

Summary concerns
& suggestions
Townhall meeting
VAT



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Financial aspects

Challenges for the commercial sector



VAT is implicitly pre-financing the government

VAT is actually pre-financing of the government. Because the VAT is only refunded when products are sold, and this can take months. Many self-employed people do not have a credit line, and therefore have an acute liquidity problem.



Introduction of VAT requires administrative changes

Introduction of VAT requires administrative changes. Introduction of double tariffs makes administration more difficult. The pre-decution also requires extra work. Businesses must purchase international version of Quick Books. Additional administrative costs and software costs.



Many price increases have already been absorbed by the business community.

In recent years, many price increases have already been absorbed by the business community. Due to introduction of VAT, additional costs have to be incurred. It is therefore difficult or impossible for companies to reduce the costs of goods when BBO/BAVP/BAZV are abolished.



Minimum wage for directors of a company in which they hold the majority of the shares

The introduction of an Afl. 5000.= per month for directors of a company in which they have the majority of the shares, cannot be paid by the majority of the companies.



Financial aspects, continued

Challenges for the commercial sector

The SVB refuses to regard a director/shareholder as an employee, stating that there is no employment relationship. If the Country is of the opinion that the relationship is an employment relationship, the SVB must correct its policy.

The commerce is of the opinion that price increases will not lead to increases in turnover but to a shift in consumption, as there is no price elasticity.

There is a need to study the macro-economic consequences of proposed changes. Aruba must be prevented from pricing itself out of the market for both tourists and locals.

The proposed changes will lead to a high cost of living and doing business, while currently external factors are negatively affecting the economy at the same time.

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Price increases will lead a shift in consumption and not an increase in turnover



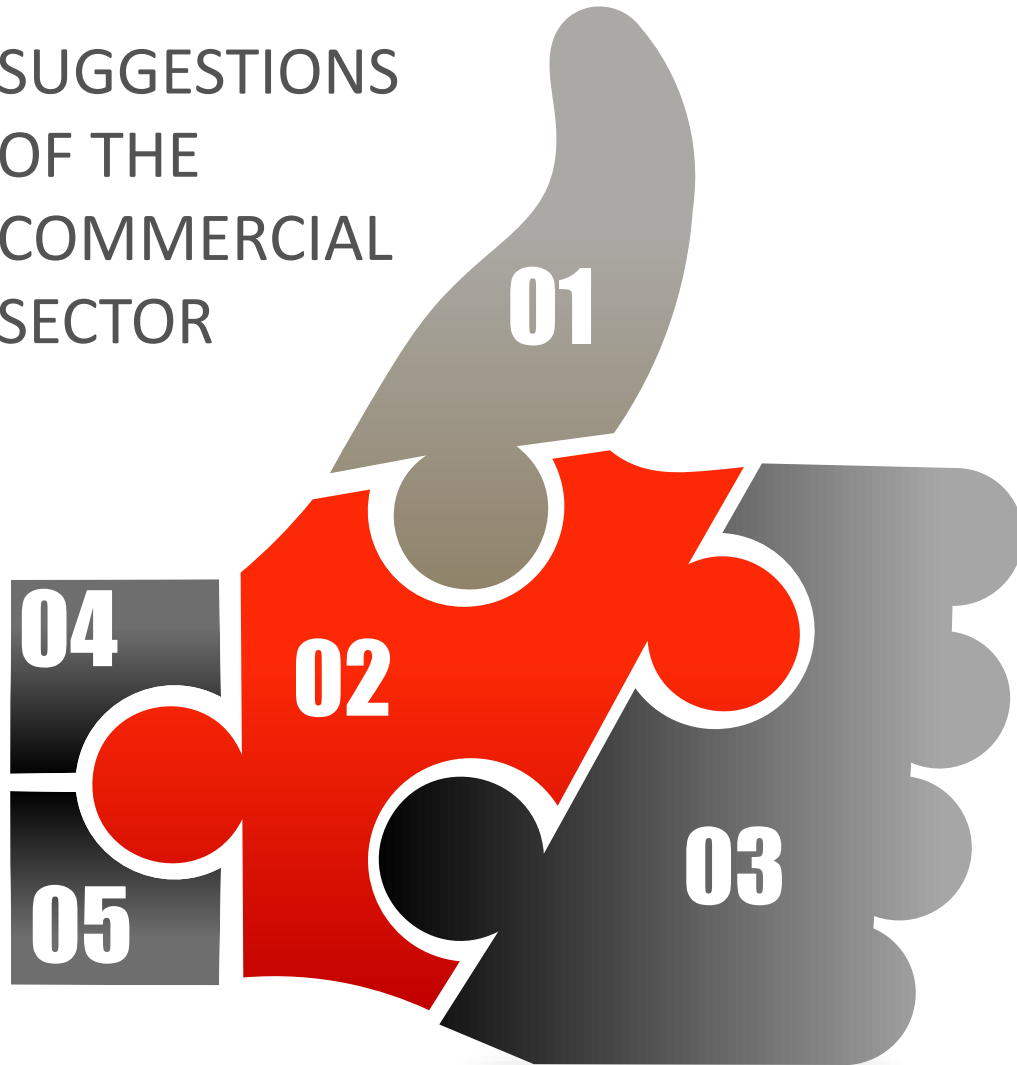
Need to study the macro-economic consequences of proposed changes.



Cost of living will soar, and there are insufficient compensatory measures



SUGGESTIONS OF THE COMMERCIAL SECTOR



01

Forward draft legislation to the Adviescollege Toetsing Regeldruk (ATR) in the Netherlands, in order to have them determine what the actual pressure on commerce will be.

02

It is proposed to calculate VAT on the basis of the cash accounting system, so that liquidity problems will be less manifest.

03

Share up to date and clear information regarding the tax reform with the business community.

04

There is a need for instructions and training regarding the establishment and management of a solid VAT administration

05

Include Airbnb in the tax system and eliminate the current barriers that exist for this sector.





QUESTIONS