

BUDGET TODAY



Benefits are to be had from retrofitting farms to use solar power.

Savings for fa

Poultry and animal farmers will now be entitled to a refund of up to \$5 million spent retrofitting farms to utilise solar energy.

Minster of Finance Chris Sinckler made the announcement this afternoon. He said there was a need for assistance to be given to farmers in keeping livestock housing well lit and at the appropriate temperatures in light of the current high cost of energy.

He added that even though this would result in a revenue loss to the Treasury of approximately \$4.35 million over multiple years, the Medium Term Development Strategy of Barbados recognised the "current energy environment has undoubtedly posed new challenges to an already vulnerable agriculture sector".

These challenges are evident in a high import food bill, high global commodity costs, rapid climate change and the decrease in agriculture exports to major food suppliers.

"In 2010, prices of locally grown fruits and vegetables generally remained stable with minor fluctuations in the cost of these commodities. With respect to food imports and foreign exchange spending, the 2010 fruit and vegetable import bill, including nuts and root crops, was \$41.4 million, a 15 per cent increase over 2009. Of this, an estimated \$21.8 million can be suitably substituted," Sinckler said.

He also noted the Government acceded to the requests of the Fruit and Vegetable Growers Association for the establishment of an Organizational Matter programme. Sinckler said this programme would see the provision of financial assistance for the purchase of three mulch compostators to help fruit and vegetable farmers access to cost effective equipment to be used

Legislation coming for illegal NHC extensions

Special purpose legislation is on the way to deal with National Housing Corporation tenants who erected illegal extensions, Minister of Finance Christopher Sinckler declared this evening.

He explained the legislation will be prepared by the Ministry of Housing and Lands, following "an extensive set of meetings and discussions" with Housing officials, the office of the Chief Town Planner, the Cabinet Committee on Infrastructure, and lawyers from across the government along with the Prime Minister.

Sinckler said the legislation would include an appropriate Validation Order and Schedule, and should reach the House of Assembly "in a matter of months".

"It should be noted Mr. Speaker that no extensions started after September 1 2011 will be eligible for

this programme and will therefore have to seek full permission from the Chief Town Planner."

The issue of illegal extensions attached to these units has become an obstacle to the issuance of certificates of compliance by the Chief Town Planner for the transferral of terrace units programme, the finance minister stated.

Sinckler also revealed that government had extended the 20-year rental clause for the NHC unit ownership initiative.

"This means that any resident having been a tenant of the NHC in any of its rental estates under the original list of estates, and who meet the eligibility criteria, will now be able to benefit from the programme once they reach the 20-year qualification time," he said. (LW)

NHC headquarters



Government's grant to deal with the high cost of energy is being done for those who are most vulnerable

Energy grant available

From October 1, the disadvantaged will receive an up to \$5 million relief in electricity bills through a one-off energy grant.

"This grant funding will be provided through the Welfare Department and targeted towards the most vulnerable groups such as the elderly, disabled and the unemployed indigent," Minister of Finance Christopher Sinckler said today.

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to physically direct the Constituents

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production and application of disease- and weed-free organic matter.
Equipment would also be provided as part of the Tractor Cultivation Scheme under the Ministry of Agriculture, Food, Fisheries and Water Resources for on-lending to farmers at a "pepper-corn" rate inclusive of insurance of the equipment. The estimated cost for one mulch compositor is US \$55,000, while the cost of one row mulcher or mulch spreader is US \$50,000.

"I therefore propose to provide the Ministry of Agriculture, Food, Fisheries and Water Resources with financial resources to facilitate the purchase of the recommended three compositors and three row mulchers. We will further accede to the provision of two transplanters and two mulch lifters that accompany these very critical pieces of equipment.

"I equally review on a case by case basis applications from registered farmers for partial waivers of duties on similar equipment," Sinckler said, adding the provision would cost Government US\$215,000.

He also explained the role of the Agricultural Development Fund in Barbados, established on December 12, 2001 for the improved development of agriculture in the country. He said the financial resources of the fund were needed to finance projects and programmes designed for the development of agriculture.

"The source of income to the ADF was set out in legislation as revenue from the bound rates on agricultural products and income recovered from the heavily indebted plantations by the Barbados Agricultural Credit Trust. Over the last couple of years there has been no income contributed to the ADF from the BACT. Discussions are currently underway with the Minister of Agriculture with a view to the recapitalisation of the ADF," Sinckler said. **(AA)**



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inister deemed the action as necessary,
e "increasingly high cost of fuel", which
was impacting on the growing costs of

electricity.
"[It] has been a major source of concern
to all Barbadians, especially the unemployed
indigent, pensioners, and members of the disabled
community who are clients of the Welfare
Department, [and] it is in times like these when
we have to be mindful of the impact of these
things on the most vulnerable among us," Sinckler
said. **(LW)**

Tax time ease

LAND TAX REBATE TO HOTELS AND RESTAURANTS STILL VALID IN FISCAL YEAR'S FOURTH QUARTER

Registered hotels and stand alone restaurants off property can now pay their land tax bills during the last quarter of the financial year without losing the discount.

This was announced this evening by Minister of Finance Chris Sinckler, and it takes effect from tax year 2011-2012.

Speaking during his Budget presentation, Sinckler told the House of Assembly some of the country's properties in the hotel sector face the challenge of paying land taxes within the existing period for the discount.

He made it clear only approved hotels and restaurants would benefit.

"This will result in a very small revenue loss, if any, to the Treasury due to an extended discount period for the hotel sector," Sinckler said.

"Land tax bills are now issued in August with the discounted payment periods being in the third quarter of Government's fiscal year. While this change in issue date works well for the smoothening of Government's cash flows with its cash requirements, this runs concurrent with a period in the industry when cash flow is at its lowest.

"The Commissioner of Land Tax has indicated that it would be possible to issue tax bills to this sector at such time as to allow hotels to enjoy the discounts offered in the same manner as all other tax payers."

He added that there were currently four categories of properties which enjoy rebates and or exemptions from taxes. These categories were those used for hotels, agriculture, villas and by

pensioners.
However, Sinckler said there had been some concern by the Commissioner of Land Tax that this process was being abused.

"To reduce, if not eliminate, the incidence of abuse of these concessions, it is recommended that all tax rebates should be based on the tax demanded and not on the site or improved values of the properties.

"It is also recommended that approved manufacturers who can certify exports to a value of \$100,000 or more in any one calendar year will also be afforded these rebates," the Minister of Finance said, adding that any company, certified by the Division of Energy to be engaged in the production of solar energy and or the manufacturing sector of solar energy equipment, would also be added to this category.

"I therefore propose that with effect from next tax year a rebate of no more than 50 per cent will be granted on the land tax demanded for that year, for properties which can prove that they have engaged directly in the manufacturing activity and those which have been certified by the Division of Energy to be engaged in the production/manufacture of solar energy," Sinckler said.

To further strengthen the management of the collection process, he said all rebates and exemptions would be tied to generation of income and therefore a tax clearance from Inland Revenue Department and or Value Added Tax would be required to access the rebate. This was also a requirement of the Auditor General.

"In addition to the measures outlined above, the following amendments will be made with respect to the granting of rebates and exemptions,

a) all rebates shall be granted within the year in which the tax is due. This is critical for revenue recording and forecasting cash flows in light of Government's adoption of the accrual basis of accounting.

b) Discounts shall be applied only at the time of payment hence the Demand Notice will highlight the gross amount payable and not the amount net of the discount available if payment is made before a specified date," he said. **(AA)**