PriceSmart's T&T income tax payment falls 39%

As US dollar borrowing mounts …



PriceSmart, MovieTowne, Invaders Bay, Port-of-Spain.PHOTO BY ROGER JACOB

PriceSmart's Trinidad and Tobago operation is paying substantially less in income taxes even as it becomes increasingly dependent on borrowing and cross-currency financing arrangements to obtain the US dollars it needs to sustain its import-driven business.

The warehouse club operator's local subsidiary paid US$4.749 million in income taxes in the 2026 financial year, up slightly from US$4.395 million in 2025 but significantly below the US$7.722 million recorded in 2024.

The latest figure represents a 38.5 per cent decline across the three financial years, according to PriceSmart Inc's annual report for the year ended August 31, 2026.

The decline is particularly noteworthy against the background of continuing sales growth across PriceSmart's Caribbean operations, including T&T, while the local subsidiary has repeatedly resorted to borrowing to overcome difficulties converting its T&T dollar earnings into US dollars.

The tax figures, disclosed under a new accounting standard adopted by PriceSmart for its 2026 reporting year, represent cash income taxes paid, net of refunds, rather than the company's entire tax contribution to the Government.

The new standard, Accounting Standards Update No. 2023-09, requires greater disclosure of income tax payments by jurisdiction, including withholding taxes paid on inter-company transactions.

PriceSmart said the disclosure requirements were applied retrospectively to the comparative financial years, allowing investors to examine the company's income tax payments across individual markets.

PriceSmart does not disclose merchandise sales for individual markets, with the exception of Colombia. However, it reported that net merchandise sales increased in all its Caribbean markets except the US Virgin Islands in 2026. Every Caribbean market also recorded positive sales growth in 2024 and 2025.

The company's disclosures therefore show that its regional business expanded over the period in which its Trinidad income tax payments declined, although they do not establish the reasons for the reduction in the local subsidiary's tax bill.

PriceSmart operates four warehouse clubs in Trinidad and Tobago, making the country its second-largest Caribbean market after the Dominican Republic.

Borrowing for US dollars

The company's annual report provides further evidence of the continuing difficulties its Trinidad subsidiary faces in obtaining US dollars.

During the 2026 financial year, the subsidiary entered into additional financing arrangements to strengthen its US dollar liquidity.

This included a US$15 million, three-year loan obtained in May2026, carrying a fixed annual interest rate of 12 per cent, although repayment is denominated in Trinidad and Tobago dollars.

In explaining the financing arrangements, PriceSmart said: “In July 2025 and again in the third quarter of 2026, the Company entered into financing transactions to provide our Trinidad subsidiary with additional US dollar liquidity needed to meet its operational needs and help reduce the shortfall in US dollar sourcing due to continued illiquid foreign exchange conditions in that market.”

The latest borrowing follows US$70.43 million raised in mid- 2025, including US$65 million through three loan facilities.

Those facilities were intended to clear inter-company payable balances and support construction of the company’s new distribution centre.

Two of the facilities, totalling US$50 million, were arranged in Jamaica. Of that amount, US$35 million was denominated in Jamaican dollars but indexed to the US dollar.

The company’s reliance on financing to meet its foreign exchange requirements is not new.

Between August 2020 and August 2022, when foreign exchange liquidity was particularly constrained, the Trinidad business borrowed US$21.8 million. During that period, it was forced to restrict US imports and increase prices on merchandise sold locally.

Since August 2020, PriceSmart’s Trinidad operation has accessed approximately US$113.04 million in debt facilities, adding to the financing costs associated with its operations.

PriceSmart has been highlighting foreign exchange conversion difficulties in T&T since 2017, particularly its inability to readily convert local currency into US dollars.

In its latest annual report, the company said it was working with local banks and Government officials to convert its TT-dollar holdings into tradable currencies.

Its balance of TT-dollar-denominated cash, cash equivalents and short- and

long-term investments, measured in US-dollar equivalents, peaked at US$100.5 million in November 2020.

More recently, that balance increased from US$59.7 million in August 2025 to US$80.2 million in November 2025 before declining to US$53.8 million by August 2026.

The company warned that the timing and availability of US dollars remained uncertain and that it could incur significant premium costs to complete conversions.

On August 31, Price Smart T&T also entered into a US$14.25 million cross-currency swap with a Jamaican subsidiary.

The arrangement carries a fixed interest rate of 5.27 per cent for the Trinidad subsidiary, with quarterly settlement dates and Citibank NA acting as the financial counterparty.

Caribbean business continues to expand

While its Trinidad operation continues to contend with foreign exchange constraints, PriceSmart's wider Caribbean business is expanding.

Revenue from the company's Caribbean markets rose seven per cent to US$1.54 billion in 2026.

The figure includes one quarter's contribution from its new club in La Romana, Dominican Republic.

The region added 41,902 membership accounts, an increase of eight per cent, taking the total to 548,027. Membership income increased 12 per cent to US$25.7 million.

Net profit from the Caribbean segment rose five per cent to US$68.6 million.

PriceSmart spent US$88.4 million on capital expenditure across its Caribbean markets as it prepared new locations in Jamaica and the Dominican Republic.

Jamaica, which was the company's best-performing Caribbean market in 2024 and 2025, is receiving a substantial share of that investment.

PriceSmart opened a new club in Montego Bay in October, is scheduled to

open another location on South Camp Road in Kingston in December and is also preparing to establish a new distribution centre.

Together, the latest investments represent more than US$70 million in Jamaica.

At the Montego Bay opening, PriceSmart executive Rodrigo Calvo said the company's fourth Jamaican club and its new distribution centre would account for a further US$33 million in investment.

The new Kingston location will be PriceSmart's 60th operating club and will bring Jamaica's total to four, matching Trinidad and Tobago, where the company last opened a new warehouse club in 2007.

In Trinidad, PriceSmart previously invested in a sustainable packaging plant but wrote down the US$5.7 million investment in 2023.

In February, however, the company opened a new US$15 million distribution centre at Phoenix Park Industrial Estate in Savonetta.

From San Diego to the Caribbean

PriceSmart was founded in 1996 by Sol and Robert Price, the father-and-son team behind Price Club, the original membership warehouse club operator.

The company traces its roots to the wholesale retailing concept developed by Sol Price, who established FedMart in San Diego, California, in 1954 before launching Price Club in 1976.

Following the 1993 merger of Price Club and Costco, the Prices pursued the development of a separate warehouse club business for Central America and the Caribbean.

PriceSmart's first warehouse club opened in Panama in 1996.

The company became a separately traded public company in 1997 and is headquartered in San Diego, California.

By August 31, 2026, it operated 58 warehouse clubs across 12 countries and one US territory, serving more than four million cardholders through over two million membership accounts.

Its business model is based on membership shopping, with a combination of imported and locally sourced merchandise sold through large-format warehouse clubs.

The company is listed on the Nasdaq Global Select Market under the ticker symbol PSMT.