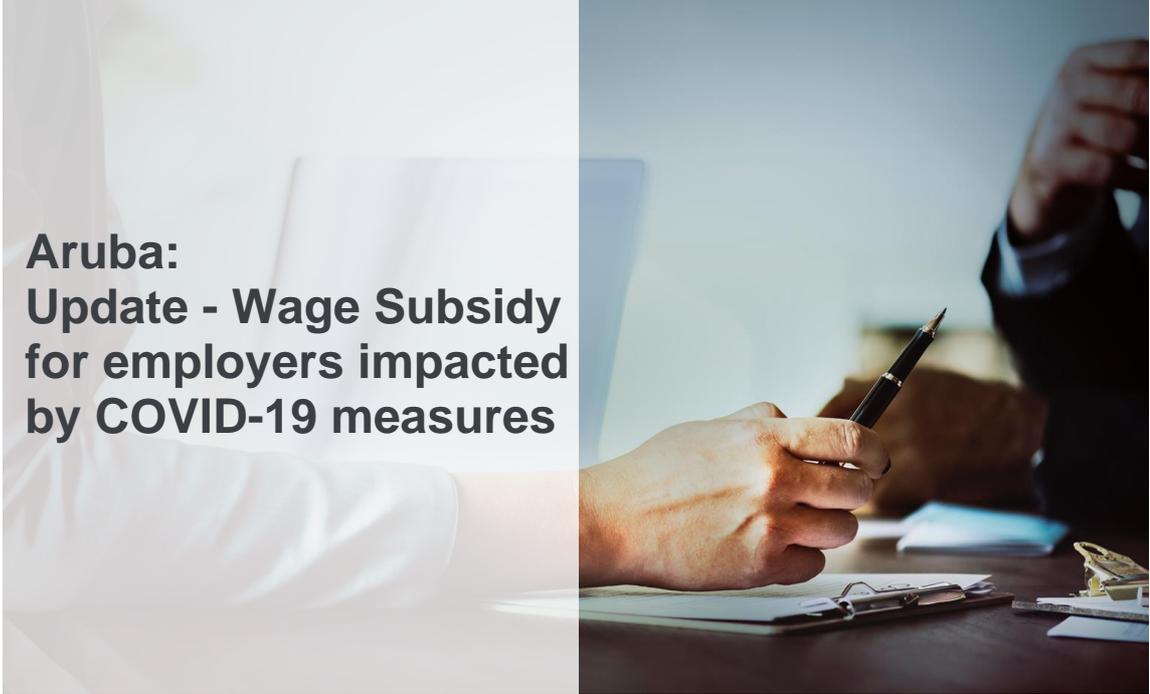


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**Aruba:
Update - Wage Subsidy
for employers impacted
by COVID-19 measures**

On May 29, 2020, the Government of Aruba announced that the wage subsidy to local companies dealing with the impact of the COVID-19 pandemic is (under stricter conditions) extended to June. The application form can be filed through June 13, 2020.

Aruba, June 2020

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Background and purpose

The Wage Subsidy was introduced to offer a (monthly) Wage Subsidy for those companies that have been hit hardest by the COVID-19 pandemic and by the measures taken by the Government of Aruba. The original subsidy applied until June 1, 2020. However, the Government extended the Wage Subsidy (under stricter conditions) to also apply for the month June.

In this TIN we will elaborate on the requirements set by the Aruba Government to apply for the wage subsidy in June. For the sake of convenience we have highlighted the changes.

Wage Subsidy

In order to maintain as many workplaces as possible and to ensure partial continuation of pay, financial support is offered to employers facing declining sales of at least 25% compared to monthly prior year sales. All employers applying and satisfying the requirements are eligible to receive a Wage Subsidy.

The Sociale Verzekeringsbank ("SVb") is taking care for the advanced pay out of the Wage Subsidy in June. The actual decline in sales for the month of June 2020 compared to June 2019 will

¹ Depending on the amount of applications for the month of June 2020 for the Wage Subsidy program the SVb-wage limit of Afl. 5,850 can be lowered to prevent that the

subsequently be determined based on the company's tax returns filed and adjusted if necessary.

The maximum total Wage Subsidy sums up to 71.6% of the SVb wages (subject to a maximum of AWG

5,850¹) and will be multiplied by the percentage of the (expected) decline in sales. The number of 71.6% consists of the following two elements:

1. 60% of the SVb-wages (subject to the SVb wage limit AWG 5,850) for the employer to continue to pay its employees at least that portion of their gross wages;
2. 11.6% of the qualifying SVb wages, (subject to the SVb wage limit of AWG 5,850) as partial compensation for the employer's social security contributions.

Example: The Wage Subsidy amounts to AWG 3,580 in case of the turnover loss is expected to be 100% against a financial contribution of 71.6% with a gross monthly wage of AWG 5,000.

As employers are obliged to continue to pay their employees a gross amount of at least 60% of their qualifying SVb wages, subject to the SVb wage limit (AWG 5,850), the

Government of Aruba surpasses the amount of Afl. 49,4 million that is available for the month of June 2020 for the Wage Subsidy program.

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maximum reduction for working time reduction is 40% (for salaries below the level of the SVb wage limit).

An employer having a “no work, no pay” arrangement in May (in part or in full) and whose employees may have applied for a benefit from the emergency fund (FASE) may apply for the Wage Subsidy in case it restarts paying wages in June in accordance with the aforementioned.

As of June the employer has to come to an agreement in writing with its employees as to a reduction of the work scope (in Dutch: “arbeidsomvang”) of at least 20%. To facilitate this process SVb is making a form available on the digital portal MiSVb of the company. In principle, this form has to be signed by **ALL** employees of the company for the wage subsidy application to be processed. After all employees have signed the form, the employer has to upload this form back into the digital portal MiSVb of the company. If this form is not in the portal of the employer the application for Wage Subsidy will **NOT** be approved.

In case one of more employees did not sign the form for whatever reason, there will be no Wage Subsidy granted for the specific employee(s).

In relation to the labor law aspects, reference is made to the last paragraph of this TIN.

The employer must – apart from the employee’s share in the general pension premiums – withhold wage tax and the employee’s share in the social security premiums from the gross wages paid to the employee, and declare and pay these amounts to the Tax Department and the SVb before the 15th of the following month.

In summary the following conditions apply to claim the Wage Subsidy:

- The company is adversely affected by COVID-19 and expects its sales to decline by at least 25% in June;
- The company may not lay off employees for socio-economic reasons;
- The company must pay their employees a gross amount of at least 60% of their SVb wages, subject to the SVb wage limit;
- The company and all its employees have been registered with the SVb on March 15, 2020;
- The company is registered with the Tax Department and has a Tax ID number;
- The company is in compliance with all its payment obligations for taxes and social security premiums for the month June;
- **The Company has a (signed) agreement with its employees in place to reduce**

the labor scope of at least 20% and uploaded this form into the digital portal MiSVb of the company;

- The application is submitted before the deadline lapsed i.e. ultimately June 13, 2020². The application form is available at <https://misvb.svbaruba.org/>.

Labor law aspect

Please note that at the date of issuance of this TIN, no formal statutory provisions detailing the legal basis and elaboration on the unilateral decrease of working hours by the employer has been published on the governmental websites. In order to apply for the Wage Subsidy a mutual agreement should be concluded to reduce the labor scope of at least 20%.

In case of demonstrated financial necessity to do so, the employee - based on the principle of having to act as a good employee - in all reasonableness cannot refuse his/her cooperation.

Closure

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

Our previous TINs can be found on our website: www.hbnlawtax.com and for COVID-19 related queries you may also contact us via helpdeskcorona@hbnlawtax.com

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

² Initially the deadline was June 10, 2020, which is still communicated online. However, in the information package circulated by the government

is being referred to a filing of ultimately June 13, 2020.



Further information

We will update this TIN once more information is available. In case you require any assistance, please do not hesitate to contact one of our tax advisors or labor law specialists.

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