


# Tax Instant News



**Curaçao:  
Additional Support  
Measure COVID-19:  
Introduction Fixed Cost  
Allowance**

On December 29, 2020, the government of Curaçao announced a new COVID-19 support measure. The Fixed Cost Allowance applies to companies and can be applied as of January 5, 2021. Read more about it in this Tax Instant News

Curaçao, January 2021

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## Background and purpose

In addition to the existing COVID-19 support measures for companies (such as the NOW subsidy and the credit facility for SMEs), Curaçao is introducing the Fixed Cost Allowance ("FCA"). The FCA is comparable to the existing FCA facility applicable in the Caribbean Netherlands and supports companies in paying fixed costs, keeping the business running and paying creditors.

The purpose of the FCA is to prevent a domino effect that arises when companies can no longer pay their bills, which subsequently causes other companies to run into liquidity issues. Below we shall discuss the conditions of this facility.

## Conditions FCA

Upon request, a company can apply for FCA through the existing "Fondo di sosten" portal under the following conditions:

- The company is part of a sector as approved for the NOW subsidy<sup>1</sup>;
- The company has employees (in addition to the director), is economically active before February 28, 2020 and is known

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<sup>1</sup> Companies that are excluded by the SVB and SBAB from being eligible for NOW subsidy are, in principle, also not eligible for TVL. Also excluded are public companies, sole proprietorships

to the Tax Inspectorate and the SVB (as an active company);

- There is an average turnover loss of at least 25% for the period July-August-September 2020 compared to the same period in 2019 based on the submitted turnover tax returns;
- The loss of turnover was (in) directly caused by the COVID-19 crisis, including the consequences of the measures taken by the Country of Curaçao;
- The request is submitted within the specified period.

## Deadline for submitting a request for FCA

The FCA concerns a one-off allowance per quarter. The first request for this can be submitted from January 5 at 4 p.m. to January 11 at 4 p.m. This first payment will take place over the fourth quarter of 2020. In addition, it is the intention to make FCA available for the first and second quarters of this year.

## Extent of compensation FCA

The allowance per company is at least NAf. 750 and a maximum of NAf. 150,000 and depends on the following components:

- the loss of turnover, being the difference in turnover in the

and companies that are in a state of bankruptcy or have been granted a deferment of payment at the Joint Court of Justice.

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months of July to September 2019 compared to the turnover in the months of July to September 2020 in accordance with the turnover tax return;

- the share of fixed costs in the turnover. This percentage is set at 32% for all companies;
- the allowance factor, the share of the fixed costs that is subsidized, is 30%;

- The numerical calculation for the FCA fee is:  
**[the loss of turnover] x [share of fixed costs] x [the compensation factor].**

Example: If the conditions are met and the revenue loss for the third quarter is NAf. 100,000, the FCA fee is NAf. 9,600 (100,000 x 32% x 30%).

## **FCA rejection**

If the FCA request is rejected and a company does not agree with this decision, an objection can be filed via [tvbezwaar@fondodisosten.org](mailto:tvbezwaar@fondodisosten.org), after which a reassessment will take place.

## **Final remarks**

We shall keep you posted on new developments relating to this matter.

Our previous TINs can be viewed at [www.hbnlawtax.com](http://www.hbnlawtax.com) and for COVID-19 related questions, you can also contact us at [helpdeskcorona@hbnlawtax.com](mailto:helpdeskcorona@hbnlawtax.com).

In case you have any questions, or require further assistance, please do not hesitate to contact us.

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