

International Tax Sint Maarten Highlights 2017



Investment basics:

Currency – Netherlands Antilles Guilder (ANG)

Foreign exchange control – A 1% license fee will be calculated as a percentage of the gross outflow of money on transfers from residents to nonresidents and on foreign currency cash transactions. Holding companies can obtain an exemption from the fee.

Accounting principles/financial statements – IAS/IFRS. Financial statements must be prepared annually.

Principal business entities – These are the public and private company (NV and BV), exempt NABV, general partnership, (private) foundation, limited partnership, branch of a foreign corporation and the international business company (IBC).

Corporate taxation:

Residence – A corporation is resident if it is incorporated under the laws of Sint Maarten or managed and controlled in Sint Maarten.

Basis – Residents are taxed on worldwide income; nonresidents are taxed only on Sint Maarten-source income. Foreign-source income derived by residents is subject to corporation tax in the same way as Sint Maarten-source income. Certain qualifying companies are tax exempt.

Taxable income – Corporation tax is imposed on a company's profits, which consist of business/trading income, passive income and capital gains. Normal business expenses may be deducted in computing taxable income.

Taxation of dividends – Dividends are not taxed if received from affiliated companies that qualify for the participation exemption.

Capital gains – Capital gains are included in profits and taxed at the normal rates. Under the participation exemption, gains derived from the disposal of a qualifying participation are fully exempt.

Losses – Losses may be carried forward for 10 years (five years for IBCs). The carryback of losses is not permitted.

Rate – 30%

Surtax – A 15% surtax is levied on the 30% rate (giving rise to an effective rate of 34.5%) for all companies.

Alternative minimum tax – No

Foreign tax credit – Foreign tax paid may be credited against Sint Maarten tax on the same profits, but the credit is limited to the amount of Sint Maarten tax payable on the foreign income.

Participation exemption – A participation exemption may apply to dividends received and capital gains derived by a Sint Maarten holding company on the disposition of a substantial shareholding. To qualify for the exemption, the Sint Maarten company must hold a participation of at least 5% and the subsidiary must either be subject to a tax of at least 10% or be an active business company. If the subject to tax requirement is not met, the participation exemption reduces to 70% of the dividends.

Holding company regime – See "Participation exemption," above, and "Consolidated returns," below. Additionally, holding companies may request a cost-plus ruling.

Incentives – Investments in tangible fixed assets may be eligible for an additional two years of fiscal depreciation. Tax holidays are available for investment if the company invests in the tourism sector. A tax holiday may be obtained upon request, and will be granted if specific requirements are met.

Withholding tax:

Dividends – No

Interest – No

Royalties – No

Technical service fees – No

Branch remittance tax – No

Other taxes on corporations:

Capital duty – No

Payroll tax – No

Real property tax – No

Social security – The employer is required to make pay-related social insurance payments on behalf of its employees.

Stamp duty – No

Transfer tax – No

Other – Shipping companies may opt to pay tonnage tax in lieu of the normal corporate income tax.

Anti-avoidance rules:

Transfer pricing – Sint Maarten respects internationally accepted transfer pricing guidelines, although these rules are not officially implemented.

Thin capitalization – Thin capitalization rules apply only with respect to loans from a tax-exempt NABV.

Controlled foreign companies – No

Disclosure requirements – Disclosure requirements apply only if a company is regarded as a large company. The annual accounts must be provided to the chamber of commerce.

Compliance for corporations:

Tax year – The calendar year applies, although a taxpayer may request a different year.

Consolidated returns – A parent company can request to form a fiscal unity with affiliated companies so that a consolidated tax return can be filed. To qualify, the companies must be established in Sint Maarten and the parent company must hold 99% or more of the shares in each of the affiliated companies.

Filing requirements – A self-assessment regime applies. The tax return must be filed within six or 12 months of the company's year end.

Penalties – Penalties apply for late filing of a return.

Rulings – Holding companies may request a cost-plus or license ruling.

Personal taxation:

Basis – Sint Maarten residents are taxed on their worldwide income. Nonresidents are taxed only on Sint Maarten-source income.

Residence – An individual is resident if he/she spends more than three months of the tax year in Sint Maarten.

Filing status – Joint filing is permitted.

Taxable income – Income is taxed under a schedular system. Employment income, including most employment benefits, and profits derived from the carrying on of a business by an individual are taxable.

Capital gains – Capital gains are included in profits and taxed at the normal rates.

Deductions and allowances – Subject to certain restrictions, deductions are granted for medical expenses and insurance, retirement annuities, mortgage interest, etc. Personal allowances are available to the taxpayer and his/her spouse, children and other dependents.

A special expatriate tax regime may apply to employees assigned to Sint Maarten that permits certain tax-exempt payments. To qualify, an employee must meet the following requirements: (1) the employee must be hired from abroad or seconded to a domestic employer in Sint Maarten; (2) the employee must not have lived in Sint Maarten for a continuous period of at least five years before the secondment to Sint Maarten; and (3) the employee must have specific expertise that either is not available or is scarcely available in the Sint Maarten labor market. Only employees with a bachelor or university-level education, at least five years' work experience and an annual salary of at least ANG 100,000 will qualify.

Rates – Rates are progressive up to 47.5% (including a local surcharge of 25%). However, under the "pensioner's regulation" (designed to attract wealthy foreigners), an eligible taxpayer may opt for taxation on foreign income at a 10% flat rate or taxation on foreign income at the applicable progressive income tax rate on deemed income of ANG 500,000.

Other taxes on individuals:

Capital duty – No

Stamp duty – No

Capital acquisitions tax – No

Real property tax – A real estate tax is levied on property in Sint Maarten. A 4% transfer tax is levied on the purchase of real estate. The buyer is responsible for the tax.

Inheritance/estate tax – Both inheritance tax and gift tax apply.

Net wealth/net worth tax – No

Social security – Employed and self-employed individuals are required to make social insurance payments, with the amount based on the individual's salary.

Compliance for individuals:

Tax year – The calendar year applies, although a taxpayer may request a different tax year.

Filing and payment – A self-assessment regime applies. The tax return must be filed within three months after the year end.

Penalties – The Inspectorate of Taxes will levy a fine if the tax return is filed too late.

Sales tax:

Taxable transactions – Sales tax is levied on the sale of goods and the provision of services. Several exemptions may apply.

Rates – 5%

Registration – Residents and nonresidents that make

taxable supplies of goods or services in Sint Maarten must register.

Filing and payment – A self-assessment regime applies and payment must be made on a monthly basis.

Source of tax law: Profit Tax Act, Turnover Tax Act, Personal Income and Wage Tax Acts and the General Tax Act. Case law also forms part of the tax law in Sint Maarten, and tax policy announcements by the government should be taken into consideration.

Tax treaties: Sint Maarten has four tax treaties, 17 tax information exchange agreements and four agreements to promote economic relations with other countries.

Tax authorities: Inspectorate of Taxes, Directorate of Fiscal Affairs

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