



# Agenda

**01** Administrative work (BTW)

**02** Inflation

**03** Cost of doing business

**04** Minimum wage for directors

**05** Tariffs on import duties

**06** Income Tax

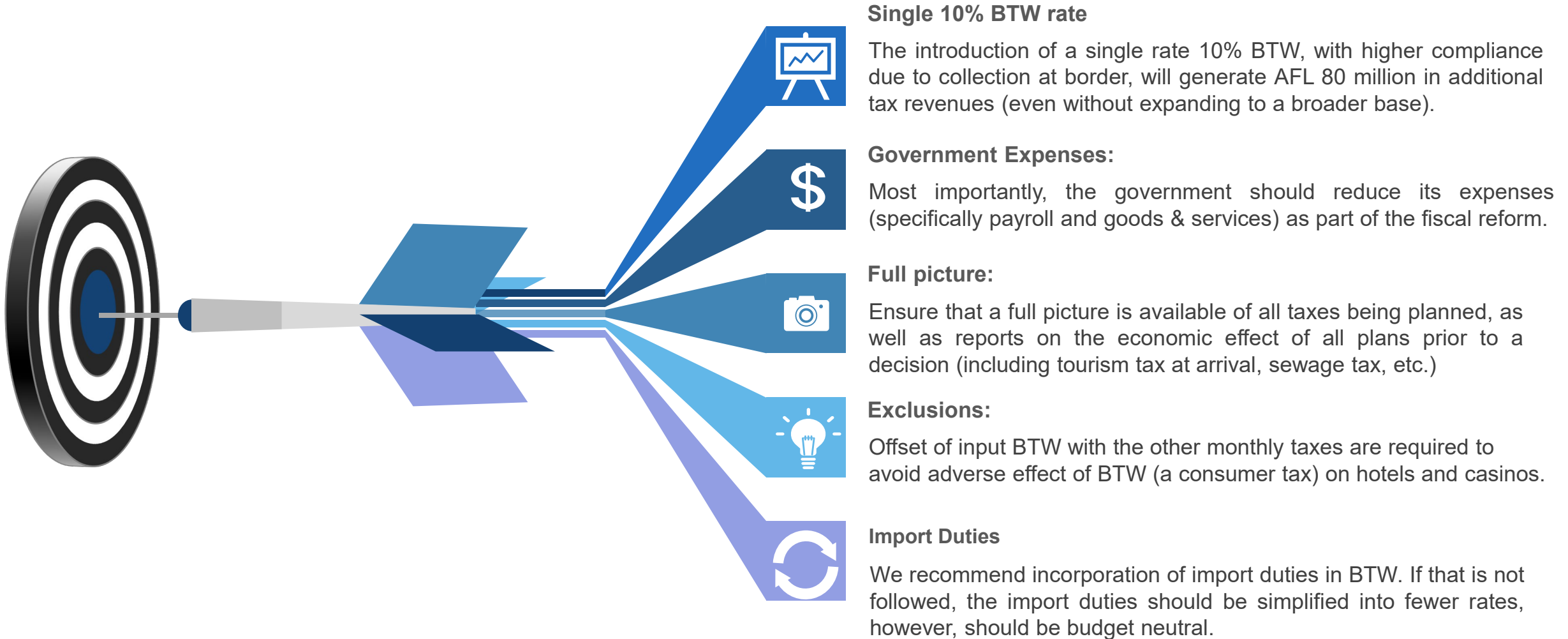


# Townhall Meeting on Tax reform



*The Chamber of Commerce & Industry (KvK) wants to discuss with the business community the existing concerns and ideas about the proposed new VAT-system. The KvK would like to contribute to improving an outdated tax system that is fragmented and complex. The KvK is in favor of an integral tax reform that is implemented budget-neutral, that will lead to a modern, simplified and balanced system. The current proposal is not an integral tax reform, does not reduce the complexity of the tax system, is not budget-neutral and threatens to make Aruba excessively expensive. In addition, it is questionable whether it is feasible, given the lack of time and capacity.*

# Goal KvK





# Administration costs of VAT

Although no information is yet available about the mandatory VAT administration, it can be assumed that DIMP will comply with the rules that apply in the Netherlands.

## Why is it important that you keep your data safe?

An incomplete, inaccurate or not kept long enough administration can lead to DIMP calculating the turnover and profit of your company. The burden of proof lies with the entrepreneur

## What data do you need to keep?

All data about your company that you record on paper or in digital form is part of your administration. Examples of this are:

- Cash administration (including draft notes) and receipts
- Financial notes, such as the purchase and sales ledger
- Interim control calculations
- Received invoices
- Bank statements
- Contracts, agreements and other arrangements
- Agendas and appointment books
- Correspondence
- Software and data files

## How should you keep data?

Digital or on paper, but it must be quickly accessible to DIMP

## How long do you need to keep data?

Probably for basic data 7 years and data on business 10 years



# Inflation

April  
2022

4.7%

2021

3.6 %

2020

-3.1 %

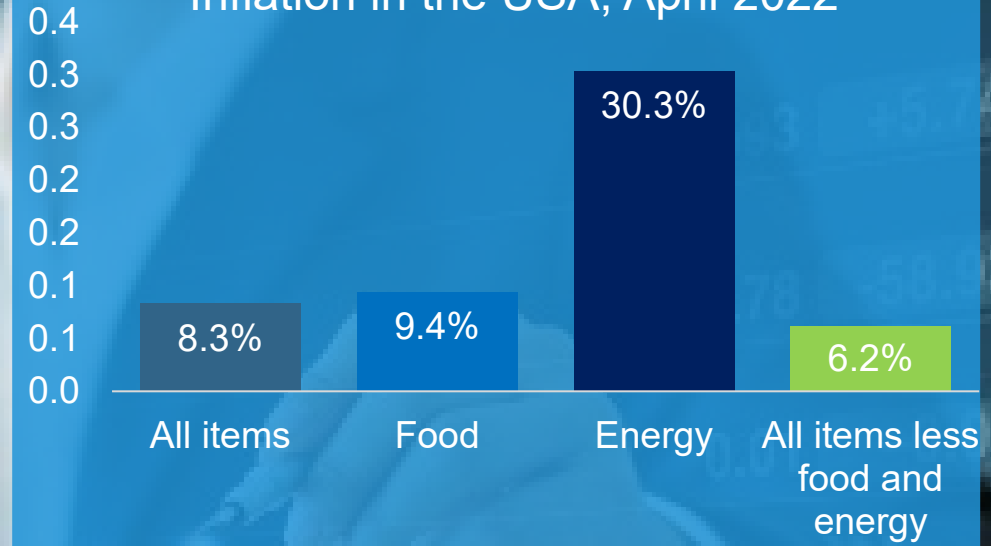
2019

3.6 %

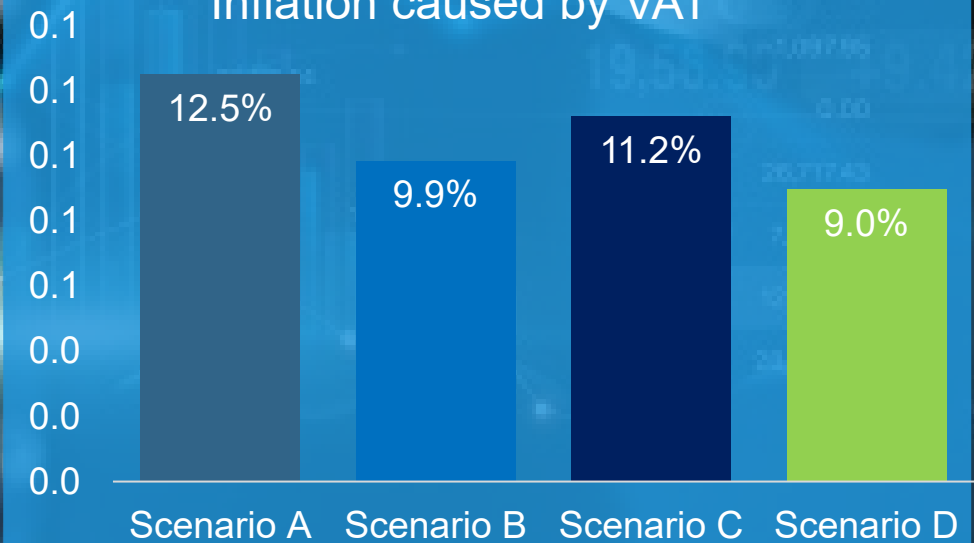
## Scenario's VAT

	Low	High
Scenario A	6%	18%
Scenario B	6%	14%
Scenario C	12.5%	12.5%
Scenario D	10%	10%

## Inflation in the USA, April 2022



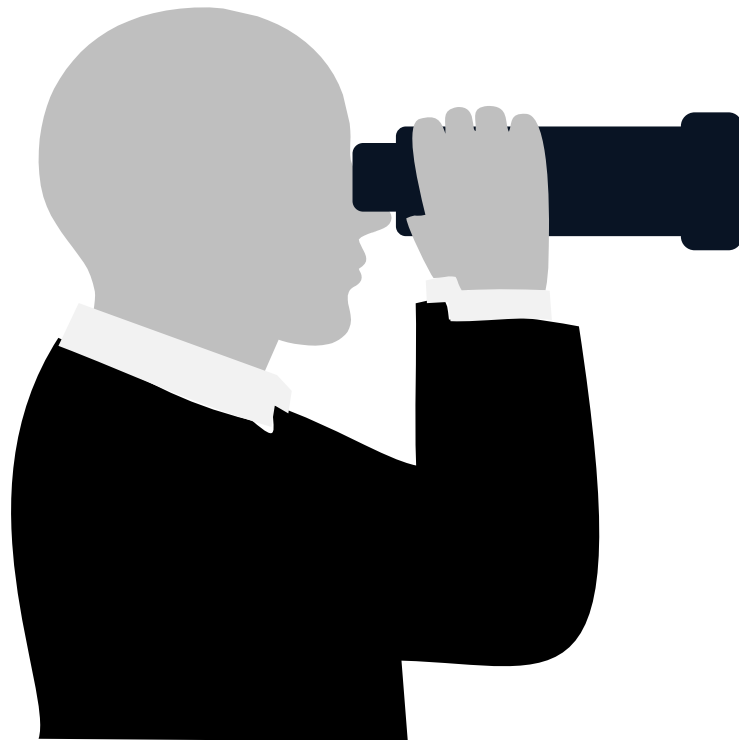
## Inflation caused by VAT



# Cost of doing business

## The (high) cost of doing business in Aruba

The cost of doing business in Aruba, as perceived by representatives of several business sectors, can be divided into five broad categories:



### Taxes (and subsidies)

Aruba has the highest tax-to-GDP ratio when social security contributions are taken into account



### Utility costs

Stakeholders from the tourism industry reported finding that electricity & water prices are quite high on the island.



### Labor Costs

From 1990 to 2018, the annual increase in minimum wages has on average exceeded that of the CPI by 1.4 % points.



### Operating Costs

High start-up costs: costs for a business plan, finding office space, expenses for legal work, logo design, brochures, also rent and labor costs before the actual launch of the company

VAT

### Operating Costs

VAT administration will be a burden for most SME companies. Software package need to be changed



# Minimum wage for Directors

The introduction of a deemed minimum wage for directors of a company in which they hold the majority of the shares (in Dutch: 'gebruikelijk loon regeling').

- ✓ Afl. 5000,= per month
- ✓ For every company where you have the majority of shares
- ✓ It is unclear whether a reduction of this minimum salary for start-ups is possible

# Import duties



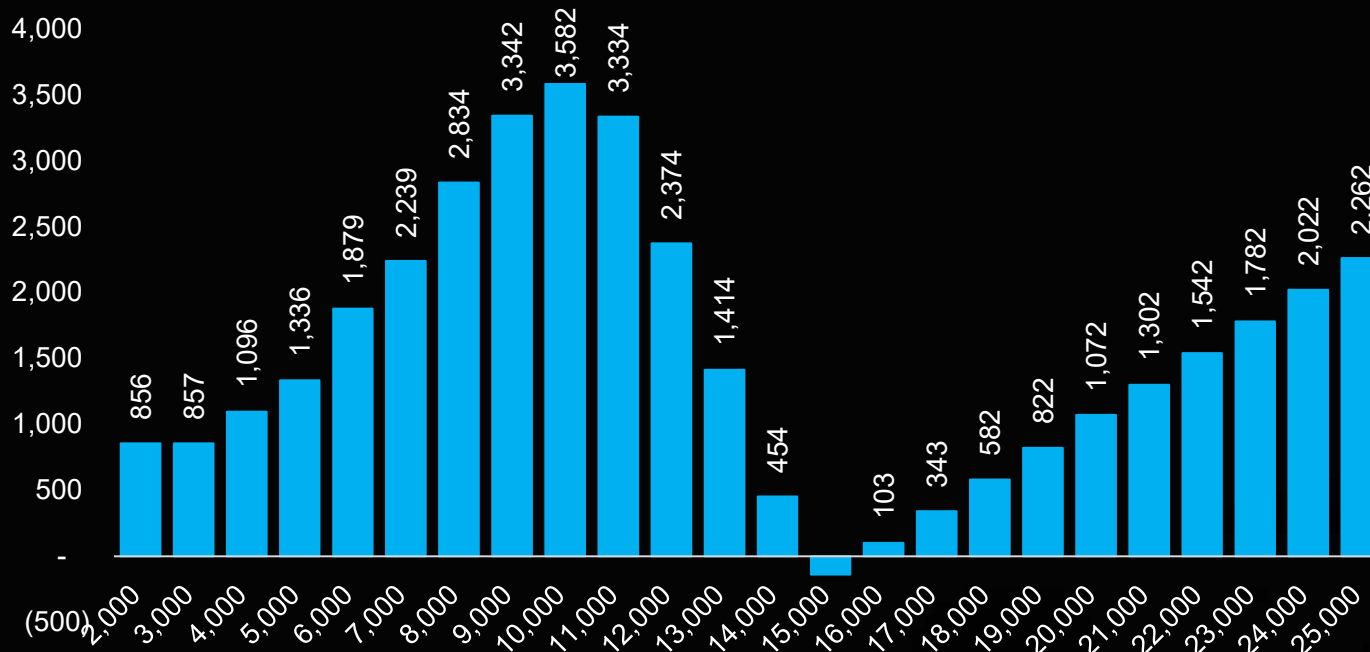
The import duties will undergo a simplification with respect to the different tariffs applicable per category. Currently the import duties consists of 12 different tariffs. This number of different tariffs will be reduced. The proposed changes have also been separated in two scenario's.

	Scenario 1	Scenario 2
Applicable Tariffs	7	5
Tariffs	0%, 6%, 12%, 30%, 40%, 50%, 57%	0%, 6%, 18%, 28%, 58%



# Income Tax '22 – '23

Income	IB 2023	IB 2022	Difference
2,000	-	856	856
3,000	-	857	857
4,000	1,200	2,296	1,096
5,000	2,400	3,736	1,336
6,000	4,200	6,079	1,879
7,000	6,600	8,839	2,239
8,000	9,000	11,834	2,834
9,000	13,532	16,874	3,342
10,000	18,332	21,914	3,582
11,000	23,620	26,954	3,334
12,000	29,620	31,994	2,374
13,000	35,620	37,034	1,414
14,000	41,620	42,074	454
15,000	47,620	47,482	(138)
16,000	53,620	53,723	103
17,000	59,620	59,963	343
18,000	65,620	66,202	582
19,000	71,620	77,442	5,822
20,000	77,620	78,692	1,072
21,000	83,620	84,922	1,302
22,000	89,620	91,162	1,542
23,000	95,620	97,402	1,782
24,000	101,620	103,642	2,022
25,000	107,620	109,882	2,262



Schijf	Inkomensschijven		Tarief	
	I	II	III	IV
1	-	34,930	-	12.00%
2	34,930	65,904	4,191.60	23.00%
3	65,904	147,454	11,315.62	42.00%
4	147,454	-	45,566.62	52.00%

Schijf	Inkomensschijven		Tarief	
	I	II	III	IV
1	-	30,000	-	10.00%
2	30,000	61,338	3,000.00	20.00%
3	61,338	91,120	9,267.60	40.00%
4	91,120	-	21,180.40	50.00%

# BBO versus BTW

<b>6% BBO</b>						
	Wholesaler (import)	Wholesaler (sale)	Supermarket	Consumer	Total BBO collected	
Sales price	ANG 100.00	ANG 150.00	ANG 200.00	ANG 212.00		
BBO collected	-	ANG 9.00	ANG 12.00		ANG 21.00	
<b>6% BTW</b>						
	Wholesaler (import)	Wholesaler (sale)	Supermarket	Consumer	Total BTW collected	
Sales price	ANG 100.00	ANG 150.00	ANG 200.00	ANG 212.00		
BTW collected by import/seller	ANG 6.00	ANG 9.00	ANG 12.00			
Credit BTW	ANG 0.00	ANG 6.00	ANG 9.00			
Net BTW remitted	ANG 6.00	ANG 3.00	ANG 3.00		ANG 12.00	
<b>12.5% BTW</b>						
	Wholesaler (import)	Wholesaler (sale)	Supermarket	Consumer	Total BTW collected	
Sales price	ANG 100.00	ANG 150.00	ANG 200.00	ANG 225.00		
BTW collected by import/seller	ANG 12.50	ANG 18.75	ANG 25.00			
Credit BTW	ANG 0.00	ANG 12.50	ANG 18.75			
Net BTW remitted	ANG 12.50	ANG 6.25	ANG 6.25		ANG 25.00	
<b>14% BTW</b>						
	Wholesaler (import)	Wholesaler (sale)	Supermarket	Consumer	Total BTW collected	
Sales price	ANG 100.00	ANG 150.00	ANG 200.00	ANG 228.00		
BTW collected by import/seller	ANG 14.00	ANG 21.00	ANG 28.00			
Credit BTW	ANG 0.00	ANG 14.00	ANG 21.00			
Net BTW remitted	ANG 14.00	ANG 7.00	ANG 7.00		ANG 28.00	