



National decree tax measures 2019

Now, for tomorrow

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Introduction

In this memorandum, we summarize the most important changes in the Curaçao tax legislation stipulated in the National Decree Tax Measures 2019 (the “Decree”).

Changes to the immovable property tax

The immovable property tax is levied through assessment issued by the Tax Inspector. If and when the Decree enters into force (up and including 29 August the Decree had not yet been officially gazetted), all tax payers will be obliged to file a (form-free) tax return for immovable property tax in case:

- a) an immovable property is acquired --> the return to be filed within two months of the acquisition;
- b) changes are made to an immovable property --> the return to be filed within two months of the change; and
- c) if after 12 months after the end of the taxable period the tax payer has not yet received an assessment for immovable property tax --> the return to be

filed within two months of the end of the tax year to which the assessment relates.

The form-free tax return must include at least the following information:

- **the name, address and Crib-number (tax identification number) of the tax payer;**
- **the date of acquisition of the immovable property;**
- **title by which the immovable property is held (for example property, possession or limited right);**
- **the address of the immovable property; and**
- **an indication of the immovable property's value.**

Failing to file the required immovable property tax return may lead to the imposition of a fine of up to 100% of

the tax due. The term within which the Inspector may impose an additional tax assessment for immovable property tax in case the required tax return is not filed, is extended to ten (10) years after the tax liability arises.

When the Decree enters into force, any person holding title to immovable property (whether through property, possession or limited right) situated on long lease land belonging to the government, who has not received an assessment for immovable property within the past five year, must also file a return within six months of the Decree entering into force. The same is true if the value of the immovable property has changed due to changes made to the property in the past five years.

Changes in the turnover tax

When the Decree enters into force, anyone who imports goods into Curaçao, will have to pay 9% turnover tax on the value of the goods upon import¹. The exemption of turnover tax upon import of business assets for designated parties is abolished. Upon request and subject to certain conditions, entrepreneurs may credit half of the 9% turnover tax paid on import with turnover tax owed by them on the supply of goods and services. The credit only applies if the imported good is subsequently supplied subject to turnover tax. The abolition of the exemption upon import may lead to a cost increase on imported goods of between 4.5% to 9%.

The credit of half of the turnover tax paid upon import may not lead to a tax

refund. If in any tax period the credit is higher than the amount owed, the excess may be carried forward to subsequent taxable periods.

Bear in mind that claiming the tax credit will form an additional administrative burden for an entrepreneur as you will have to keep track of when each article is sold or otherwise leaves your business assets as the credit of the turnover tax paid upon import can only be claimed in that or a subsequent taxable period.

Change in Tax Holiday legislation

When the Decree enters into force, tax payers who wish to apply for a so-called tax holiday on the basis of the National Decree tax facilities investments after the Decree enters into force must include with their

application a declaration from the Tax Receiver that they have no immediately recoverable tax or social security premium debts outstanding.

Changes in rates of waste collection and sewerage tax, excise tax

When the Decree enters into force, the rates for waste collection and sewerage tax will increase by various percentages. Excise tax on spirits, beer, and cigarettes increased as per August 29th on the basis of the amendment published in the official Gazette (P.B. 2019, nr. 51).

¹ Except if there is an exemption on the supply of the specific good.





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