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**PRESS RELEASE**

AREA welcomes the Government's much needed adjustment to the Stamp Duty regulations. Previously the threshold for exemption from Duty was \$450,000 but with the dramatic increase in house values, this threshold was far too low to be effective in giving relief even at the low end of the property market.

The new threshold has been raised to \$850,000 which will make a significant difference to closing costs, particularly since the Government has also adjusted the percentages of Duty paid on the sliding scale of charges. The details of the new Stamp Duty calculations are:

Up to \$850,000	0%
Above \$850,000 but not exceeding \$1,250,000	3.0%
Above \$1,250,000 but not exceeding \$1,750,000	5.0%
Above \$1,750,000	7.5%

Some comparisons are given below using the old system and the new system:

**Example 1 - On a property valued at \$1 million**

<b>Old Rate:</b> threshold of	<b>\$450,000.</b>
5% on \$100,000 =	\$ 5,000.
7.5% on \$100,000 =	\$ 7,500.
10% on balance (\$350,000) =	\$ 35,000.
<b>TOTAL STAMP DUTY PAYABLE =</b>	<b>\$ 47,500.</b>

<b>New Rate:</b> threshold of	<b>\$850,000.</b>
3% on \$150,000 =	\$ 4,500.
<b>TOTAL STAMP DUTY PAYABLE =</b>	<b>\$ 4,500. (90.5% saving)</b>

**Example 2 - On a property valued at \$1.3 million**

<b>Old Rate:</b> threshold of	<b>\$450,000.</b>
5% on \$100,000 =	\$ 5,000.
7.5% on \$100,000 =	\$ 7,500.
10% on balance (\$650,000) =	\$ 65,000.
<b>TOTAL STAMP DUTY PAYABLE =</b>	<b>\$ 77,000.</b>

<b>New Rate:</b> threshold of	<b>\$850,000.</b>
3% on \$400,000 =	\$ 12,000.
5% on \$50,000 =	\$ 2,500.
<b>TOTAL STAMP DUTY PAYABLE =</b>	<b>\$ 14,500. (81% saving)</b>

**Example 3 - On a property valued at \$3 million**

<i>Old Rate: threshold of</i>	<b>\$450,000.</b>
5% on \$100,000 =	\$ 5,000.
7.5% on \$100,000 =	\$ 7,500.
10% on balance (\$2,350,000) =	\$235,000.
<b>TOTAL STAMP DUTY PAYABLE =</b>	<b>\$247,500.</b>

<i>New Rate: threshold of</i>	<b>\$850,000.</b>
3% on \$400,000 =	\$ 12,000.
5% on \$500,000 =	\$ 25,000.
7.5% on \$1,250,000 =	\$ 93,750.
<b>TOTAL STAMP DUTY PAYABLE =</b>	<b>\$130,750. (47% saving)</b>

One can see from the above that the saving to the property buyer is significant and with the market now going through a period of adjustment this saving can only auger well for the cautious buyer.

It is clear from the budget presentation that the Government plans to continue its housing programme throughout the country with a promised 32,000 “starts” in 2009. This is encouraging news, especially if the rate of completions can keep pace with the starts.

One area of disappointment to the Association is the failure of the Finance Minster to announce a decision on the contraversial question of foreign investment in Tobago, on which AREA has lobbied for the past 18 months. It is clear from the tourism and industrial development plans for Trinidad that this government is pro-investment, which makes it all the more worrying that it should allow an investment ban in Tobago to continue to the end of its second year while at the same time welcoming new investment in Trinidad. AREA would like to encourage the Minister to take the necessary steps to at least exempt all approved tourism developments from the need for a licence and thereby free up the investment market and allow stalled development projects to begin again. It is imperative to Tobago’s sustainability as a tourism destination that it re-invest in quality room stock in addition to attracting new investment at the top end of the market.

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