all information where applicable.
2. Attach Financial Statements. Where more than one activity is carried on, departmental accounts should also be submitted.
3. Attach a copy of Will after Probate, Letters of Administration or Trust Instrument and schedule of assets if this is the first Income Tax Return of the estate of a deceased person or of the Trust.
4. If this is the first Partnership Return, please attach a statement with the following information:
 - (a) Opening Balance Sheet
 - (b) Copies of all agreements regarding the acquisition of the business of any proprietorship, partnership or Company;
 - (c) Copy of Partnership Agreement, or if there is no written agreement, full particulars of the verbal agreement;
 - (d) Completed application Form for BIR file number, where no number has been assigned.
5. The Application Form for BIR File Number is obtained from the Inland Revenue Division, Edward Street, Port-of-Spain, or the South Regional Office, Ciperro Street, San Fernando or the East Regional Office, No. 6 Prince Street, Arima or the Tobago Regional office, CO-OP. Building, Sangster's Hill Road, Scarborough, Tobago.
6. All accounts should be stated in Trinidad and Tobago currency.
7. Sign the General Declaration on Page 2.

8. The principal business activity is the activity, which accounts for the largest percentage of gross receipts.
9. Submit a statement of interest received from mortgages, loans, bank accounts, debentures, bonds and other sources showing separately:
 - (a) Tax exempt interest. (Enter on page 7, Schedule H).
 - (b) Dividends
10. Submit a statement showing the following:
 - (a) Situation of the property.
 - (b) Gross rents received.
 - (c) Amount claimed as Tax Exempt Income from property. (Enter on Page 7, Schedule H).
 - (d) Year of completion of each property from which income is exempt.
11. Also include on statement-
 - (a) a description of all repairs carried out and the cost of each job;
 - (b) expenses incurred in respect of rates and taxes, fire insurance premiums.
 - (c) interest on mortgage or loan, stating full names and address of persons to whom such interest was paid.
12. The following particulars should be supplied in respect of claims for Bad Debts:
 - (a) The name and address of the Debtor;
 - (b) The amount of the Debt;
 - (c) The nature of the Debt;
 - (d) The date on which the Debt was incurred;
 - (e) The reason for write-off;
 - (f) Details if attempts made to collect the Debt.
13. Where a specific provision is made for doubtful debts the particulars indicated above should be furnished.
14. Attach a statement showing particulars of Bad Debts recovered during the year and the total must be included on Page 3, Schedule A, Other Income, line 9.
15. **Schedule A- Computation of net Profit or Loss.** Please complete in the format indicated.

A Preference Dividend paid by a resident Company to a partnership is subject to tax at source at fifteen per cent (15%) and the dividend so paid is deemed not to be income of the partnership. The partnership may however elect to treat the dividend as its income where the tax on the partner's chargeable income inclusive of the dividend is less than the tax deducted at source on the dividend.

16. Apportionment of Net Income/Loss

- (a) Column 5 shows each partner's share of Gain/Loss for the year. This is to be reported on 400 ITR, Schedule E, on Lines 4, 5, 6 or 10 as applicable.
- (b) Column 6 shows each partner's share of short-term capital Gain/Loss for the year. This is to be reported on Page 6, Schedule F of the 400 ITR.
- (c) Where a partnership invests in shares in a Venture Capital Company, the tax credit is to be apportioned among partners in Column 8 using their Profit/Loss sharing ratio. Enter on Form 400 ITR, Page 2, Line 27.

17. Schedule B- Cost of Sales or Operations

- (a) Cost of Sales- If the production, manufacture, purchase or sale of merchandise is an income-determining factor in the trade or business, stocks or merchandise on hand should be taken at the beginning and end of the accounting period, and may be values at cost or market value whichever is lower.
- (b) A method of stock valuation once properly adopted is binding until permission to change is obtained from the Board. Application for permission to change a method of stock valuation must be made in writing and filed with the Board of Inland Revenue within ninety (90) days after the beginning of the income year in which it is desired to effect a change.
- (c) In case the stocks reported in Schedule B do not agree with the Balance Sheet, attach a statement explaining the difference.
- (d) Stock lists should be retained by the Partnership or Joint Venture for a period of six (6) years after the end of the relevant accounting period.

Lines 2, 3 and 4 must be completed by stating the amount.

18. Schedule C- Statement of Foreign Income

- (a) Enter particulars of Foreign Income where different types of income are subject to different rates of tax in any foreign country. Show separately under columns 2, 3, 4 and 5.
- (b) Certificates of Assessment obtained from foreign tax jurisdictions must be attached.

19. Schedule D- Short-Term Capital Gains (Assets held for not more than 12 months)

- (a) Apportion current year's net gain or allowable loss on Page 2, Column 6 using Partnership's Profit/Loss sharing ratio. Gain or loss is then to be transferred to Page 5, Schedule D.
- (b) Do not include assets in respect of which no chargeable gains or allowable losses accrue on disposal.

20. Schedule E and F- Gross Payments- Please complete Schedule on Page 6 of the Return.

In ascertaining the chargeable income of any person for any year of income, no deduction shall be allowed from the income in respect of rental payments incurred for the purpose of the production of income unless information relating to such payments and to the payee system is furnished to the Board in a form approved by the Board.

21. Schedule G- Promotional Expenses

A person claiming this expense must be engaged in a trade or business including commercial farming carried out on an approved agricultural holding.

Promotional Expenses are allowable where they were wholly and exclusively incurred in order to create or promote the expansion of foreign markets for the export of:

- (a) architectural engineering design, quantity surveying or contracting services in connection with the building industry; or
- (b) goods and agricultural produce manufactured or produced in Trinidad and Tobago and shipped in commercial quantities.

The Services at (a) must be performed by a person resident in Trinidad and Tobago for a recipient who is outside of Trinidad and Tobago.

The amount allowed as a deduction is equivalent to one hundred and fifty per cent (150%) of the amount actually expended.

22. Schedule H- Tax Exempt Income

All tax exempt must be entered in this Schedule. Attach separate schedules wherever applicable. Enter total on Page 3, Schedule A, Line 11.

23. Schedule I- Production Company Allowance

An allowance is to be granted in computing the Chargeable Profits of a company for a year of income. This allowance is equal to 150% of the actual expenses incurred up to a maximum of \$2,000,000. The expenditure must be in respect of the company's own audio, visual or video productions, for educational purposes or promoting or reflecting local entertainment or local culture for radio or television.

24. Schedule J- Art and Culture; Sportsmen, Sporting Activity; Audio, Visual or Video Production Allowance.

Art and Culture

An Art and Culture Allowance is to be granted in computing the chargeable profits of a company for a year of income. The allowance is equal to the actual expenses incurred. The allowance must not exceed \$2,000,000.

Sportsmen/Sporting Activity

An allowance is to be granted in computing the Chargeable profits of a company for a year of income. The allowance is equal to actual expenses incurred in promoting or sponsoring sportsmen, sporting activities or events. The allowance shall not exceed \$2,000,000.

N.B.- The deduction shall only be granted in respect of Nationals of Trinidad and Tobago.

Audio, Visual or Video Production

An allowance is to be granted to **companies** sponsoring audio, visual or video productions for the purpose of local education or local entertainment or reflecting local culture for radio or television. This allowance shall be equivalent to 150% of the actual expenses incurred. This allowance shall not exceed \$2,000,000. In accordance with section 10N of the CTA this allowance shall not be granted in the absence of certification from the Minister.

25. Schedule K- Venture Capital Tax Credit

A person who invests in shares in a Venture Capital Company will be entitled to a tax credit equivalent to the marginal rate of rate of tax of the amount received by the Venture Capital Company for those shares for the year of income. The tax credit is allowed only to the original purchaser of the shares. Where the amount of the tax credit cannot be wholly set off in the year of income, the amount of the unclaimed tax credit may be carried forward and set off against the tax assessed for succeeding years of income.

Attach tax credit certificate in support of claim. Complete Schedule K on Page 8.

26. Schedule L- Approved Commercial Farming

Please complete Schedule L on Page 9 and attach a copy of the approval from the Minister of Agriculture, and a Statement of Income and Expenditure.

The period of exemption cannot exceed ten years from the date of approval of the agricultural holding.

27. Schedule M- Child Care or Homework Facility

Where a person has incurred expenditure in constructing or setting up facility which is dedicated for use as a child care or homework facility for dependants of employees, who are minors, an amount equivalent to the expenditure actually incurred in that year in constructing or setting up the facility up to a maximum of five hundred thousand dollars (\$500,000) in respect of each facility but not exceeding in the aggregate in a year of income the sum of three million dollars (\$3,000,000) is allowed as a deduction.

28. Schedule N- Wear and Tear Allowance

An allowance for Wear and Tear is granted on the aggregate expenditure on:

1. Plant and Machinery and Buildings housing Plant and Machinery (Section 11A ITA)
2. Industrial Buildings which qualify under the Income Tax (In Aid of Industry) Act;
3. Construction of or capital improvement made to other Buildings or Structures, completed on or after January 1, 1995 (Section 11B of the ITA). (*See Note Below*); and
4. The construction or setting up of a facility which is dedicated for use as a childcare or homework facility for dependents of employees who are minors, in excess of \$500,000.

Assets in (1) and (4) above are placed in their appropriate Classes in accordance with the Seventh Schedule to the ITA. Buildings and Structures in (2), (3) and (4) above are placed in Class A.

Wear and Tear Allowance will not be granted unless Lands and Buildings Taxes are paid for in the Income Year, (if applicable).

Submit a list of all the properties and copies of the Lands and Buildings Taxes receipts for in 2011 (if applicable).

- (a) Enter, in Line (2), Column (2-6), the balance of expenditure on Plant and Machinery at the beginning of the accounting period.
- (b) Enter, in Line (3), Column (2), the balance of expenditure on Buildings at the beginning of the accounting period.
- (c) Enter, in Line (4), Columns (2-6), the aggregate expenditure incurred on Buildings and plant and machinery acquired during the year.
- (d) Enter, in Line (6), Columns (2-6) Any Initial Allowance claimed in respect of expenditure made on buildings or plant and machinery in a qualifying trade under the Income Tax (In Aid of Industry) Act.
- (e) Enter, in Line (8), Columns (2-6), the proceeds derived from the sale or other disposal of buildings and plant and machinery during the year.
- (f) Enter, in Line (10), Columns (2-6), the Wear and Tear allowance for each class. This is computed by applying the appropriate Wear and Tear rate in Line (1) to the figure.

Note: Buildings, Structures and Improvements thereof completed on or after 1st January, 1995. (Section 11B ITA)

A Wear and Tear allowance is granted at the rate of 10% on a declining balance on the construction of or improvement to a building or structure, subject to the following:

- (a) Where a building is used partly for business and partly otherwise and the cost of that part which is utilized otherwise does not exceed 10% of the total cost, Wear and Tear is to be granted on the total expenditure.
- (b) Where the cost of the part not used for business exceeds 10% of the total cost but does not exceed 50%, Wear and Tear is to be granted on the cost of that part used in the production of income.
- (c) Where the cost of the part not used for business exceeds 50% of the total cost of the building, no Wear and Tear is applicable.
- (d) Where the building or structure is used in the production of income for part only of the year of income, the allowance is reduced by the proportion of the period it was not so used.

Section 11B does not apply to a person who during a year of income is entitled to benefits under-

- (i) The Fiscal Incentives Act;
- (ii) The Tourism Development Act;
- (iii) The Free Zones Act;
- (iv) Section 13B (Deduction of Approved Capital expenditure on conversion of house to guest house).

No initial or annual allowance on an industrial building or structure under the Income Tax (In Aid of Industry) Act is available under Section 11B.

Where an asset is to be used for both business and private purposes the allowance is to be reduced to take account of private usage. Where the value of the expenditure has not already been reduced for non-business use enter in Summary of Allowances any Initial and/or Wear and Tear allowance relating to such non-qualifying use.

Wear & Tear Allowance on CNG Kit and Cylinder

A person incurring expenditure 1st Jan, 2011 on:

- (i) the acquisition of plant, machinery and equipment, excluding installation costs, for the purpose of providing a Compressed Natural Gas (CNG) Kit and Cylinder installation service; or
- (ii) the acquisition and installation, in a motor vehicle, of a CNG Kit and Cylinder;

is granted a Wear and Tear Allowance on 130% of that expenditure in accordance with paragraph (b) and sections 11A and 11B of the Income Tax Act (ITA).

Wear & Tear Allowance on Wind Turbines/Solar Photovoltaic Systems/ Solar Water Heaters

A person incurring expenditure, 1st January, 2011 on the acquisition of plant, machinery, parts and materials for use in the manufacture of solar water heaters, or the acquisition of:

- (a) Wind turbines and supporting equipment;
- (b) Solar photovoltaic systems and supporting equipment; or
- (c) Solar water heaters,

a Wear and Tear Allowance is granted on 150% of that expenditure in accordance with paragraph (b) and section 11A and 11B of the Income Tax Act (ITA).

Wear & Tear Allowance for Certified Energy Service Company on Energy Audits

Effective 1st January 2011:

- (1) Where a certified Energy Service Company has acquired plant and machinery for the purpose of conducting energy audits there shall be allowed an amount of seventy-five (75%) of the cost incurred in the year of acquisition, and this amount shall be the only allowance on this expenditure for that year.
- (2) The amount of expenditure not yet allowed under the above mentioned (1) may be claimed as a Wear and Tear Allowance in accordance with subsection (1)(b) and sections 11A and 11B of the Income Tax Act (ITA) from the following year.

29. Schedule O- Balancing Allowances and Charges

Where an asset on which Wear and Tear has been allowed is sold or otherwise disposed of, a Balancing Allowance or Balancing Charge may arise.

A Balancing Allowance will arise if disposal proceeds are greater than the Written Down Value of the class but only where there are no more assets in the class.

On disposal of a private motor car purchased prior to 1st January, 2006 for more than \$100,000 but whose value was deemed to be \$100,000, the proceeds from disposal shall be deemed as follows:

$$\frac{\text{Proceeds from disposal}}{\text{Actual value or cost}} \times 100,000$$

Please complete Schedule O, on Page 10.

30. Schedule P- Balance Sheet.

Please submit details in the format indicated.

31. Schedule Q- Green Fund Levy Liability

Green Fund Levy is payable at the rate of 0.1% on the Gross Sales or Receipts of a company carrying on a business in Trinidad and Tobago, whether or not such business is exempt from the Business Levy.

PLEASE NOT: FOR THE PURPOSE OF GREEN FUND LEVY THE WORD "COMPANY" INCLUDES A PARTNERSHIP

32. Schedule R- Instalments paid in respect of Green Fund Levy.

Please complete Schedule R on page 13.