

Tax Instant News



Aruba: Fiscal emergency relief program 2020 - Part 2

On October 26, 2020 the Ministry of Finance and Economy published part 2 of the 2020 Fiscal emergency relief plan. The plan consists of 13 initiatives, with the aim of an immediate recovery of the Aruban economy. Read more about the initiatives in this TIN.

Aruba, October 2020

Tax Instant News

General

The Ministry of Finance and Economy published a series of 13 initiatives to stimulate the Aruban economy in answer to the economic impact of the COVID-19 crisis. These additional Fiscal emergency relief initiatives will apply as of November 1, 2020.

Initiatives

1. Expanded and increased investment allowance from 6% to 10%, for investments made in the years 2020, 2021 and 2022. During these years the investment allowance is also applicable to business assets purchased abroad;
2. Increase of the threshold for the small business exemption to Afl. 84,000. Companies to which the small business exemption applies are exempt from BBO, BAZV and BAVP as from 1 January 2021. The obligation to file an annual tax return remains;
3. Promising sector startups: For companies active in one of the six 'promising sectors', a deduction of 50% applies to the principal of a loan, up to a maximum deduction of Afl. 30,000. The deduction is subject to certain conditions and is applicable in 2020, 2021 and 2022;
4. Tax free withdrawal savings and provisioning fund, "spaar- en voorzieningsfondsregeling" for the years 2020 and 2021. Also applicable in cases the employment agreement is terminated;
5. Additional training and education deduction of 300% in total, and tax-free education allowance. Applicable in 2020, 2021 and 2022;
6. Additional deduction for promo and marketing expenses of 200% in total, up to a maximum of Afl. 30,000. Applicable in 2020, 2021 and 2022;
7. Two year extension for loss compensation to 7 years, for losses incurred in the years 2020, 2021 and 2022;
8. Abolition of Special taxes on rental of cars and motorcycles as of the fourth quarter of 2020. In the fourth quarter a zero-return must be filed and outstanding taxes and/or penalties must be settled;
9. Flexible payment arrangements for companies, individuals and retirees - non-entrepreneurs in 2020 and 2021. Applies to all imposed tax and non-tax (e.g. social security) assessments, including interest and other costs;

10. Remediation policy when paying outstanding tax debts at once. Under conditions, a discount of 30% is applicable. The remediation policy is applicable until June 30, 2021;
11. Flexibilization of the (temporary) reduced income tax rate (10%) for shareholders residing in Aruba;
12. Improved digital services through online submission of tax returns and online payment; and
13. Transparent communication by using “social media”, web page and DIMP-APP.

Announced:

- A reduction of the income tax rates and wage tax rates;
- A reduction of import taxes on the import of construction materials.

Closure

We will keep you posted on new developments.

In case you have any questions, or require further assistance, please contact us.



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