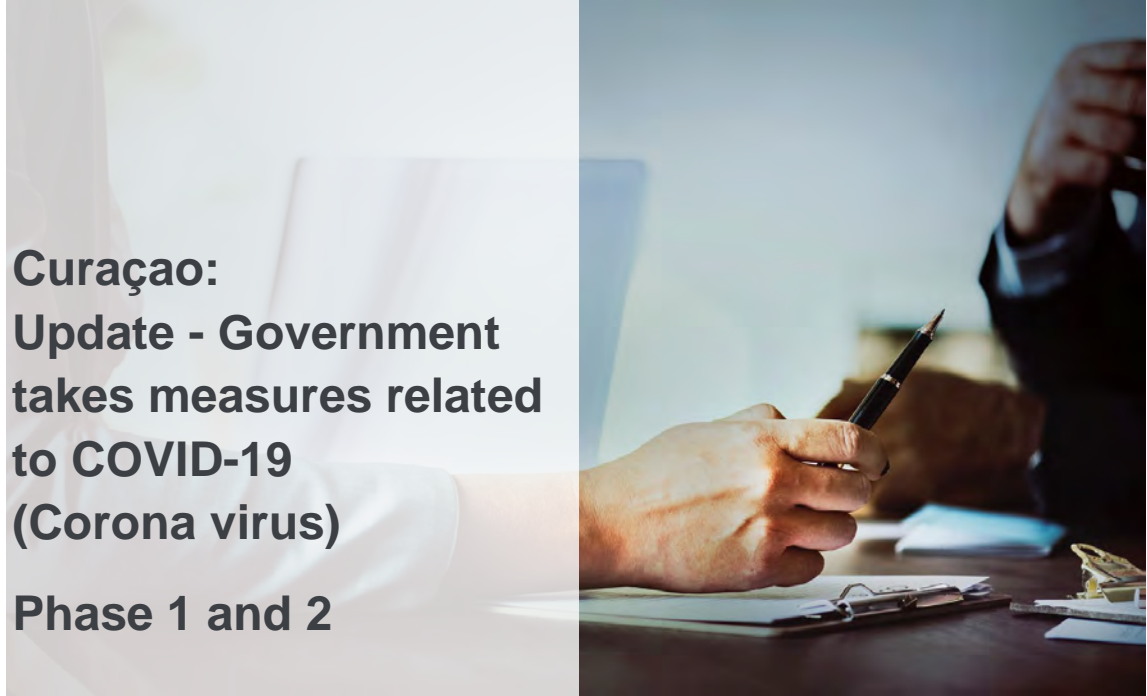


Tax Instant News



**Curaçao:
Update - Government
takes measures related
to COVID-19
(Corona virus)
Phase 1 and 2**

On March 23, 2020 the government of Curaçao published a solidarity package (phase 1) due to the worldwide outbreak of the Coronavirus with the primary goal to safeguard jobs. In our previous TIN, we generally outlined the tax measures. In this TIN, we will further elaborate on the Instruction Solidarity Package of support measures on COVID-19 and the emergency support package (phase 2) announced on 3 April 2020.

Curaçao, April 2020

Tax Instant News

Background and purpose

Taking into account the health care system and the socio-economic impact that COVID-19 has on society, the government introduced support measures with the aim to enable employers to continue to pay their staff and to bridge the burden via eased tax provisions in order for businesses to have liquidity in order to meet their obligations.

The Solidarity Package (phase 1) has its legal basis in two notices called Instruction Solidarity Package of support measures for COVID-19, which are discussed below. We will then pay attention to the announced emergency support package (phase 2) and briefly discuss some measures taken by the Central Bank of Curaçao and Sint Maarten.

Solidarity package (phase 1)

The affected sectors have been further defined and concern the hospitality sector, beauty salons, travel industry, car rentals, car wash, tour buses, taxis, bus transport (both small buses and buses of the Curaçao bus company) and transport for school-aged children. These facilities apply for the months of April to June 2020, unless otherwise indicated. If necessary, these facilities can be extended for 3 months at a time.

Payment arrangements and penalties

On request, existing payment arrangements for outstanding tax and premium debts can be suspended (deferred payment).

The recovery measures will be immediately suspended upon receipt of the aforementioned request(s). Subsequently, the Receivers Office will assess whether the taxpayer is eligible for suspension, adjustment of the current payment arrangement or the agreement of a payment arrangement.

The declaration obligation is not suspended for any type of tax. Furthermore, the monthly tax returns up to and including the period February 2020 must be submitted and paid. Note: suspended taxes must still be paid at a later date.

The foregoing also applies to new requests for deferral of payment arrangements for all taxes and non-taxes collected by the Tax Collector.

In addition, during the period from April 1, 2020 to June 30, 2020:

- The recovery interest is set at 0%;
- The collection costs are not charged;
- A default penalty for non-payment, partial or late payment of tax is omitted.

Social premiums: Exemption from employer's contributions to AOV / AWW

With regard to social contributions, employers in the affected sectors will be exempted from having to compensate and pay the employer's contribution of AOV / AWW premium (9.5%) for the periods of April, May and June 2020, provided that the employer :

- Continues to pay the wages to its employees;
- Does not apply for dismissal during the allowance period.

Sales tax

With regard to the entrepreneurs in the affected sectors, it should be noted that these entrepreneurs still have to charge the sales tax and file the monthly tax return. However, the turnover tax charged does not have to be paid to the Tax Collector for liquidity purposes of the entrepreneur.

Import duties and sales tax on import

The rates on the following essential goods are temporarily reduced to 0% for import duties and 0% for import sales tax:

- Latex and silicone gloves;
- Hand disinfectants;
- Disinfection wipes and sprays;
- Cleaning alcohol (70% or more);
- Thermometers;
- Face masks/mouth masks.

Other

Some other measures announced in phase 1 are:

- Establishing maximum wholesale margin and retail margin for essential products to limit the spread of COVID-19 (already entered into force);
- Various support and advice programs for companies;
- A credit and financing program that will be expanded in phase 2.

Emergency support package (phase 2)

On April 3, 2020, the government announced measures regarding the emergency support package. First of all, it must be stated that the Curaçao government does not have its own resources to finance these phase 2 measures. In other words, these measures can only be implemented if financial support is provided from the Netherlands. A decision regarding financial support by the Netherlands is expected to be taken on Thursday 9 April 2020. These measures are discussed below.

Emergency measure Bridging Employment ("EME")

To maintain as many workplaces as possible, financial support is offered to the employer with an estimated loss of income of at least 25%. This can be used to offset a minimum of 20% to a maximum of 80% of monthly wage costs.

Example: The financial support amounts to NAf. 4,000 with a

turnover loss of 100% against a financial contribution of 80% with a gross monthly wage of NAf. 5,000. The following conditions apply for the application of the EME:

- The allowance applies to a maximum gross monthly wage equal to the Social Insurance Bank wage limit of NAf. 5,781;
- Taxes and social security charges must be paid to prevent loss of income of the government, taking into account the measures mentioned in phase 1;
- The employee may not be fired.

The sectors to which this measure will apply will be announced in more detail.

Temporary (personal) assistance for independent entrepreneurs

Self-employed entrepreneurs can qualify for financial support for a period of 3 months with retroactive effect from April 1, 2020. A request thereto must be submitted ultimately by June 30. This temporary maintenance assistance supplements the income up to a maximum amount of NAf. 1,335 per month (80% of the minimum wage). It should be noted that this measure also applies to legal entities of which the director of the major shareholder is the only employee.

The conditions for eligibility are:

- The self-employed person must declare that the income in the next 3 months will be less than the minimum wage;

- The self-employed entrepreneur must be registered, resident and primarily working in Curaçao;
- The self-employed person must be registered with the Chamber of Commerce before March 17, 2020 (an exception applies to the taxi industry and bus drivers);
- The sales tax return must be submitted monthly and the returns from January 2020 up to and including the month prior to the request for assistance must have been submitted.

Job loss allowance

It is foreseen that mainly flex workers will lose their job first during this period. However, this measure also applies to redundant permanent workers, although dismissal of permanent workers is discouraged as much as possible. Anyone who has become unemployed from March 15, 2020 is eligible for a compensation of up to NAf. 1,000 per month.

This benefit amounts to 60% of the minimum wage, but will not exceed the average of the income earned in the last 2 months.

Furthermore, the benefit applies for a period of 3 months with the possibility of an extension of three months.

Credit facility small and medium-sized companies / self-employed entrepreneurs

The financing option already introduced in phase 1 is expanded in phase 2. It will be possible for

entrepreneurs with micro, small or medium-sized companies in the affected sectors to take out a one-time loan of a maximum of NAf 100,000 to cover fixed costs. This loan has a maximum maturity of 3 years, of which the first 6 months are redemption free at 2% interest and thereafter at 6% interest.

The conditions for companies to qualify for the above credit facilities are as follows:

- Companies should meet the size criteria for micro, small and medium-sized companies

	Revenue (mio NAf)	Employees.
Micro	< 0,5	1-4
Small	< 0,5	5-9
Medium-sized	> 0,5 < 5	10-49

- Activities have been discontinued completely or partially due to government measures;
- The company must be established in Curaçao and the owner / director must have a valid ID / residence document;
- The company is registered with the Chamber of Commerce or must still register;
- There must be at least 6 months of operational activities (since 1 October 2019);
- Financial data must be submitted showing the need for help with future forecast and the purpose of the loan;
- An adjustment to the business model has taken place in connection with Covid-19 (where necessary) or is prepared for this;

- Reports are provided during the loan maturity.

In addition, free training and advice will be provided based on the specific needs of each company to increase the expertise and capacity of the entrepreneurs.

Care compensation

Finally, a compensation will be granted to organizations and persons who provide support and care (including care for the elderly, the disabled and families with children). More details on this will be announced later.

Other measures Central Bank of Curaçao and Sint Maarten ("CBCS")

CBCS also indicated, by means of a publication in the local newspapers of 23 March 2020, that it is taking the following measures in connection with the Corona crisis:

- Lowering the interest rate on loans between CBCS and banks, the lending rate, to 1.00%. The surcharge on the loan interest on loans of more than 20 million is temporarily suspended;
- The reintroduction of the possibility for banks to be overdrawn at CBCS;
- Lowering the interest on Certificates of Deposit (CD's);
- Suspending the provision of a foreign exchange license for transferring funds abroad, including applications that have already been submitted and that have not yet been processed;

- Redemption and interest-free period of 3 to 6 months for banks and credit institutions, for which no provision must be formed;
- Temporary exceed the debt-service ratio (currently: 37%) to 50% for banks;
- Deferral of policy premiums by policyholders for 3 to 6 months from life insurers and pension institutions, for which no provision must be formed.

Closure

We will keep you informed if new developments occur and / or further detailed conditions are announced.

Should you require more information, please do not hesitate to contact us.



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