



Newsflash

Salary subsidy procedures, application, calculations and payment information

On May 1, 2020 we have provided an update on the approval of a passive loan by the Kingdom Council of Ministers to cover the salary subsidy plan of the Government of Aruba. In this newsflash we will provide you with additional information and details regarding the framework, conditions, application, calculations examples and payment information of the salary subsidy.

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

How does the salary subsidy work?

The Government of Aruba will provide financial aid to all qualifying employers in Aruba through a salary subsidy to pay the salary of its employees with the aim to guarantee employment retention. The financial aid is a subsidy and is therefore not a loan. The salary subsidy will be provided on a monthly basis starting this month, May 2020).

Employers must apply for the salary subsidy on a monthly basis. The salary subsidy will be transferred as an advanced payment by the Social Insurance Bank of Aruba (hereinafter: SVB) to the employer based on the expected decline in revenue of the employer. The actual decline in revenue will subsequently be determined based on the revenue filed in the monthly tax returns and other available financial information. If there are possible differences the salary subsidy will be adjusted accordingly.

How does the salary subsidy work? (continued)

The salary subsidy consists of two parts:

1. To enable the employer to continue to pay 60% of the registered SVB salary (maximum SVB salary AFL 5,850) as a portion of the gross salary of employees;
2. Partial compensation of partial compensation for other employer expenses, including employer contributions, for 11.6% of the qualifying registered SVB salary (maximum SVB salary AFL 5,850).

The aforementioned percentages are applied on the percentage of the decline in revenue. As a result in total the maximum salary subsidy is 71.6% of the registered SVB salary (maximum SVB salary AFL 5,850).

The expected decline in revenue is obtained by comparing the expected sales for May 2020 with the actual revenue of May 2019.

The employer must continue to pay at least 60% of the employee's registered SVB salary (maximum SVB salary AFL 5,850) as gross salary to the employee. This implies that the maximum reduction in working hours, for registered SVB salaries below the maximum threshold, is 40%.

In addition to the employee's general pension contributions, payroll tax and the employee's part of social insurance contributions should be withheld on the gross salary paid to the employee. Together with the employer part of social insurance contributions these should be declared and paid to the Aruba tax authority and SVB before the 15th of the following month.

Conditions for the salary subsidy

In order to be eligible for the salary subsidy, the following conditions must be met:

1. The company has suffered negative effects from COVID-19 and expects a loss of turnover of at least 25% in the month for which the salary subsidy is applied for;
2. The company may not fire employees for socio-economic reasons;
3. The company pays out at least 60% of the registered SVB salary, up to the SVB salary limit, to employees;
4. The company and all employees were registered with the SVB on 15 March 2020;
5. The company is registered with the Aruba tax authority and has a tax identification number (in Dutch: persoonsnummer);
6. The company is in compliance with all obligations relating to the payment of taxes and premiums for the month for which the salary subsidy has been applied for;
7. The company submits an application for the salary subsidy within the filing deadline.

Employers who applied in April (in whole or in part) for "no work, no pay" and whose employees may have applied for an emergency fund FASE (Emergency Social Assistance Fund) benefit, may resume payment of wages in May, in accordance with the third condition, in order to be eligible for the salary subsidy.

Example 1 – 100% revenue loss

An employer has 100% revenue loss in May 2020. The salary subsidy would be:

100% x 60% of the registered SVB salaries (to the SVB salary cap) including social insurance contributions.

The employer will pay at least 60% of the registered SVB salaries to employees and will also pay the social insurance contributions and wage tax due on the 60% registered SVB salaries.

Example 2 – 50% revenue loss

An employer has 50% revenue loss in May 2020. The salary subsidy would be:

50% x 60% of the registered SVB salaries (to the SVB salary cap) including social insurance contributions.

The employer will pay at least the salary subsidy which is 50% of 60% of the registered SVB salaries to employees and will also pay the social insurance contributions and wage tax due on the 60% registered SVB salaries.

Additionally the employer will pay at least as own input 50% of 60% of the registered SVB salaries to employees and will also pay the social insurance contributions and wage tax due on the 60% registered SVB salaries, for which he received 50% salary subsidy.

Example 3 – 25% revenue loss

An employer has 25% revenue loss in May 2020. The salary subsidy would be:

25% x 60% of the registered SVB salaries (to the SVB salary cap) including social insurance contributions.

The employer will pay at least the salary subsidy which is 25% of 60% of the registered SVB salaries to employees and will also pay the social insurance contributions and wage tax due on the 60% registered SVB salaries.

Additionally the employer will pay at least as own input 75% of 60% of the registered SVB salaries to employees and will also pay the social insurance contributions and wage tax due on the 60% registered SVB salaries, for which he received 25% salary subsidy.

May 6, 2020

Application procedure and deadline

To apply for the salary subsidy, the employer must complete the application form that available via the following link: <https://misvb.svbaruba.org/>.

The employer has **until 12 May 2020** to complete the salary subsidy application form. Please remember to give the SVB permission to use your company and employee data for the implementation of the salary subsidy.

In order to avoid any delay in payment, it is important that you as an employer make sure that all your company and employee data are up-to-date in your MiSVB portal.

When will the salary subsidy be transferred?

The advance for the salary subsidy for May 2020 will be transferred to the registered bank account of the employer at SVB, next week. The employer will receive an email when the transfer has been made.

More information

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



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