



Tax Instant News February 2019

Assessment of foreign source income exemption by the Code of Conduct Group and the Taskforce Tax Legislation

At the end of January 2019, the "Code of Conduct Group" of the Council of the European Union has unfortunately found, as part of the assessment of the measures taken by Curaçao to meet its commitment to abolish the preferential tax regimes before the end of 2018, the introduction of the exemption for foreign source income to be harmful. The exemption for foreign source income was assessed by the Code of Conduct Group at its meeting of 29 January 2019 based on a number of criteria. The conclusion is that this exemption has comparable harmful effects as the preferential tax regimes that have recently been abolished.

Assessment of foreign profit exemption by Code of Conduct Group

Against this background, the Code of Conduct Group has given the Minister of Finance the opportunity to give a commitment ultimately on February 15, 2019 that the exemption for foreign source income will be changed or abolished, without a transitional arrangement, before the end of 2019. In case of a commitment, the Code of Conduct Group will not recommend the Council of the European Union to include Curaçao on the list of non-cooperative jurisdictions. In the context of transparency and also to demonstrate that the necessary steps will be taken, the commitment will be published on the website of the Council of the European Union, if agreed by the Minister of Finance.

Taskforce Tax Legislation

Moreover, the Minister of Finance introduced a commission, the Taskforce Tax Legislation, by National Decree of 28 January 2019 with number 19/0285. This Taskforce Tax Legislation has the role to advise the Minister of Finance on various tax legislation in the context of national and international affairs, which also means providing proposals if necessary to amend and renew the tax legislation.

Whether the above mentioned recent developments are interrelated is unclear.

Contact

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