

## Health Tax and Insurance Increase BAZV to 2% and decrease premium AZV to 10.5%

The increase of the Health Tax (“BAZV”) and the decrease of the general health insurance contribution (“AZV”) were officially published on July 7, 2015 (AB 2015 31). When the special-purpose tax on the General Health Insurance came into effect on December 1, 2014, the applicable rate was 1%.

We now inform you as follows.

### Increase BAZV to 2%, up from 1%

The effective rate for the BAZV increased to 2%, up from 1%, on July 8, 2015. Since no transitional law has been implemented, this increase may cause practical problems because it came into effect during the month of July 2015.

In exhibits 1 and 2 you will find two examples of invoices and the calculation of BAZV:

#### Exhibit 1—Invoice amount excluding BBO/BAZV

Payment goods/service (excl. BAZV/BBO)	AWG	1,000.00
BBO (1.5%)	AWG	15.00
BAZV (2%)	AWG	20.00
Total	AWG	1,035.00
BBO payable (1.5%)	AWG	15.52
BAZV payable (2%)	AWG	20.70

#### Exhibit 2— Invoice amount including BBO/BAZV

Payment goods/service (incl. BAZV/BBO)	AWG	1,000.00
BBO (1.5%)	AWG	15.00
BAZV (2%)	AWG	20.00
Total	AWG	1,000.00
BBO payable (1.5%)	AWG	15.00
BAZV payable (2%)	AWG	20.00

Please note that according to the law, the **BAZV amount payable** to the Aruba Tax Authorities **should** be mentioned on the invoice. It is not required to mention the BBO on the invoice.

### Decrease of AZV contribution to 10.5%

- For the period **January 1, 2015** up to and including **June 30, 2015**, the premium AZV is 11.5%, divided into 8.9% employer’s part and **2.6%** employee’s part;
- For the period **July 1, 2015** up to and including **December 31, 2015**, the premium AZV is 10.5%, divided into 8.9% employer’s part and **1.6%** employee’s part.

Please note that:

- The decrease of the AZV contribution to 1.6%, down from 2.6%, will lead to a benefit in the employees’ net payment (as from July 2015);

- According to the explanatory notes, the Tax Authorities will take into account an average of 11% for the full year (employer's/employee's part). This, too, could lead to practical problems: if an employee starts working on July 1, 2015 it would seem that the AZV contribution for this employee will exceed the contribution for an employee who started working on January 1, 2015.

For completeness sake, we mention that this newsflash only covers the headlines of the increase of BAZV to 2% and decrease premium of AZV to 10.5%. Therefore, no rights can be derived from this newsflash.

Please feel free to contact our office at + (297) 582 6235 for more details and further assistance.

## Contacts

For more information, please contact

**Michael-Leo van Romondt**  
Tax Partner  
mlvanromondt@deloitte.com

**Ruben Giel**  
Tax Principal  
rgiel@deloitte.com

**Geert Weber**  
Tax Manager  
gweber@deloitte.com

**Rudie Teerling**  
Tax Senior Consultant  
rteerling@deloitte.com

**Anushka Martis**  
Tax Assistant  
amartis@deloitte.com

**Kimberly Barrett**  
Tax Assistant  
kbarrett@deloitte.com

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