



Tax amendments relating to the Curaçao E-zone Company

Introduction

The E-zone is a specifically designated geographical area. Until June 30, 2018, the objective of the E-zone Company was to export goods and/or perform services to clients located outside Curaçao.

The profit derived from local sources was taxed at 22% profit tax rate, while income derived from foreign sources was taxed at the reduced profit tax rate of 2%.

Until June 30, 2018, E-zone Companies were exempted from sales tax and import duties on income derived from foreign sources.

A transitional arrangement applies through December 31, 2018 for E-zone Companies that existed on June 30, 2018.

Actual activities and taxability

As of July 1, 2018, the objective of an E-zone Company is limited to the trade in goods. The entire profit of the E-zone Company is taxed at the reduced profit tax rate of 2%, regardless of whether the goods are delivered to local or international customers. A permission must be obtained in order to deliver goods to local customers. The local source turnover should be maximum 25% of the total turnover of the company.

Goods which leave an E-zone to be imported into Curaçao or goods which are transferred from an E-zone to a warehouse are subject to 9% sales tax.

Conditions

Companies with a capital divided into shares with actual presence in Curaçao are admitted to an E-zone. Actual presence is in principle determined by income generating activities. The following criteria have to be met:

- a number of fulltime qualified employees, which is appropriate to the nature and extend of the activities of the company or the group; and
- an amount of annually recurring local operational costs, which is appropriate to the nature and extent of the activities of the company or the group.

Please note that by ministerial regulation, further rules may be set with regard to determining of "actual presence".

The admission to an E-zone is granted if the company is expected to contribute to the expansion of the economic development of Curaçao by:

- developing Curaçao as an international distribution center by selling goods mainly abroad;
- increasing the flow of foreign currency in Curaçao;
- directly or indirectly promoting employment.

Request

In order to be established in an E-zone, the company must apply for a license, which is granted by the Government of Curaçao. This license is granted for an indefinite period of time. The admission to the e-zone is withdrawn in case the company acts in violation of the conditions set forth in the license.

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Please contact our office at the email addresses mentioned in this newsflash if you have any questions about the amendments or need additional information.

We would be pleased to assist you with your questions.

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Legal Jurisdiction

Any dispute or other legal matter resulting from this correspondence shall be governed by the jurisdiction of the Common Court of Justice of Aruba, Curaçao, Sint Maarten and of Bonaire, Sint Eustatius and Saba.

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