



Curaçao tax exempt companies  
regarded as Curaçao Investment  
Institutions as of July 1, 2018

## Introduction

Until July 1, 2018 a qualifying limited company (N.V.) or a private company (B.V.) could request for the tax-exempt status. In this case, the company was not subject to profit tax in Curaçao and had, in principle, no profit tax declaration obligation.

As of July 1, 2018, companies with the tax-exempt status are no longer considered to be tax exempt companies but rather Curaçao Investment Institutions. A transitional arrangement applies through December 31, 2018 for tax exempt companies existing on June 30, 2018.

Curaçao Investment Institutions are subject to tax at a profit tax rate of 0%. As a result, the Curaçao investment institutions must annually file a provisional and a final profit tax return.

## Purpose clause and actual activities

With the introduction of the Curaçao Investment Institution, the statutory purpose or actual activities of the company are no longer permitted to include the licensing of intellectual and industrial property rights and similar property rights or rights of use. Please note that tax exempt companies receiving such income will not be considered to be Curaçao Investment Institutions.

## Conditions

Companies must meet the following conditions to be regarded as Curaçao investment institutions:

- a) The management of the company has to keep a registry comprising the names and addresses of all ultimate beneficiaries of the company;
- b) The management of the company must consist of one or more residents of Curaçao, who may be individuals or certified trust companies or the directors or other personnel of such certified trust companies;
- c) The management of the company is required to draw up the company's financial statements which must be checked and approved, by means of a declaration by an independent expert on an annual basis. This means that a declaration of review and approval must be

obtained from the independent expert within twelve months from the end of the financial year. The declaration must also contain a confirmation that the company has met the requirements mentioned under a) through f);

- d) The statutory purpose of the company consists exclusively or almost exclusively in the extension of credit, investment in securities and deposits or the development and exploitation of intellectual and industrial property rights and similar property rights or rights;
- e) The company is not allowed to have banking activities, or activities subject to the supervision of the Central Bank of Sint-Maarten and Curaçao;
- f) The company must have actual presence in Curaçao.
- g) From its total proceeds, the company may only receive for a maximum of 5% of 'tainted' dividends. Dividends will be considered 'tainted' when they originate in a country:
  - where the profit tax rate amounts to less than 10%; and
  - Curaçao does not have a Tax Agreement for the Avoidance of Double Taxation (DTA) with; or
  - Curaçao does not have an agreement for the exchange of tax information with and/or a country that is not mentioned on the 'white list' of the OECD and/or the entity is subject to a special regime in its country of residence.

If in any year the company receives dividends from subsidiaries resident outside the Kingdom of the Netherlands, the European Union including its equated outermost regions and the OECD member countries (hereinafter: "qualifying countries"), an independent expert should issue a declaration with respect to the untainted nature of those dividends.

## Request

Qualifying companies must file a request with the Curaçao tax authorities. Upon approval, the company will be regarded as a Curaçao Investment Institution.

The status as Curaçao Investment Institution will apply as of the first day of the financial year following the date of the request. If the request is filed within 3 months

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after the incorporation of the company, the status as Curaçao Investment Institution will be granted as of the date of incorporation.

The tax authorities must decide within 2 months after filing the request. If no decision has been made by the tax authorities, the company will in principle automatically be regarded as a Curaçao Investment Institution.

The purpose of this newsflash is to inform you about recent developments. It is not a substitute for any professional advice or services, nor should it be used as a basis for any decision or action that may affect your finances or your business. We advise you to consult a qualified professional adviser before making any decision or taking any action that may affect your finances or your business.

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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