CURAÇAO

1- GENERAL INFORMATION
I-Location
II-Political factors
III-Legal system
IV-Language
V-Currency and exchange control
VI-Bank secrecy

2- CURAÇAO COMPANIES AND TRUSTS
I- Companies
II- Trusts
III- *Stichting* foundations
IV- Private foundations
V- Partnerships

3-TAXATION SYSTEM
I- Resident entities
II- Other taxes
III- Dividends and capital gains
IV-Special incentives
V- Foreign income
VI- Non-resident companies

4- OFFSHORE COMPANIES
I-Introduction
II- Old tax regime companies
III- Offshore special entities

5- BILATERAL TAX AGREEMENTS

Latest reviewed: February 20, 2024

Consulate of Italy in Curaçao

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Consular Representation of Curaçao in Italy

The Curaçao Embassy is not present in Italy.
Refer to the Embassy of the Netherlands in Rome and the Consulate General of the Netherlands in Milan.

CORPORATE INCOME TAX	
Resident companies	22% and 15%; 3% for qualifying activities; 0% for Curaçao investment companies; 2.175% and 3.19% for export regime companies
Offshore companies	2.175% and 3.19% for export regime companies
OTHER TAXES	
Withholding taxes	Dividends: 0% - 10% Interests: 0% - 8.5% Royalties: 0%
Stamp duty	Notional rates on certain documents
Inheritance and gift taxes	6% - 24%
Import duties	62% + 9%
Real estate tax	From 0.4% to 0.6%
REGISTRATION TIME	1 (*shelf* companies) - 5 days
REGISTRATION COSTS	Between US$ 34 and US$ 550 Professional costs: minimum US$ 1,160
ADVANCE RULINGS	Not explained
EXCHANGE CONTROLS	Applied but offshore companies are exempt
BANK SECRECY	No legislation on this matter
LEGAL SYSTEM	Dutch-based civil law
BILATERAL TAX AGREEMENTS	Fiscal agreement with The Netherlands, Norway and Malta. TIEAs with 40 countries.

1-GENERAL INFORMATION

I- Location
Curaçao is situated in the eastern Caribbean, 30 miles north of Venezuela.

II-Political factors
Curaçao was part of the Netherlands Antilles, which was a member of the Kingdom of the Netherlands. The Netherlands Antilles ceased to exist as of 10 October 2010. From that date, Curaçao and Sint Maarten are granted an autonomous status comparable to Aruba within the Kingdom of the Netherlands, while the islands of Bonaire, Saba and Sint Eustatius now form part of the Netherlands itself.
The form of government of Curaçao is a parliamentary democracy based on free elections. Defence and international agreements are still to be concluded through involvement of the Hague.
The development of the former Netherlands Antilles as an international offshore financial centre began in the 1930s.
Curaçao is no longer on the black list of the OECD, as Curaçao is party to tax information exchange agreements (TIEAs) with a number of countries. Curaçao is also a member of the FATF which is an intergovernmental body whose purpose is the development and promotion of national and international policies to combat money laundering and terrorist financing.

III-Legal system
Curaçao has a civil law jurisdiction. The legal system is derived from and based on the Dutch system.

IV-Language
The official languages of Curaçao are Dutch, Papiamento and English. Spanish is also widely spoken.

V- Currency and exchange control
The currency is the Netherlands Antilles guilder (Nafl, which is expected to be renamed the Caribbean guilder at some stage) which is linked to the US dollar (US$1 = Nafl1.78).
Exchange control is regulated by the Central Bank of Curaçao and Sint Maarten.
Companies owned by non-residents and not carrying on business in Curaçao can obtain a licence on incorporation exempting them from all exchange control requirements.
Payments and receipts for imports into and exports out of Curaçao may be made in any convertible currency other than Netherlands Antilles guilders. Proceeds of exchange must be surrendered to an authorised bank and the transactions must be reported for statistical purposes only.
A licence is required for the investment of foreign capital into Curaçao, but such a licence is readily granted if the investment is in the economic and social interests of Curaçao.
A licence is also required for the repatriation of capital and earnings from Curaçao. Such a licence is usually granted as of right since there are no laws prohibiting or limiting such repatriation. A Central Bank licence fee of 1% will be withheld through the merchant bank making the transfer, unless the company is regarded as a Curaçao offshore company (“buitengaats”).
Banking facilities are excellent, with prime connections to all financial centres worldwide.
Many international banks and trust companies have offices in Curaçao.
On May 5, 2009, the Curacao, Sint Maarten and Caribbean Dutch Securities Exchange was established which provides a list of international and regional companies and investment funds and is an alternative to regional exchanges in other jurisdictions.

VI- Bank secrecy

Although there is no specific legislation governing banking secrecy, the criminal code provides for a series of penalties, ranging from fine to prison, for those who break the confidentiality bond.

Anti-money laundering initiatives

The National Ordinance on Penalization of Money-Laundering, introduced in June 1993, implements the Treaty of Vienna 1988 and Art 6 of the Treaty of Strasbourg 1990.

In 1997 another ordinance relating to the identification of customers of banks and depositories of securities, currencies, precious metals and other values became operational, then extended, in 2010, also to lawyers, tax consultants and trustees. In 2003, an ordinance was introduced for the supervision of funds and fund administrators. The following year, a chapter was inserted in the Civil Code that provides for the obligation for all legal persons registered in the Netherlands Antilles to keep accounting records and to comply with certain international standards and an ordinance was also issued for the supervision of suppliers of fiduciary services by the Central Bank.

All the ordinances passed in the Netherlands Antilles are still in force in Curaçao.

2- CURAÇAO COMPANIES AND TRUSTS

BUSINESS ENTITY	MAIN TRAITS	FORMATION	GOVERNANCE
Company (NV e BV)	Limited companies are of two types: - NV (Naamloze Vennostschap) which corresponds to the joint stock company - BV (Besloten Vennotschap) which corresponds to the limited liability company. A Curaçao company is managed by a board of directors, which includes one or more directors appointed by the shareholders, or by a board composed of one or more supervisors, also appointed by the shareholders. There are no legal requirements relating to the minimum capital and the loan capital / venture capital ratio. Actions can be: 1. registered - these shares can be partially paid 2. bearer - these must always be fully paid.	All companies in Curaçao are established by private or notary deed. Formation procedures usually take 5 working days, but can be expedited.	Companies must be registered with the commercial register held by the local Chamber of Commerce.
Partnership	Partnerships are of two types: 1. *Vennootschap onder firma* (general partnership) 2. *Commanditaire vennootschap* (limited partnership) There is no minimum capital. At least one of the members must be a resident of Curaçao.		The *Vennootschap onder firma* must be registered in the register of the Chamber of Commerce, where the identity of the shareholders is shown. The *Commanditaire vennootschap* must be registered, but the identity of the limited partners is not disclosed.

BUSINESS ENTITY	MAIN TRAITS	FORMATION	GOVERNANCE
Trust	With effect from 1 January 2012, legislation provides for the establishment of trusts (based on Anglo-Saxon common law trusts) in Curaçao.	A Curaçao trust must: • be incorporated by notarial deed, • be registered with the Chamber of Commerce • have at least one trustee, who can be an individual or a legal entity • have either at least one beneficiary or specify a purpose for the trust • have one trustee who is resident in Curaçao • if a trustee is also a beneficiary, have a second beneficiary.	
Stichting company	It is a foundation with its own rights. It has no share capital. The founder pays the capital at the time of incorporation. There is no legal minimum. The initial directors are appointed by the Articles of Association and the following ones by the board of directors in office. At least one of the directors must reside in Curaçao. Management is entrusted to the board of directors with the supervision of a board of supervisors.	It is established through a notarial deed drawn up in front of a notary.	The *stichting* must be registered in the register of the Chamber of Commerce.
Private foundation	It is used for charitable, social, non-profit purposes. The private foundation can be used for wealth planning, asset protection, tax deferral and represents an alternative to the Common Law trust.	It is created by a "founder" who must appear personally, or by proxy, before a notary of Curaçao.	

I – Companies

NV (*Naamloze Vennostschap*)

A NV corresponds to a joint stock company.

All Curaçao companies are incorporated by notarial deed executed by at least one incorporator appearing before a civil-law notary in Curaçao and must be registered with the commercial register held by the local Chamber of Commerce.

This registration includes the identity of all managing directors, supervisory directors and attorneys-in-fact under general powers of attorney. The identities of shareholders are not registered. Articles of incorporation can be prepared in any language, with a translation attached if that language is a language other than Papiamento, Dutch, English or Spanish.

There are no legal requirements in Curaçao as to debt/equity ratios or minimum capitalization, while paid-in capital surplus is allowed. For insurance companies the minimum nominal capital is US$168,000 (Nafl300,000) and for offshore banks the minimum is US$2,805,000 (Nafl5m).

A Curaçao company can repurchase its own shares, provided that they are fully paid and that one share remains outstanding.
Shares may be in registered or bearer form.
Registered shares may be issued partly paid, while bearer shares must always be paid in full.
Rights attaching to shares in Curaçao companies (eg common, preferred, etc) are determined by the articles of incorporation. Non-voting shares or shares with limited voting rights are permitted.
It is permissible for a company to have only one shareholder.
A Curaçao company is managed by a board of managing directors consisting of one or more managing directors, appointed by the shareholders, unless the articles of incorporation provide differently. Companies can act as managing directors. At least one of the directors must be a Curaçao resident.
Curaçao law requires all companies to prepare financial statements within eight months of the end of their fiscal year and to present such financial statements to the shareholders for approval. These financial statements form the basis of, and are filed with, the company's profit tax return, with limited exceptions for banks and other similar institutions. There are no other filing requirements. Financial statements filed with the Inspector of Taxes are not available for public inspection.
There are no requirements to have financial statements audited, unless the articles of association contain such a requirement.
The law enacted in December 1986 provides for the transfer of a Curaçao legal entity into a legal entity of another jurisdiction, provided that the other jurisdiction allows for this in its legislation. It has always been possible to transfer the seat of a Curaçao company to the Netherlands in certain emergency situations.

BV (*Besloten Vennotschap*)

A BV corresponds to a limited liability company.
All Curaçao companies are incorporated by notarial deed executed by at least one incorporator appearing before a civil-law notary in Curaçao. Every Curaçao company must be registered with the commercial register held by the local Chamber of Commerce.
The registration includes the identity of all managing directors, supervisory directors and attorneys-in-fact under general powers of attorney. The identities of shareholders are not registered at the Chamber of Commerce. A Curaçao BV cannot have bearer shares. The identity of the ultimate beneficiary or beneficiaries of the Curaçao BV must be registered separately.
The articles can be in any language, with a translation if that language is a language other than English, Dutch, Papiamento or Spanish. Only registered shares can be issued and more than one type of share can be issued.
It is possible for a legal entity whose capital is divided into shares to become a "transparent company", ie one which can be disregarded for tax purposes.
On 1 July 2018, companies that were previously known as "exempt companies" were renamed as "Curaçao investment BVs". The incorporation procedure is the same as that described above. However, the purpose clause of a Curaçao investment BV must be less extensive than the non-exempt BV. A Curaçao investment BV can be active in debt instruments, securities, portfolio investments, mutual funds, holding, finance and deposits.

II-Trusts

Up until the beginning of 2012, in the absence of a trust regime as such, foundations and limited and general partnerships were used in the place of trusts.
With effect from 1 January 2012, legislation provides for the establishment of trusts - based on Anglo-Saxon common law trusts - in Curaçao.
Under the rules, a Curaçao trust must:

1. be incorporated by notarial deed, which must include a description of the trust's asset

2. be registered with the Chamber of Commerce
3. have at least one trustee, who can be an individual or a legal entity
4. have either at least one beneficiary, who can be an individual or a legal entity, or specify a purpose for the trust
5. have one trustee who is resident in Curaçao, and
6. if a trustee is also a beneficiary, have a second beneficiary.

Since 2013, also the identity of the ultimate beneficiary or beneficiaries of the trust must be registered. The notarial deed can be in Dutch, Spanish, Papiamento or English. Alternatively, the deed can be in any other language, but must have a Dutch translation attached.
If a trust does not carry on business in Curaçao, it is not subject to profit tax, but it can elect to pay profit tax of 10%.
Distributions made by the Curaçao trust to a non-resident beneficiary are exempt from personal income tax, and gifts made by a non-resident benefactor to the trust, and inheritances distributed to non-resident beneficiaries from the trust, are exempt from estate tax.
The transfer of assets by a Curaçao resident settlor to the trust is subject to gift tax

III-The stichting/foundation

A *stichting* or foundation is a legal entity in its own right, unlike a common law trust. Historically the *stichting* was considered to be capital set aside for special charitable or non-profit purposes and was used by religious and other welfare groups. The *stichting* is still frequentlyused for both private and government-managed welfare and non-profit organisations. The principal difference between a *stichting* and a company is that a *stichting* may not have members or shareholders. A *stichting* is managed by a board of directors, under the supervision of a supervisory board if so required, but the directors are prohibited by law from sharing in the profits or assets of the *stichting*. Although a *stichting* does not have members or shareholders, the articles of a *stichting* can provide that it can act as trustee of assets entrusted and transferred to it for the purpose of investing, administering and managing such assets on behalf of third parties. The first directors of a *stichting* are appointed by the articles of incorporation. Thereafter, subsequent or additional directors are appointed by the existing board or the advisory council if existing, although the courts can remove a particular director in cases of misconduct. Over the past 50 years, the *stichting* has developed beyond its original purpose as a charitable or non-profit foundation. A *stichting* is now frequently used as a vehicle to control shares in a company. Essentially the shares of a company are transferred to a *stichting* formed especially for that purpose. The *stichting* will then issue to each of the former shareholders a certificate which will entitle the certificate holder to the economic benefit of the shares (ie to the profits, return of capital, etc). Control of the shares, however, and thus the underlying company, remains with the *stichting*. Such a special purpose stichting is generally referred to as a *stichting administratiekantoor*. Since May 2013, the identity of the ultimate beneficiary or beneficiaries of the *stichting* must be available on request.
A Curaçao stichting is created by notarial deed executed before a civil law notary in Curaçao.
As a minimum, the articles of a stichting should include:

1. the name of the stichting, including the words “stichting or a translation of it”
2. its purpose
3. the manner in which the board of directors will be appointed, and
4. the island where it has its statutory seat.

All Curaçao *stichtingen* must be registered with the foundations register of the chamber of commerce.
A *stichting* has no share capital as such, since it has no members. The incorporator of a *stichting* contributes the initial capital at the time of incorporation. There is no legal minimum requirement.
Companies may act as directors.
At least one director should be a resident of Curaçao.

A *stichting* is prohibited by law from having shareholders.
Certificates of participation in a company that is managed by the *stichting administratiekantoor* are freely transferable in accordance with the articles of the *stichting.*
The management of a *stichting* is vested in a board of directors, under the supervision of a board of supervisory directors if required.
Directors are prohibited from participating in the assets or profits of a *stichting*.
There are no residency rules per se. At least one director of a *stichting* should be a resident of Curaçao. Unless a *stichting* is exempt from the payment of Curaçao taxes as a charitable foundation, all Curaçao stichtingen must prepare financial statements for purposes of filing tax returns.
There is no requirement that financial statements be audited.
There are no secrecy provisions per se relating to Curaçao *stichtingen*. The disclosure requirements relate to the identity of the board of directors and to the ultimate beneficiaries of *stichting*, and in the case of a *stichting administratiekantoor* to the holders of certificates of participation.

IV- Private foundations
They have always been used as a vehicle for charitable, social or non-profit making purposes. Realising that there is a need for a vehicle such as the foundation for use for private purposes, the Curaçao legislators decided to introduce the concept of a private foundation.
The purpose clause in the articles is the determining factor as to the foundation's purpose. The private foundation may have any purpose that is legal under the laws of Curaçao or the pursuit of which is not against public order. The private foundation can make any distribution that is appropriate under its purpose clause. The purpose clause may not, however, include the running of a business or enterprise. This prohibition does not extend to the active management of the funds of a foundation, and the foundation is allowed to hold shares in a company which, in turn, runs a business.
The private foundation can be used for estate planning, asset protection, tax deferral structures, etc, and is an alternative to the common law trust.
A founder can keep some kind of control if the articles of the foundation allow for founder's rights. Founder's rights are not mandatory and in many cases even not desirable from a tax perspective. The founder may also transfer these "founder's rights" to a third party by notifying the board of the decision.
The private foundation is exempt from tax if it does not carry on a business. However, private foundations must file tax returns, even if no tax is payable. The tax inspector will use the tax return to determine whether the private foundation carries on a business. The tax return must disclose the beneficiaries of the foundation.
The private foundation is created by a "founder/incorporator", who must appear either personally or by proxy before a civil law notary in Curaçao and sign a deed creating the foundation. The articles of the foundation must contain: the name of the foundation and of the founder/incorporator, the foundation's purpose clause, the names of the members of the board, and the island where it has its statutory seat.
There is no minimum capital requirement for a foundation, nor does the capital of the foundation have to be mentioned in the articles.
The affairs of the foundation are managed by a board consisting of one or more members as determined in the articles. Both individuals and legal entities can act as members of the board. The articles may also give the founder authority to appoint and dismiss board members.
here are no residency rules that apply specifically to foundations. In practice, however, one of the members of the board will be a resident of Curaçao in order to obtain the foreign exchange exemption licence.

A general duty to keep books and records has been introduced by recent legislation. There are no statutory or audit requirements other than as may be stipulated in the articles of the foundation.
Since January 2012, a private foundation can opt to pay profit tax of 10%. The option to pay this tax could prove useful in international tax planning.

V-Partnerships
There are two distinct forms of partnership in Curaçao.
Vennootschap onder firma is a general partnership in which each of the partners is severally liable for the whole of the obligations and liabilities of the partnership.
Commanditaire vennootschap is a limited partnership in which a distinction is drawn between two kinds of partners: managing partners and limited partners.
The general partner or partners, as the name implies, manages the affairs of the partnership and represents it to third parties. Managing parties are severally liable for the debts of the partnership in the same way as a partner of a *vennootschap onder firma*.
A limited partner contributes a certain amount of capital into the partnership and his or her liability is limited to the amount of capital contributed. A limited partner is not allowed to be involved in the management of the affairs of the partnership nor to represent the partnership to third parties. If a limited partner does so, he or she loses limited liability and becomes severally liable for the entire debts of the partnership as if a general partner.
A limited partnership can issue shares to the partners (*commanditaire vennootschap op aandelen*) or not, depending upon the terms of the partnership agreement.
Curaçao partnerships have no separate legal personality although they do possess a certain "separate estate" in that creditors of the partnership have a preferential claim on partnership assets over creditors of individual partners.
Companies can act as partners.
All Curaçao partnerships are formed by either private or notarial deed.
A *vennootschap onder firma* must be registered with the commercial register of the chamber of commerce; the identity of all members must be disclosed. Starting from May 2013, the identity of the ultimate beneficiary or beneficiaries of the *vennootschap onder firma* must also be registered separately if not listed as a member.
A *commanditaire vennootschap* must also be so registered, but the identity of the limited partners need not be disclosed, and their limited liability comes into force once the *commanditaire vennootschap* is registered.
There are no capital requirements for any Curaçao partnerships and there are no requirements as to shareholders or directors. Although there are no residency requirements per se for the partners of a Curaçao partnership, it is usual for at least one of the partners to be a resident of Curaçao, so that for fiscal purposes the partnership will be subject to the tax laws of Curaçao.
Management of a partnership is vested in the managing partners in accordance with the terms of the partnership agreement.
There are no accounting or audit requirements other than as stipulated in the partnership agreement.
Since partnerships have no separate legal personality, the regulations regarding exchange controls, etc, apply to the individual partners.

3-TAXATION SYSTEM

I-Resident entities
The competent authority in Curaçao for taxes is the Inspectorate of Taxes.
From 1 January 2020, Curaçao companies are subject to profit tax on their Curaçao source income only. Before 1 January 2020, Curaçao companies were subject to profit tax on their

worldwide income. Non-resident companies are not subject to tax, except in relation to Curaçao sourced profits. Curaçao companies are subject to the standard rate of profit tax, with the exception of: companies deriving at least 90% of their profits from exports (these may be resident or offshore companies); companies undertaking qualifying activities; shipping companies that can benefit from concessional tax treatment or opt for a tonnage tax regime; investment companies.

A company is resident in Curaçao if it is incorporated in Curaçao, irrespective of the situs of effective management and control. The distinction between resident and non-resident companies is of less relevance than in some other countries. This is because of the concept of territoriality under which only income derived from Curaçao sources is taxable in Curaçao. Branches of foreign companies are subject to Curaçao profit tax if the income of the branch has its source in Curaçao.

The Curaçao tax year runs from 1 January to 31 December. Companies may, however, elect for a different financial year in their articles of incorporation. In such a case they have to ask approval from the tax inspector to adopt the same year for tax purposes.

All Curaçao taxable companies are required to file an annual profit tax return with the Inspector of Taxes in Curaçao, together with financial statements comprising a balance sheet, a profit and loss account, explanatory notes and, from 16 June 2018, a list of the ultimate beneficiaries of the company. The financial statements should be unconsolidated and based on the accruals method of accounting but need not be audited. The tax return is due to be filed within six months of the end of the company's financial year (extended to 31 July 2020 for returns in respect of the 2019 tax year; a further extension to 31 December 2020 available upon request). If a company should fail to file a tax return by the due date, the Inspector of Taxes has the authority to impose an ex-officio tax assessment and payment is due within two months of the date of assessment. At the discretion of the collector of taxes, a request for an extension for payment can be made. In the event of failure to file a return, the Inspector of Taxes can issue an estimated assessment and increase the estimated tax liability by 100%. Appeals against a tax assessment are at first instance to the Inspector of Taxes. A second appeal is made to the Tax Court of Curaçao.

Tax rates

Curaçao companies are subject to the standard corporate profit tax rates: 15% on income up to Nafl500,000 and 22% on the excess. Exceptions apply for Curaçao investment companies, which benefit from the export regime introduced in 2014. Until 31 December 2019, exceptions also applied for companies subject to the pre-2002 offshore tax regime.

There are no taxes on the capital of Curaçao companies. There is no withholding on payments of other interest, dividends or royalties to companies, while it is levied at a rate of 8.5% on payments of interest to residents by domestic banks.

Unless a *stichting* is exempt from profit tax, it will be subject to tax in all regards as a company.

The private foundation is completely exempt from profit tax in Curaçao, provided it does not carry on any commercial business or enterprise. There is no capital tax due on the establishment of the foundation, nor are distributions made to beneficiaries subject to any withholding tax or gift tax.

From January 2012, private foundations can opt to be taxed at 10%. The option to pay this tax could prove useful in international tax planning, for example where a foreign investor's country of origin imposes restrictions in its tax legislation in relation to investments in low or no tax jurisdictions. The option also allows the private foundation to benefit from the participation exemption.

A *vennootschap onder firma* ("general partnership") is considered a transparent entity for Curaçao tax purposes.

A *commanditaire vennootschap* ("limited partnership") will likewise be considered a transparent entity for Curaçao tax purposes unless: it is a *commanditaire vennootschap op*

aandelen (a limited partnership with shares); or a limited partnership without shares but in which the partnership interests are freely transferable. In the latter case the partnership will be taxed as a company.

II-Other taxes

Inheritance and gift taxes are levied if residents of Curaçao pass away or donate. A maximum rate of 24% generally applies, with a maximum rate of 6% applicable for children.

Import duties are imposed on goods imported into Curaçao. Many goods are exempt from duty, while others are subject to increased rates, up to 62% plus a turnover tax on imported goods of 9%.

Stamp tax is imposed at nominal rates on certain documents executed in Curaçao.

Real estate tax is levied annually on the value of improved real property in Curaçao at progressive rates:

Real estate value (Nafl)	***Tax rates (%)***
0 – 350,000	0.4
350,001 – 750,000	0.5
750,001 and over	0.6

Sales tax is levied at the following rates:

- 0% on basic foods, and sales by certain non-profit organisations
- 6% on most goods and services
- 7% on insurance products and certain kinds of holiday accommodation, such as time-shares,
- 9% on luxury goods and services.

III-Dividends and capital gains

Dividends received by a Curaçao company from its participation of at least 5% of capital in another Curaçao company are generally exempt from tax. A full exemption generally applies when the dividends are from an active participation, which means that less than 50% of the earnings of such a participation consist of dividends, interest or royalties generated outside the company's own business activities, or when the participation is subject to profit tax with a nominal rate of at least 10%.

If these conditions are not satisfied, then the dividends are taxable at a rate of 10%.

Dividends received by a Curaçao company from a foreign company are not subject to tax in Curaçao unless the dividend is considered to be passive income. In such cases, the above participation exemption rules apply.

The participation exemption also applies to income resulting from being a member in a cooperative society

IV-Special incentives

Since Curaçao is heavily dependent on imports, the Curaçao Government promotes activities which will benefit the country. Qualified E-zone companies are exempt from import duties and turnover tax, but are subject to the standard 15% and 22% corporate profit tax rate on income derived from Curaçao sources. Before 1 January 2020, E-zone companies were subject to a 2% tax on worldwide profits. Under transitional provisions, E-zone companies established before 31 December 2019 could continue to benefit from the reduced profit tax rate until 31 December 2022.

E-zone companies are established in E-zones, which are regulated under the National Ordinance on Economic Zones 2000. They are used for international trading via the Internet.

From 1 July 2018, E-zone company status applies to company's dealing in goods only. Before 1 July 2018, services rendered by call centres could also be operated in E-zones. Financial services, royalty payments and insurance and re-insurance activities are not allowed within E-zones.
New industries and hotel developments can qualify for a tax holiday of up to 11 years on import duties, profit tax, and real estate and occupancy taxes.
On 31 July 1991, a council decision on trade regulations came into effect between the European Community and the Association of Overseas Countries and Territories. The Netherlands Antilles, and thus Curaçao, has been an associate member of the EU as an overseas country and territory since 1964.
The principal features of the regulations are:

- free access into the EU for products from non-EU countries which have been imported into Curaçao and subsequently re-exported without any working or processing, provided that the goods have been subject to a level of tariffs in Curaçao similar to those of the EU;
- free access into the EU for all products originating in Curaçao. To acquire a status of origin in Curaçao, a product from a non-EU country must either be sufficiently worked or processed in Curaçao or must meet a criteria of "substantial economic transformation". For some products, the EU has introduced restrictive quotas.

Shipping/air transport companies may qualify for concessional tax treatment if:

- their purpose is ocean shipping or aviation business, which includes the letting or chartering of ocean-going vessels or aircraft
- they are incorporated and conduct their daily management in Curaçao, and
- they have the vessels or aircraft of the company registered in the Kingdom of the Netherlands.

Under the concessional tax treatment:

- 80% of profits are taxed at 2.2%
- the balance of profits is taxed at 15% and 22%
- capital gains are taxable and capital losses deductible
- there is an investment allowance of 10% for the year in which the investment is made (provided the investment exceeds US$5,000)
- losses incurred in the first six years can be carried forward for an unlimited number of years
- other losses can be carried forward for 10 years
- there is no carry-back of losses, and
- a company can create a reserve for replacement or reparation in the event of expropriation, loss or damage.

From 1 January 2020, Curaçao companies benefit from a reduced profit tax rate of 3% in respect of income from qualifying activities that take place in or from Curaçao, including: the construction, repairs and improvement of aircraft and vessels; services provided by call centres, service centres, data centres, warehousing companies and services provided to unrelated investment institutions and their managers.
Advance rulings can be obtained, with the consent of the Inspector of Tax.
There is no anti-tax avoidance legislation in Curaçao.

V- Foreign income

Curaçao has a territorial tax system from 1 January 2020. Only income derived from Curaçao sources is taxable in Curaçao. Income from Curaçao sources includes:

- income derived from business activities undertaken or conducted in Curaçao, including business activities undertaken or conducted by permanent establishments located in Curaçao
- income derived from renting or leasing property in Curaçao and associated rights

- income derived from lending or depositing funds with Curaçao residents
- income derived from services conducted in respect of real estate located in Curaçao
- income derived from insuring risks located in Curaçao, and
- passive income, such as dividends, interest and royalties, received by Curaçao residents.

A 100% participation exemption applies for dividends and capital gains received. To qualify for the exemption:

- the Curaçao company must directly own at least 5% of capital or voting rights in the foreign company, or
- the value of the participation on acquisition must be at least Nafl890,000 (approximately US$500,000).

The exemption is limited in respect of dividends received if more than 50% of the earnings of such a participation consists of dividends, interest or royalties generated outside the company's own business activities, and the participation is not subject to profit tax at a rate of at least 10%. The participation exemption also applies to income resulting from membership of a cooperative society (*cooperatie*).

Before 1 January 2020, all companies incorporated under Curaçao law were subject to tax on their worldwide income (subject to any treaty exceptions), irrespective of the situs of effective management and control. Exemptions from tax existed in order to avoid double taxation, in line with the principles of the OECD for the avoidance of double taxation. Foreign companies were subject to Curaçao tax on profits derived from a permanent establishment in Curaçao or from real estate in Curaçao or from claims secured with a mortgage on real estate in Curaçao. Foreign income from a permanent establishment abroad was fully exempt from profit tax.

From 1 January 2020, there is no tax on foreign source capital gains unless the income is deemed to be passive income. The participation exemption may exempt such gains from taxation. Before 1 January 2020, companies were liable to profit tax on all income, including income derived from capital gains, unless the participation exemption applied.

Until 31 December 2019, grandfathered offshore companies were generally exempt from profit tax on capital gains.

Before 1 January 2020, as a general rule, no credits were given for foreign taxes paid, although foreign taxes were usually allowed as tax-deductible expenses. Anyway, a full exemption applied for foreign income derived from permanent establishments.

VI-Non-resident companies

Non-resident companies are only subject to profit tax if they have a permanent establishment or permanent representative on one of the islands. The transfer of shares in a Curaçao company by a non-resident company does not trigger any Curaçao tax.

4- OFFSHORE COMPANIES

I-Introduction

The territorial concept of income followed by Curaçao legislation from 1 January 2020 allows the execution of "offshore" operations which are not subject to Curaçao tax. Non-resident companies are only subject to Curaçao tax on income arising in Curaçao.

The former Netherlands Antilles implemented a new tax system which came into effect on 1 January 2001. The so-called "New Fiscal Regime" (NFR) was designed to bring the tax system of the Netherlands Antilles, including Curaçao, into line with international standards as laid down by the OECD.

The principal features of the NFR are:
• the elimination of the distinction in tax treatment between onshore and offshore companies, subject to grandfather clauses for existing offshore companies
• the introduction of a general participation exemption on dividends and capital gains (which, from 1 January 2020, is only applicable in respect of Curaçao source income, which includes passive income)
• the introduction of favourable tax treatment of the profits from a non-Curaçao permanent establishment
• the introduction of a new tax exempt limited liability company.
Prior to 1 January 2001, companies with income consisting of interest, dividends, royalties and other investment income, qualified automatically for taxation at the offshore concessionary rates of former National Ordinance on Profit Tax. For these companies the rate of taxation was 2.4% to 3%. Capital gains were tax exempt. Under the NFR, these articles of the ordinance were revoked and, consequently, the distinction between onshore and offshore companies was abolished.
Under the transition rules, companies existing and active prior to the enactment of the NFR were grandfathered under the former rules, up to 31 December 2019.

Real estate companies

All companies holding real estate outside Curaçao are 100% exempt from profit tax on income and capital gains from such real estate. In such cases, the participation exemption may exempt such income from taxation.
All real estate companies existing prior to the enforcement of the NFR on 1 January 2001 were grandfathered so that income from foreign real estate investments for such companies continued to be exempt from profits and capital gains tax up to and including the year 2019.

Participation exemption

The system of participation exemption introduced under the NFR has been adjusted with retroactive effect from 1 January 2009. Under the current rules, 100% of dividends and capital gains received from or with a qualifying participation are exempt from tax. Due to Curaçao's territorial tax system applicable from 1 January 2020, the participation exemption now only applies in respect of Curaçao source income, which includes passive income.
A qualifying participation exists when a Curaçao company holds at least 5% of the issued share capital and/or controls more than 5% of the voting rights of a foreign company. In addition, if the value of the shares of the foreign participation, at the moment of acquisition by the Curaçao company, exceeded a cash investment of at least Nafl890,000 (approximately equivalent to US$500,000), this investment also qualifies as a participation for tax purposes. The exemption for dividends is limited if more than 50% of the participation's income consists of dividends, interest or royalties from activities separate from the participation's enterprise or the participation is not subject to profit tax of at least nominal 10%.

Tax arrangements with the Netherlands

Since 2016, a tax arrangement with the Netherlands exists, which provides for a 0% withholding tax rate for dividends paid to Curaçao companies owning 10% or more of the paying company and dividends paid to certain other entities. Curaçao companies that do not meet the qualifying criteria for the 0% rate are subject to withholding tax of 15%; however, a transitional rate of 5% applied until 31 December 2019 if the company owned at least 25% of the capital of the Dutch company.

Permanent establishments under the NFR

If a Curaçao company has a permanent establishment outside Curaçao, as of 1 January 2009 the net income is fully exempt from profit tax.

Investment companies

The NFR introduced a new type of company called the "exempt company", which was renamed the "Curaçao investment company" on 1 July 2018. Such companies are exempt from

all profit tax. To qualify as a Curaçao investment company the following conditions must be met:

1. the board of directors must consist of residents of Curaçao or qualified trust companies in Curaçao, or a combination of foreign residents
2. only registered shares are allowed
3. if the shareholder of record is another company, the board must keep a register of the ultimate beneficial owners of the Curaçao investment company that own 10% or more of the shares
4. the company makes up annual financial statements
5. the purpose (according to the articles of association) and actual activities of the company are limited to investments in debt instruments, securities, holding, finance, portfolio investments, mutual funds and deposits and, from 2009 to 30 June 2018 only, issuing licences for the use of intellectual or industrial property rights or similar rights
6. the company may not qualify as a bank or insurance company, and
7. from 2009, not more than 5% of the gross profits of the company can be dividends

An exempt private or public liability company can opt to pay profit tax of 10%. The option to pay this tax could prove useful in international tax planning, for example where a foreign investor's country of origin imposes restrictions in its tax legislation in relation to investments in low or no tax jurisdictions.

Curaçao does not levy withholding tax on dividends, interest or royalties, with the exception of an 8.5% withholding on interest on savings accounts paid to residents.

From 2014, companies (whether resident or offshore) deriving at least 90% of their profits from exports are taxed at the 15% and 22% standard tax rate on only 5% of taxable profits, and at a 90% discount on the standard tax rate for 95% of taxable profits, giving an overall rate of 2.175% and 3.19%. Certain services performed in Curaçao on goods on behalf of non-residents which are then shipped out of Curaçao are eligible for the regime. Certain professional services, such as services provided by lawyers and accountants, are not eligible.

II- Old tax regime companies

All Curaçao offshore companies incorporated and active prior to 1 January 2002 continued to be taxed under the old "offshore" tax regime until the end of 2019. Companies wishing to transfer from the old regime to the NFR could do so by filing a request with the tax authorities. Details of the old regime are set out below.

Offshore holdings and finance companies

Offshore holding companies" and "offshore investment companies" were defined in former Art 14 of the National Ordinance on Profit Tax 1940 and were taxed at the rate of 2.4% to 3% (2.4% on the first Nafl100,000 of income, 3% on the balance) unless otherwise determined by treaty or by the BRNC.

In general, such companies were grandfathered until 31 December 2019 if they were active before 1 January 2002 and/or obtained a ruling.

As for offshore finance companies, interest paid was deductible for tax purposes if paid to a bank or similar financial institution provided the funds were on-lent on an arm's length basis, which was presumed to be at a spread of at least 0.25%. Interest paid other than to a bank or similar financial institution was only deductible if a ruling to that effect was first obtained from the Inspector of Taxes. Such rulings were usually given, provided that the company reported for tax purposes a spread of at least 1% of the face value of the loan. There were no debt/equity requirements for Curaçao offshore finance companies. In general, such companies were grandfathered until 31 December 2019 if they were active before 1 January 2002 and/or obtained a ruling.

Offshore licensing companies

Offshore licensing companies" were defined in former Art 14A of the National Ordinance on Profit Tax 1940 as follows: "A corporation … which exclusively or almost exclusively makes it its business to acquire: revenues derived from the alienation or leasing of the right to use copyrights, patents, designs, secret processes or formulae, trademarks and other analogous properties; royalties, including rentals, in respect of motion picture films or for the use of industrial, commercial or scientific equipment as well as to the operation of a mine or a quarry or of any other extraction of natural resources and other immovable properties; considerations paid for technical assistance, received from outside Curaçao."

Such companies were also subject to tax at the rates of 2.4% to 3% unless otherwise provided by treaty. There were certain limitations on the deductibility of royalty payments and the amortisation of the cost of acquisition of the royalty or licence, but a tax ruling could be obtained to clarify the position.

In general, such companies were grandfathered until 31 December 2019 if they were active before 1 January 2002 and/or obtained a ruling.

Offshore trading companies

These companies did not qualify for the special tax rates afforded by former Art 14 and 14A of the National Ordinance on Profit Tax 1940 and were thus prima facie subject to tax at the rates of 24% to 30% (24% on the first Nafl100,000 of income, 30% on the balance). It was possible to apply for an advance ruling from the Inspector of Taxes whereby the effective tax rate would be substantially reduced.

In general, such companies were grandfathered until 31 December 2019 if they were active before 1 January 2002 and/or obtained a ruling.

Offshore administration/headquarter companies

No specific provisions were made for offshore administration/headquarter companies, but management or consultancy fee income was taxed in the same way as offshore trading income.

Offshore real estate companies

A 1987 amendment to Art 12 of the National Ordinance on Profit Tax 1940 exempted from tax income derived directly or indirectly from real estate situated outside Curaçao. It was generally accepted that indirect real estate income included dividends received from a participation in a foreign company which derived its income from real estate.

Mutual funds

Mutual funds, or other collective investment vehicles, established in Curaçao were exempted from all Curaçao profit tax on non-treaty-related income if they met certain criteria. To be exempt from tax, a mutual fund had to have either minimum net assets of US$50m, a participation of at least 50 shareholders and at least four local employees, or minimum net assets of US$300m and at least two local employees.

Mutual funds that did not meet these requirements were taxed on non-treaty-related income based on their average net assets in each financial year as follows:

(i) for net assets up to US$25m the tax basis was 1% of net assets

(ii) for net assets between US$25m and US$40m the tax basis was 0,5% of net assets, and

(iii) for net assets of US$40m and above the tax basis was 0,25% of net assets.

The result was taxed at 2.4% on the first Nafl100,000 of taxable income and 3% on the balance, with a minimum charge to tax in any financial year of US$1,000 and a maximum of US$10,000.

Income received by a Curaçao mutual fund from treaty-related sources or from the Netherlands was taxed at the applicable treaty rates or pursuant to the provisions of the BRNC, as applicable.

Offshore captive insurance and reinsurance companies

All insurance companies and insurance business in Curaçao are subject to the supervision of the Central Bank of Curaçao and Sint Maarten, following the implementation in 1992 of the Insurance Supervision National Ordinance 1990.

All offshore captive insurance companies and reinsurance companies (ie companies that insure risks outside Curaçao) must obtain a licence from the Central Bank of Curaçao and Sint Maarten and be subject to the supervision of the Bank. To qualify for a licence, a company must be incorporated in Curaçao as a limited liability company with registered shares, or as a mutual assurance company. Other requirements include:

1. *Capital.* Minimum authorised capital is Nafl300,000 (approximately US$170,000).
2. *Management.* Day-to-day management must be conducted in Curaçao by at least one natural person approved by the Central Bank as having sufficient experience and expertise. All books and records must be maintained in Curaçao.
3. *Solvency requirements.* The minimum solvency margin for a life insurance company will be 4% of the previous year's provision for insurance obligations, with a minimum of Nafl400,000 (approximately US$250,000). For non-life companies, the solvency margin must be at least 15% of the previous year's gross premium income, with a minimum of Nafl300,000 (approximately US$170,000).

The ordinance also provides for foreign companies to carry on insurance business in Curaçao, provided that the business is done through an establishment in Curaçao which meets the same requirements and is subject to the same supervision as a Curaçao insurance company.

III-Non-resident offshore special entities

Offshore stichtingen

An offshore stichting is a stichting whose beneficiaries are non-residents of Curaçao and which derives its income from sources outside Curaçao.

Unless an offshore stichting comes within the exemption from tax as "exclusively serving a general social interest", it will be taxed in the same way as a company. An application can be made to the Inspector of Taxes for a ruling that an offshore stichting will qualify for taxation at an agreed profit calculation.

Offshore private foundations

A private foundation is a special foundation (stichting) which is allowed to have a non-charitable or non-social interest. In Curaçao there is no legal definition of an offshore private foundation, which will not be liable to Curaçao profit tax, provided that it does not carry on any commercial business or enterprise. Beneficiaries of the foundation will not be liable to Curaçao gift tax or income tax on distributions received from the foundation. Resident beneficiaries may be subject to income tax depending on the circumstances of the gift.

Offshore partnerships

For those Curaçao partnerships, whether general or limited, which are for tax purposes treated as see-through entities, the question of characterisation as an offshore or onshore partnership is irrelevant, since the determination of taxability will depend on the activities of the partners, whether individuals or companies.

For a limited partnership, which is for tax purposes treated as a company, the offshore status will be determined by the same factors as if it were a company and the tax treatment will likewise be the same, even if it is usual practice that such a partnership is taxed as an offshore company for Curaçao tax purposes.

5- BILATERAL TAX AGREEMENTS

In 2016, the BRNC (*Belastingregeling Nederland Curaçao*) came into force which provides, among other things, the exemption from withholding tax for dividends paid to certain types of companies and to companies in Curaçao holding at least 10% of the capital of the paying company. In the absence of these requirements, the withholding tax is 15%, but a transitional rate of 5% was applied until 31 December 2019 if the company owned at least 25% of the capital of the Dutch company.

The BRK (*Belastingregeling voor het Koninkrijk der Nederlanden*) is a particular agreement that regulates the relations between Curaçao, Sint Maarten and Aruba. Prior to 2016, this agreement applied to the entire Kingdom of the Netherlands and will remain in effect until separate tax agreements are negotiated for these countries.
Curaçao has signed tax agreements with Malta.
TIEAs have been signed with the following countries: Antigua and Barbuda, Argentina, Australia, Belgium, Bermuda, British Virgin Islands, Canada, Cayman Islands, Colombia, Cyprus, Czech Republic, Denmark. Estonia, Faroe Islands, Finland, France, Germany, Greece, Greenland, Hungary, Ireland, Iceland, Italy, Latvia, Lithuania, Luxembourg, Malta, Mexico, New Zealand, Poland, Portugal, Slovak Republic, Slovenia, Spain, St Kitts and Nevis, St Lucia, St Vincent and the Grenadines, Sweden, United Kingdom and United States.