



First Citizens

**Frequently Asked Questions
VAT Bonds issued by the
Government of the Republic of Trinidad and Tobago**

FAQ for VAT Bonds

Question 1: Have the VAT Bonds been issued yet and how can I get more information on this?

Based on The Value Added Tax (Bond-Payment Refund) Regulations, 2020 being issued on April 3 2020 and recent statements made by the Minister of Finance, the VAT Bonds will be issued imminently for companies who have refunds due in excess of \$500,000

Question 2: How long will I have to wait for the bond to mature?

The Bonds are expected to mature 3 Years from Date of Issue

Question 3: What is the coupon paid on the Bonds?

The Bonds will pay interest at a rate of 3.30% per annum. These interest payments will be paid semi-annually on June 30th and September 30th of each year

Question 4: Do I need any sort of special Account to receive my Bonds?

No, the bonds will be issued in paper Certificate signed by the Chairman of the Board of Inland Revenue

Question 5: Are there any risks to holding the Bonds until maturity?

The primary risks associated with any fixed income investment and thus this Bond will be:

- **Credit risk**: the risk that the Issuer, in this case the Government of Trinidad and Tobago, will not service the interest or principal on the Bonds.
- **Market risk**: the market value of the Bond will vary as market interest rates change over time. Consequently, when market interest rates are greater than the interest rate of the Bond, that is 3.30%, the market value of the Bond may be lower than the original amount of the Bond received. Conversely, when market interest rates are lower than the interest rate of the Bond, that is 3.30%, the market value of the Bond may be higher than the original amount of the Bond received.
- **Liquidity risk**: there may be circumstances where you may need immediate liquidity or cash, and there is the risk that it may be difficult to sell the full amount of the Bonds that you may wish to sell immediately, and you may have to sell the Bonds for a lower value than the original amount of the Bonds received.

Question 6: What is IFRS 9 and how does this impact the Bonds?

We recommend that you seek independent accounting and taxation advice on the potential of any accounting impact on your financials.

Question 7: If I decide to hold the Bonds to maturity, will First Citizens provide financing using these Bonds as collateral?

First Citizens is exploring different options to offer competitive financing packages to our customers in receipt of these Bonds.

Question 8: If I decide to sell the Bonds, how can I do this?

We will be able to give you a competitive price for the Bonds as First Citizens Investment Services are registered broker-dealers with the SEC and can trade in these Bonds. You can reach us at wealth@firstcitizenstt.com or you can contact the following persons directly:

- Romesh McKell, Wealth Manager – Romesh.mckell@firstcitizenstt.com
- Stacy Hosam-Israel, Centre Manager - North – Stacy.israel@firstcitizenstt.com
- Keisha Mac Quan, Centre Manager – South – Keisha.macquan@firstcitizenstt.com

Question 9: Will there be any special requirements for this process?

An account may not be required to sell your bonds. However, we will require certain company documents to validate authorisation to transact. Once authenticity of the presented Certificate is provided by the BIR, a bond transfer form needs to be completed and is available for your viewing. Further details will be provided upon contacting us.

Question 10: Do I have to sell all my bonds?

The Bonds will be issued in denominations of \$500, \$1,000, \$10,000, \$50,000, \$100,000, \$1,000,000, therefore you should be able to sell or transfer portions in the denominations listed.

Question 11: Will I get the full value of my bonds if I were to sell when received?

Yes, based on current market conditions you should be able to sell your bonds at a minimum of the full face value. However, as market conditions change you should contact us for updated pricing. We are available to assist you with selling all or a portion of your Bonds.

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The Transferor hereby instructs the Fiscal Agent to register the Bond(s) in the name(s) of the Transferee(s).

Signed by the Transferor

Signature

Name / Company Stamp
(Surname First)

Address

Date of Birth (DD/MM/YYYY)

** To be completed where consideration is not Monetary*

Signed by the Transferee

Are you at present holding bonds issued under this Act? Yes No

Signature

Name / Company Stamp
(Surname First)

Address

Date of Birth (DD/MM/YYYY)

Bank Name

Account No.

National ID No.

Telephone Contact

Dated this day of, 20

Notes:

1. Please type or use Block Letters.
2. Where a Transferee is a Company, the name of the authorized signature and the address of the registered office should be clearly stated.
3. Transfers are effected within two (2) working days after receipt of the transfer form.
4. Transfer form is to be completed in duplicate.

Dated this 3rd day of April, 2020.

C. IMBERT
Minister of Finance