

SURINAME

Year-End Tips 2022

General tips for improving your overall tax position



Preface

With the end of the year fast approaching, we would like to take this opportunity to provide you with some general information on potential tax savings that can be implemented before the end of the year and the introduction of the VAT in Suriname.



Corporate Income Tax

Provisions

Tax optimization is a technique to reduce tax liability.

One of the techniques is that a provision can be formed. A provision may be formed for future expenditures:

- Which are founded in the facts and circumstances that occurred during the period prior to the balance sheet date;
- Which can also be attributed to the period; and
- Which has a reasonable degree of certainty that the expenditures will occur.

Hereinafter are some examples of provisions that may be applied and can have an advantaged impact on the tax liability of your company:

- A provision for pension liabilities;
- A provision for restructuring costs;
- A provision for maintenance costs; and
- Product Warranties.

Carry forward losses

In Suriname, tax losses can be carried forward for a maximum of seven years after the tax year involved. However, an important note to 'new 'companies is that tax losses in the first three years after the establishment of the branch or company (initial period) can be carried forward for an indefinite period.

Foreign exchange rate gains/losses

For a couple of years, Suriname is dealing with large fluctuations in the exchange rates. Businesses are dealing with exchange gains and losses. Note that exchange gains will be taxable when realized.

However, losses will be deductible, even when not realized. As a result, it will lower the taxable result.

Request for a lower 2023 taxable result – provisional income tax return 2023

The deadline for filing the provisional income tax return 2023 – based on an estimation – is April 15, 2023. The estimated taxable result of the provisional income tax return 2023 should be at least the taxable result of the most recently filed final income tax return. If you expect a lower taxable result for 2023 than the most recently filed final income tax return, a substantiated request should be filed ultimately by February 15, 2023.

Wage Tax

Cost Allowances

It is possible to optimize the wage structure of employees. The Wage Tax Act stipulates that cost allowances are not part of the wage and therefore not liable to taxation. A substantiation should be in place. The employer should be able to prove that this allowance covers necessary costs that are directly related to carrying out work duties.

Some examples of such allowances that can be provided tax-free are representation allowance, transport allowance, and internet allowance.

Upcoming changes in the Wage Tax Act

Along with the introduction of the VAT, it was the intention to also have some changes made in the Wage Tax Act. This is to increase the net income of individuals and mitigate the impact of the VAT. We understand that the tax brackets of the Wage Tax, amongst others, shall be amended.

However, no further information is available at this moment. We will notify our contacts once more information will be available.

Import duties exemption (partially or full)

Minister of Finance and Planning may grant an exemption of import duties (fully or partially) on amongst other business assets, (raw) materials, goods, or equipment, under various conditions. A special request should be filed. The VAT will as well be exempt.

Government grants partial duty-free import of solar energy systems
In order to make solar energy systems in Suriname more accessible to society, the government has decided to grant a partial exemption on the import of solar energy systems, with the exception of batteries for these systems).

Draft Law: Extension Fiscal Jurisdiction

The path to confirm Suriname's complete fiscal jurisdiction over the area of the Exclusive Economic Zone (EEZ) and the Continental Shelf Area is still set to continue. At this moment, it is not clear when this Law will become effective. With the effectuation of this Law, all relevant tax laws will become applicable to the offshore area, including the Exclusive Economic Zone. This means amongst others that offshore personnel/individuals will become subject to payroll tax and/or personal income tax.

Reporting requirements

Financial Act – accounting standards 2017

In general, according to the Financial Act, effective as per 2017, the following applies:

1. Large legal entities and organizations of public interest should comply with the reporting standards, IFRS and have an audit obligation, as per 2020;

2. Medium legal entities should comply with the reporting standards, IFRS for SME and have an audit obligation, as per 2021; and

3. Small legal entities should only comply with tax accounting principles, as per 2021.

Amendment to the Financial Statements Act adopted as per October 27, 2022
Recently some amendments to the Financial Statements Act, have been adopted. The abovementioned deadlines under point 1 and 2, have been extended with a year.

Further, it is no longer needed that small legal entities should comply with the tax accounting principles. Small legal entities should comply with the general accepted accounting principles.

Notwithstanding the above, please take into account that for tax purposes, the tax accounting principles will still apply.

Voluntary disclosure scheme

The voluntary disclosure scheme means that taxpayers who are in tax arrears are still given the opportunity to reconsider and comply with their tax obligation up to and including the calendar year 2021, according to the announcement of the tax authorities. All taxpayers who are in arrears for income tax (IB), wage tax (LB), sales tax (OB), and wealth tax (VB) up to and including the calendar year 2021 are eligible for the scheme. Based on the disclosure scheme no penalties will be imposed and the interest charged will be lowered. Taxpayers have the opportunity up to and including March 31, 2023, to apply for this scheme.

Value Added Tax Act 2022

VAT as per January 2023

The Value Added Tax will enter into force on January 1, 2023. The sales tax will then be replaced by the aforementioned VAT. Unlike the sales tax, the VAT has a broader range of services (in principle all supplies) that will be taxed. The general tax rate is set at 10%. Further, the VAT Act has a list of exemptions, zero-rated activities, and a list of luxury supplies taxed at a rate of 25%. It is therefore important that companies understand the impact that VAT will have on them. This is in order to comply with their administrative and tax obligations.

VAT quick scan

We recommend performing a VAT quick scan for a VAT impact on the company, including amongst others the assessment of invoices, applicable rates, etc. One of the important aspects will be the Input VAT, which can be settled with Output VAT.

VAT Guide 2022

For more information, we refer to our VAT Guide: <https://hbnlawtax.com/tax-instant-news/suriname-value-added-tax-guide/>

Registration for VAT purposes

As of November, the online portal has been available for registration. We refer to more information in this regard on our website: <https://hbnlawtax.com/tax-instant-news/suriname-online-vat-registration-portal-available/>. All entrepreneurs providing taxable services should register for VAT purposes. A certificate with a FIN number will be provided after registering successfully.

Small entrepreneurs regulation

Certain small entrepreneurs are exempt from the requirement to register. The entrepreneur living or established in Suriname who has a revenue of one million Surinamese dollars (1,000,000 SRD) or less per calendar year in Suriname is exempted from the compliance obligations, including filing a tax return and paying tax. The entrepreneur needs to register immediately for VAT when the revenues exceed the threshold of SRD 1,000,000.

Fiscal Unity

Suriname does permit separate legal entities to be grouped for VAT purposes according to article 1 sub f(4), which mentions that the individuals and corporates who are entrepreneurs on the basis of the provisions of this paragraph and are established in Suriname or have a permanent establishment in Suriname and who are financially, organizationally and economically intertwined in such a way that they form a unit, at the request of one or more individuals or corporates, by objectionable decision of the Inspector be treated as one entrepreneur effectively from the first day of the month, following that in which the Inspector issued that decision. The Minister can, by decision, set further rules for the formation, amendment, and termination of the fiscal unity.

VAT compliance

The entrepreneur is obliged to file and pay the tax before the sixteenth day of the month following that period. The first VAT return should be filed no later than February 15, 2023. If VAT will be due, the same deadline will apply.

Transitional provisions

There are some transitional provisions mentioned in the VAT Act, that might be applicable to your company. Please contact us for more information.

Learn More

We trust that this information is useful to you. If you need more information or guidance, do not hesitate to contact us.



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