



## Newsflash

### Financial aid and salary subsidy for employment retention

On 22 and 24 April 2020 the Minister of Finance, Economic Affairs and Culture announced a financial aid and a salary subsidy plan. These plans aim to cope with the impact of the COVID19 pandemic on small and medium-sized enterprises and the labor force in Aruba. In this newsflash we will provide you a high level summary of these plans.

***This newsflash contains important information by which we can assist and guide you in the procedures, eligibility and requests.***

#### **Stimulus plan small and medium-sized enterprises**

The Minister of Finance, Economic Affairs and Culture announced its plans for the financial aid to small and medium-sized enterprises. This financial aid plan includes a budget of AFL 40 million to cover a financial aid of AFL 4,000 per quarter per enterprise. The enterprise must meet the following conditions to be eligible for this financial aid:

- Registered at the Social Insurance Bank of Aruba (SVB) with a maximum of 50 employees.
- Registered in the commercial registry of Aruba Chamber of Commerce and Industry as per 15 March 2020 except if it is not a legal requirement for the enterprise to be registered with the Aruba Chamber of Commerce and Industry.
- Employees must be registered on 15 March 2020 at SVB.
- The enterprise must be registered at the Aruba Tax Authority, Departamento di Impuesto, on 15 March 2020 and has a tax identification number (in Dutch: persoonsnummer).
- Is expecting a minimum loss of revenue of 25%.
- Aruba is the tax residence of the enterprise.
- The enterprise is not bankrupt.
- A phase of suspension of payment (in Dutch: surseance van betaling) has not yet arisen.
- The financial aid of AFL 4,000 is not considered turnover of the enterprise.

The financial aid will be paid through the SVB. First payment is expected to be made by the end of April 2020.

## Emergency Social Assistance Fund

The Government of Aruba also introduced the Emergency Social Assistance Fund in March 2020, known as the Fondo Asistencia Social di Emergencia (FASE). FASE is a financial aid to assist employers, employees, entrepreneurs and the self-employed without staff that have lost income as a result of the COVID-19 pandemic.

### Conditions

The following conditions apply for employers, employees, entrepreneurs and the self-employed without staff to become eligible for FASE financial aid:

- The employers, employees, entrepreneurs and the self-employed without staff is currently not receiving income due to no work.
- Income decreased below AFL 950 monthly.
- The employee lost his/her employment.

### Requirements employees

If eligible, the employee that apply for the FASE financial aid, must submit the following:

- A signed notification letter by the employer.
- Last month pay slip or the last 2 pay slips if paid on a bi-weekly basis.
- Valid ID or passport.
- Bank account details.
- Tax identification number (in Dutch: persoonsnummer).

### Requirements employers, entrepreneurs and the self-employed without staff

Employers, entrepreneurs and the self-employed without staff that apply for FASE financial aid, must submit the following:

- Aruba Chamber of Commerce and Industry registration extract not older than 6 months.
- Self-employed persons without staff such as musicians, taxi drivers, bus drivers, artists, etc., must also submit proofs of payment of the BBO / BAZV / BAVP of the last 2 months.
- Should pay their employees' wages for March 2020
- Present a thorough plan on how they will deal with the financial impact of the COVID-19 crisis and promote their employees' interests.
- According to their financial strength, demonstrate their efforts to reduce their employees' working hours before abruptly reducing to zero. This reduction is based on a "mutual understanding".

Additional details may be also obtained on [www.fasehelpdesk.com](http://www.fasehelpdesk.com).

## Proposed plan salary subsidy

The Government of Aruba will help Aruba qualifying employers pay the salary of its employees. The funds of the subsidy will be transferred to qualifying employers for the payment of employees' salaries. The subsidy is for 80% of all gross salaries registered by the employer at the Social Insurance Bank of Aruba (SVB), with a maximum of AFL 5,850 per month per employee. This applies if the employer can prove that it has a loss in revenue of a minimum 25% under regular circumstances.

### General conditions

1. The employer must have not made any layoffs as of March 15th, 2020, which is considered the official entry date of COVID-19 in Aruba.
2. The employer must continue paying employees 100% of their salary, unless otherwise agreed.
3. The fund for the salary subsidies will be paid on the monthly salaries registered by the employer at the SVB up to March 15th, 2020.

### How will the salary subsidy be applied?

For example if an employer had a loss of revenue of 25% and the registered salary of an employee at the SVB is AFL 4,000 per month. The salary subsidy is calculated as follows:  $80\% \times 25\% \times \text{AFL } 4,000 = \text{AFL } 800$  for that employee.

In another example an employer had a loss of revenue of 50% and the salary of an employee is AFL 7,000 per month. The maximum salary that is taken into account as registered salary at SVB for the salary subsidy calculation is AFL 5,850. The salary subsidy is calculated as follows:  $80\% \times 50\% \times \text{AFL } 5,850 = \text{AFL } 2,340$  for that employee.

## Effect of the salary subsidy

The desired effect of the salary subsidy is that approximately 37,000 employees may retain their employment of which approximately 25,000 are from direct employment in the tourism sector. With this, approximately 3,317 employers (companies) will be subsidized with the payment of salaries to its employees.

## Advance and settlement of amounts

1. The subsidy is provided as **an advance and will be settled afterwards**.
2. Interim adjustments can be made to the subsidy scheme depending of amongst others, the number of registrations.

Implementation details on the payment of the salary subsidy will follow.

24 April 2020

### Non eligible companies and institutions

In principle all qualifying entrepreneurs and companies are eligible for the salary subsidy, with the exception of:

- The Government of Aruba.
- Institution General Health Insurance (AZV) and SVB.
- Educational institutions that are subsidized by the Government of Aruba.
- Institutions that receive financial support by the Government of Aruba.
- Government of Aruba institutions (directly or indirectly held) and Semi-Government institutions which do not receive financial support from the Government of Aruba, with the exception of institutions reliant on tourism income
- Healthcare related institutions and other institutions that receive an important part of their income through AZV.
- Banks, life insurances and pension funds.
- Institutions related to elderly care.
- Private companies that have a (natural) monopoly position
- Notaries.
- Companies in the agriculture sector.
- Supermarkets and minimarkets.
- Funeral companies.

### Press conference

Please note that the information regarding the proposed plan salary subsidy is based on a press conference. The final information is pending the official publication, further information and details on the implementation of the subsidy plan.

### More information

We look forward to assist and guide you through the procedures, eligibility and requests of the aforementioned. Please let us know if you have further questions and/or if you would like more information.



### Contact us:

**Michael-Leo van Romondt**

mlvanromondt@deloitte.aw

**Ruben Giel**

rgiel@deloitte.aw

**Milton van Brussel**

mivanbrussel@deloitte.aw

**Raoul Kurban**

rkurban@deloitte.aw

**Brian Dake**

bdake@deloitte.aw

**Christine Laclé-de Groot**

clacle@deloitte.aw

**Julienne Curiel**

jcuriel@deloitte.aw

**Edona Babuni**

edbabuni@deloitte.aw

**Gabriëlle Ponson**

gaponson@deloitte.aw

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