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**PRESS RELEASE**

**COURT OF APPEAL GRANTS INJUNCTION BLOCKING TTRA**

The Public Services Association (PSA) is pleased to announce that the Court of Appeal today granted leave to the PSA for it to take its appeal against the establishment of the TTRA to the Privy Council. The Court of Appeal comprising Justices of Appeal Mark Mohammed, Charmaine Pemberton and Mira Dean-Armourer also granted an injunction staying the implementation of the controversial section 18 of the TTRA Act which seeks to transfer public officers out of the Board of Inland Revenue (BIR) and Customs and Excise Division (CED) into the TTRA.

The Court of Appeal granted the stay to protect and preserve the status quo until September 25th 2024, and fixed a date of hearing for the parties to return to Court to indicate the status of the Privy Council appeal. Justice Mark Mohammed who presided over the appeal delivered the unanimous ruling of the Court after listening to submissions from Mr. Douglas Mendes S.C. who appeared for the Attorney General and Mr. Anand Ramlogan S.C. who appeared for the PSA's member Terrisa Dhoray, who filed the claim.

Mr. Mendes S.C. objected to the grant of any stay and referred the Court to an Affidavit filed by Minister of Finance Colm Imbert which indicated that the government was anxious to operationalize the TTRA because it was depending heavily on tighter and greater tax enforcement to raise revenue to run the country. The TTRA is airmarked to implement and enforce the dreaded property tax.

In his affidavit of evidence filed yesterday, Mr. Imbert made some startling revelations to the Court:

22. The fall in oil and gas prices and lower than expected production of oil and gas has had a profound impact on the country's petroleum revenues, leading to a projected shortfall in revenue for 2024 of TT\$5 billion. When this significant shortfall is added to the initially estimated budget

deficit of TT\$5 billion for 2024, even with additional one-off revenues from asset sales, the country's deficit for 2024 is now expected to be as high as TT\$9 billion.

23. The international price for oil and gas is not expected to increase significantly in the near future. Further, Trinidad and Tobago is a mature energy province, having produced oil for over 100 years, and is challenged by natural declines in oil and gas production. In fact, oil production in this country is half of what it was 15 years ago, and gas production is 35% less than what it was 10 years ago. Such production is not expected to improve until 2027, when it is expected that gas from Venezuela should become available to the country.

24. Accordingly, the next three years will be very challenging for the country from a revenue perspective. In fact, unless additional tax revenue can be collected through the improvements in tax administration that will come with a fully operational Revenue Authority, the Government will soon be faced with very difficult choices in terms of maintaining the current levels of subsidies, grants, free services and social programmes. Notably, as the Government grapples with significantly reduced revenues, there are demands for more and more Government expenditure on infrastructure and social programmes.

27. The Government cannot continue to sustain budget deficits by increasing Government Borrowings and Government debt much longer, and international credit rating agencies have warned that if the Government is not able to achieve fiscal consolidation in the near future the country's international credit rating will be downgraded.

28. The Government has over the past 15 years or so maintained and increased the level of its expenditure through increasing or maintaining Government Borrowings. Such Government borrowings are often from foreign lenders. This has led to debt service obligations for the Government in excess of the equivalent of TT\$1 billion per month, with a significant foreign component. An increase in external borrowings by the Government to finance its expenditure results in an increase in the expenditure of foreign currency as Government's loan repayments increase to repay its increased foreign debt, and an increase in external foreign exchange outflows. This has a negative impact on the country's foreign exchange reserve balances and import cover.

29. Additionally, and as important, is the fact that that an increase in Central Government Borrowing as well as a failure to increase tax revenues will adversely affect the country's international credit rating as determined by entities such as Standard and Poor' s, and Moody's. These ratings are important for this country, as they are for all countries, in that they impact the State's access to foreign currency, influence the cost of Government borrowing, and inform the perception of investors and development banks.

33. It is of vital importance to the country that Government significantly increases its tax revenues in the short term, thereby putting itself in a position to maintain and perhaps increase expenditure, while at the same time achieving the pace of fiscal consolidation that will preclude any downgrading of its S&P credit rating. The Government has been repeatedly advised, and is of the firm view, that one of the steps to be taken if such an increase in tax revenue is to be achieved is the establishment and operationalization of the Authority.

34. I fear that the delay in the commencement of the operations of the Authority is increasingly jeopardizing Trinidad and Tobago's current investment grade rating by S&P and may cause Trinidad and Tobago to be downgraded to a non-investment grade rate (a non-investment grade indicates that the country has the ability to repay its debts but faces significant uncertainties, which could affect its credit risk- it is essentially a low quality credit rating to which is associated with a higher likelihood of default). This is because a delay in operationalization of the Authority means a delay in the receipt of all of the additional revenues to be derived from its full operation, and by extension a delay in fiscal consolidation and a longer time to arrive at a balanced or surplus budget (i.e. where revenues equal or exceed expenditure). S&P has highlighted that a failure to achieve fiscal consolidation is a potential reason for a downgrade in its ratings. If S&P were to downgrade its rating for this country, the country's economy will be impacted negatively. S&P's next annual credit rating visit to Trinidad and Tobago is next month, in July 2024, and we expect the delay in operationalizing the Revenue Authority to be viewed negatively by S&P.

37. In the absence of increased tax revenues in the short term there are two options open to Government in terms of reducing Government debt: (i) reduce Government expenditure significantly; or (ii) withdraw funds from the Heritage and Stabilization Funds. However, both options will or may have adverse consequences and the latter is not sustainable.

Mr. Ramlogan S.C. indicated to the Court that he intended to get an urgent and expedited hearing of the appeal in the Privy Council. He submitted that it would be a breach of the rule of law if the TTRA was found to be unconstitutional by the Privy Council because it would have illegally collected taxes from citizens to their detriment. Workers would have to uproot themselves of their positions in the BIR and CED, only to find that their decision was based on a false legal premise because it would cause administrative chaos and confusion as workers would have to be retransferred back into their old positions.

The PSA condemns this plan to tax the nation into prosperity. Workers are already barely surviving and living paycheque to paycheque. small and medium businesses are closing at a rapid rate and there is severe unemployment and underemployment. Trying to squeeze more tax out of our financially beleaguered work force through the TTRA via property tax is unfair, harsh and oppressive. From the onset, the PSA gave the affected and aggrieved workers of the BIR and the

CED to take this case to the highest Court in the land. We have remained true to our word and have fulfilled that commitment. We stand in solidarity with our members and vow to fight this legal battle to the very end.

**END**