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Curaçao has a wide variety of fiscal and investment incentives for businesses and individuals who want to start or continue a business in Curaçao. For businesses, Curaçao offers incentives such as:

- ❖ Territorial Tax system
- ❖ Favorable Corporate Tax Rate
- ❖ Preferential regime for certain qualifying activities
- ❖ Tax Holiday
- ❖ Participation Exemption
- ❖ Curaçao Investment Companies
- ❖ Curaçao Private Foundation & Trust
- ❖ Tonnage tax for international shipping companies
- ❖ Favorable Sales Tax
- ❖ Treaties to prevent double taxation & Tax Information Exchange Agreements
- ❖ National Decree Prevention of Double Taxation
- ❖ European Union Customs Policy
- ❖ E-Zone regime
- ❖ Residency permits for high-net-worth individuals.

Territorial Tax system

The National Ordinance on profit tax 1940 has been amended to only include the taxation on profits generated through “domestic enterprise”, which in principle can be described as activities that are conducted in Curaçao and with assets associated with Curaçao. For taxation purposes, a distinction is made between “local income” attributable to the active business enterprise in Curaçao and foreign income attributable to the active business enterprise (“foreign income”).

The tax base for Curaçao profit tax purposes is limited to local income attributable to an active business enterprise.

Based on the general rules, the part of the income derived from an active business enterprise that qualifies as foreign income should be determined based on the direct/causal business expenses incurred but excluding costs of material.

In general, all profits are considered local income unless the taxpayer proves that the income should qualify as foreign income.

The company does, however, need to have a real presence in Curaçao as determined in Article 1C of the National Ordinance on Profit Tax 1940 to exclude (part of) its profit from the tax base. This means, amongst others, that there must be sufficiently qualified employees and recurring operational costs, appropriate to the nature and size of the company’s activities.

Favorable Corporate Tax Rate

The profit of companies and foundations established in Curaçao and conducting business from Curaçao are in principle subject to profit tax. Also, companies established abroad but with a fixed place of business, the so-called permanent establishment, in Curaçao are subject to profit tax. Companies liable to profit tax will, starting from the fiscal year January 1, 2023, be taxed according to the following brackets:

- A. A rate of 15% on domestic profit up to Naf 500,000.00
- B. A rate of 22% on domestic profit above Naf 500,000.00.

Preferential regime for certain qualifying activities

The amendment of the National Ordinance on Profit Tax 1940 also includes the introduction of a new preferential regime in Article 15, fourth paragraph. This article states that the profit earned from certain qualifying activities is taxed at a profit tax rate of 3%. This concerns the following specific activities:

- ❖ Aircraft and shipbuilding with a length of at least ten meters as well as the carrying out repairs and maintenance on aircraft and vessels.
- ❖ Call, service, or data centers that provide support service activities to companies with a turnover of at least ANG 50 million.
- ❖ Warehousing companies.
- ❖ Services to unaffiliated investment institutions and managers of these investment institutions.

Tax Holiday (P.B. 2016/77)

The National Ordinance tax facilities offer tax facilities to companies and investors who invest in hotel construction, industrial companies, and land development, provided they meet the conditions. A reduced corporate tax rate of 3% may apply for five or ten years. Besides the reduced profit tax rate, the following incentives apply:

- ❖ Exemption from import duties.
- ❖ Exemption from Real Estate Tax.
- ❖ Exemption from personal income tax on dividends.
- ❖ Adjusted corporate tax rate of 3%.

Tax holidays are available to companies investing NAF 5,000,000 or more, subject to conditions, in the following areas:

- ❖ An enterprise that operates hotels or other places for accommodation and relaxation.
- ❖ An enterprise that does land development, whereby plots of fallow land is developed by preparing the land for construction and constructing infrastructure.
- ❖ An industry on which the activities are wholly or almost wholly focused on:
 - Research and development, regarding the process and
 - Product innovation.
 - Air, space, and shipping.
 - Education.
 - Health care.
 - Transport and logistics.
 - Creative industry.
 - Modern agriculture and fishing.
 - Generating and supplying green energy.
 - Information technology.

To qualify for a Tax Holiday, a request for application must be submitted to the Sector Director of Fiscal Affairs of the Ministry of Finance. The request must be made before the close of the relevant fiscal year to certify that the requirements have been met.



Participation Exemption

A 100% participation exemption may apply to dividends and capital gains derived by a Curaçao holding company on the disposition of a substantial shareholding. To qualify for the exemption, the Curaçao company must hold a participation of at least 5% of the shares (by vote or value) or must have paid at least USD 500,000 to acquire the shareholding. In addition, for the 100% participation exemption to apply to dividend income, the subsidiary must either be (i) subject to a tax of at least 10% or (ii) an active business company. Dividends received from subsidiaries that do not meet either of these conditions are subject to an effective tax rate of 10%. Dividends from real estate companies are tax-exempt.



Curaçao Investment Companies

Curaçao Investment Companies serve as a passive holding company, a passive financing company, or an active intellectual property company (or a combination thereof). The income of a Curaçao Investment Company consists of passive income such as dividends, interest, or royalties.

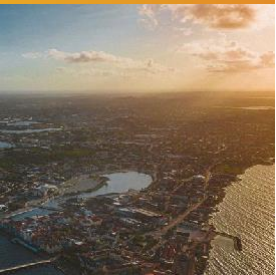
Direct ownership of real estate by the Curaçao Investment Company is not allowed. The Curaçao Investment Company is not exempt from profit tax, but its profit from qualifying activities is taxed at a rate of 0%. Qualifying as a Curaçao investment Company is subject to the conditions.

Curaçao Private Foundation & Trust

A Curaçao Private Foundation and a Trust are widely used for investment purposes or the management of family wealth. If the Curaçao Private Foundation or Trust does not operate a business, it is exempt from corporate tax.

Tonnage tax for international shipping companies

International shipping companies can apply for the application of the tonnage tax. With the tonnage tax, the company declares a fixed amount of profit based on the ship's tonnage rather than the actual profit. Companies must register their vessels in the tonnage tax register to be eligible for this tax option. The profit is calculated based on a fixed profit ranging between ANG 0.60 and ANG 2 per net registered ton. A tax rate of 25% is applied to the calculated profit.



Favorable Sales Tax

A 6% sales tax is levied on the sale of most goods and services. Insurance products and hotel accommodations are taxed at 7%, while alcoholic beverages, tobacco products, and luxury goods are taxed at a 9% rate.

Treaties to prevent double taxation & Tax Information Exchange Agreements

Curaçao has signed tax treaties to prevent double taxation with Malta, Norway, and the Netherlands. In addition, Curaçao has concluded 21 Tax Information Exchange Agreements with other countries.

National Decree Prevention of Double Taxation

The National Decree to prevent double taxation is a unilateral regulation for the prevention of double taxation, which was introduced specifically for situations in which there is no tax treaty between two countries. The purpose of this National decree is to reduce tax obstacles for Curaçao as a place of residence or establishment, and thus to provide more certainty about where the income should be taxed. Under this National decree, the prevention of double taxation is granted in two forms, namely the exemption method and the settlement method. Which method is applied depends on the type of income and the type of tax resource. Regarding the exemption method, if a resident of Curaçao receives foreign income, the resident will be exempt from the tax relating to foreign income. For the application of the exemption method, the foreign income must be subject to foreign tax. It is important to note that the total exemption granted cannot exceed the tax payable under Curaçao tax law. The settlement method offers the possibility to set off the tax paid abroad with the tax payable in Curaçao. Two limits apply here. The first limit concerns the tax paid in another country. The second limit concerns the tax that must be paid in Curaçao. The purpose of the second limit is to prevent more foreign tax from being settled than has to be paid in Curaçao on the income.

European Union Customs Policy

Curaçao is a constituent of the Kingdom of the Netherlands. Products originating in Curaçao, or which have undergone significant transformation in Curaçao, are deemed to have European Union origin and may be imported duty-free into the European Union.



E-Zone regime

The E-Zone regime applies to companies that historically are mainly focused on international activities and that have a license from the Ministry of Economic Development. Geographically these companies are based in one of the two E-zones (Willemstad Harbor and the Airport)

The international profit from business is in principle not subject to corporate tax following the Territoriality Tax System and a cost formula.

The domestic profit from the local delivery of goods is subject to the standard 15% - 22% corporate tax rate. Furthermore, no customs duties and no sales tax are imposed on imports, trans-shipment, and/or export of goods.

Besides deliveries of goods, the only services that are allowed in the E-zone are services such as storing goods for third parties and repairing or maintaining goods by using materials in the E-zone.

Residency permits for high-net-worth individuals

High-net-worth foreign individuals are eligible for multi-year residency permits as long as they intend to make a business investment of at least ANG 500,000, prove they have sufficient financial resources to meet their investment obligations and take out a private health insurance policy.

For individuals, Curaçao offers incentives such as:

- ❖ Reduced income tax for rentiers and highly skilled individuals ("Penshonado & Ex-pat Regeling").

Pensioner/Rentier

Retired Foreign Individuals, Pensioners, and Rentiers can opt to be taxed on their foreign income, including pensions, dividends, interest, and income from foreign companies, at a 10% flat rate. To qualify as a Pensioner /Rentier in Curaçao is subject to conditions.

The ex-patriate settlement

The ex-patriate settlement aims to encourage the recruitment of expert employees from abroad who have specific expertise that is not or to a limited extent available on the local labor market. The ex-patriate scheme includes provisions for the calculation of the payroll tax due and the taxation of specifically mentioned expense allowances.



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