



Media Release

TRADE MINISTRY TO ACTIVELY MONITOR THE REMOVAL OF VAT ON EXPANDED LIST OF FOOD ITEMS AT SUPERMARKETS

October 29, 2021:- Globally, food prices have been on the upturn since the emergence of the COVID-19 Pandemic on account of a myriad of factors including: (i) disruptions in international supply chains; (ii) a shortage in shipping containers; (iii) adverse weather conditions; and (iv) a decline in industrial output in leading economies.

In September 2021, the Food and Agriculture Organization's (FAO) Food Price Index revealed that since September 2020, food prices globally have escalated by approximately 30%, reaching levels not seen since 2011. According to the Central Bank of Trinidad and Tobago's (CBTT) July 2021 Economic Bulletin, food price inflation averaged 2.8% but escalated to 4.9% in September 2021.

The Government remains concerned about the impact of these increases on all consumers, particularly, the vulnerable. To mitigate the impact of rising food prices, the Government has implemented a suite of proactive measures to address this issue. Among these measures, is the removal of VAT on an expanded list of basic food items as announced in the Fiscal 2022 National Budget Presentation which included: **vegetable/soya bean oil; olive oil; coconut oil; canola oil; ghee; peanut butter; black pepper and other spices; cereals; condensed milk and milk substitutes; instant and ground coffee; black and green tea; orange and apple juice; bottled water; seasoned meat and pig tail; canned sausages, tuna, mackerel, peas, beans, corn and mixed vegetables; mayonnaise, ketchup, roti skin, packaged soups, soya chunks and minced; ground dhal; cheese slices; table butter; ham and turkey slices; chicken lunchmeats; bologna and biscuits and crackers.** These items will now form part of the list of items under Schedule 2 (Zero-rating of the Value Added Tax Act).

These products will now be VAT Free from 1 November 2021 which will bring relief to consumers as they will now be sold at a reduced cost at the point of sale throughout the country. Additionally, these items will also be zero-rated when imported into the country.

The Minister of Trade and Industry has held discussions with several key stakeholders including the Supermarket Association of Trinidad and Tobago (SATT) and the Food Distributors Association (FDA) to ensure that the process to Zero-Rate these items is seamless and accurate. It is expected that when supermarkets and other retail stores open their doors on November 1, 2021, the prices of these items would have been adjusted accordingly. The MTI has been given the assurance from supermarkets and distributors that they will be ***“working around the clock on Sunday night to effect the price changes in time for the start of business on Monday”***.

The Ministry also wishes to advise that the Consumer Affairs Division will be out in the field to actively monitor the pre-VAT and post-VAT removal prices and will be publishing same via social media. The CAD can be contacted by members of the public via its hotline 800-4277; e-mail: consumeraffairs@gov.tt or via facebook @ ***ConsumerAffairsTT*** should there be any related issues which require attention.

The Minister of Trade and Industry will also be visiting various supermarkets to witness the price reductions. Subsequently, the Government will be reaching out to consumers via mass and social media to bring awareness to the various food items impacted. The Ministry is appealing to all distributors, supermarkets and retail stores to effect the necessary price changes and transfer the cost savings to consumers.

In its focus to make food security a reality, the Government continues to assure the population that it remains resolute to reducing food prices via targeted initiatives to promote investments in manufacturing and agro-processing, as well as other programmes to support the business community. Tangible manifestations of these include: (i) the suspension of the Common External Tariff (CET) on Basic Food Items; (ii) Increased Supply of Foreign Exchange via EXIM BANK Ltd for the importation of basic food; (iii) Implementation of an Agriculture Stimulus Package; (vi) Strengthening Linkages between Industry and Agriculture; and (v) Promoting Import Substitution.

The removal of VAT on an expanded list of basic food items represents yet another example of Government's collaboration with the private sector to bring meaningful relief to households. The Government remains committed to strengthening existing relationships with all stakeholders including SATT and FDA to address rising food prices and enhance the purchasing power of consumers.

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