

## BBO on import: Expected June 1, 2023



On November 11, 2022 the Minister of Finance and Culture (hereinafter: the Minister) introduced various changes to the draft legislation regarding the establishment of the 2023 budget of the Ministries of Aruba. One of the proposed changes is implementing BBO at import as of June 1, 2023.



### Introduction of BBO/BAVP/BAZV on the import of goods

Aruba currently does not levy BBO/BAVP/BAZV on the import of goods. The fiscal incentive to self-import goods becomes stronger as the BBO/BAVP/BAZV rate increases. Because the Government is of the opinion that this may result in economic inefficiencies, an introduction of BBO/BAVP/BAZV on the import of goods is proposed to be implemented.

The introduction of BBO/BAVP/BAZV on the import of goods is proposed to be accompanied by a right of deduction for entrepreneurs in respect of the BBO/BAVP/BAZV levied on the import of commercial goods (in Dutch 'handelsgoederen'). Because of this right of deduction, the Government mentions that levying BBO/BAVP/BAZV on the import of goods will not lead to additional costs for supermarkets and other retailers, who resell these goods.

Please note, sectors such as hotels, restaurants and construction companies that do not purchase and sell commercial goods will not be able to deduct the BBO/BAVP/BAZV levied at import. This will result in an increase of costs for businesses in these sectors. An advice for businesses in these sectors is to purchase as much materials and other necessary goods as possible before the implementation of BBO/BAZV/BAVP at import as of June 1, 2023.

The Government mentioned that the BBO/BAVP/BAZV levied on the import of goods will result in an additional revenue estimated at Afl. 35 million per year. This amount is estimated at Afl. 15 million for the year 2023.

In case of any questions, please do not hesitate to contact our tax team.