The Aruba Tax Department hereby reports that recently the Parliament of Aruba passed a legislative bill entitled "introduction of a crisis levy and other tax measures", which provides for amendments to a number of tax ordinances. The most important amendments are summarized below and are scheduled to enter into force on July 1, 2018.

Turnover tax (BBO, BAZV and BAVP)
Subject to turnover tax ("Belasting op bedrijfsomzetten"), abbreviated as BBO, and health tax ("Bestemmingsheffing AZV"), abbreviated as BAZV, are entrepreneurs that in the course of their enterprise supply goods or render services in Aruba. The taxable base consists of all remunerations (in cash or in kind) received by the entrepreneur for the supply of goods or the rendering of services in Aruba. The tax rate is set on 1.5% for the BBO and 2% for the BAZV. Please be informed that although they are different tax types, their tax base and other characteristics are similar.

As of July 1, 2018 a PPP projects additional funding tax ("*Belasting additionele voorzieningen PPS-projecten*") has been introduced at a tax rate of 1.5%. This tax type can be abbreviated as BAVP.

The existing BAZV tax rate has been adjusted as of July 1, 2018 to 3% and would therefore bring the total turnover taxes such as BBO, BAZV and BAVP to 6%.

Turnover tax is payable by the business supplying the good or service. In practice, this can cause complications for foreign businesses, given their limited presence in Aruba. These complications will be partially eliminated with the introduction of the possibility for the Minister in charge of finance to determine that in some cases the BBO/BAZV/BAVP will not be payable by the foreign business, but by the domestic client ("reverse-charge mechanism").

On a final note. The exemptions for particular services supplied by banks and for forming and performing insurance contracts has been revoked. However, this does not extend to pension or life insurance contracts.

THE ARUBA TAX DEPARTMENT
June 27, 2018

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