

Tax Newsflash

Amendments tax plan 2023

December 2022

Today we were informed that the tax plan 2023 was approved by the Parliament of Aruba. We refer to our Newsflash of November 30, 2022. The tax plan 2023 was approved with some minor changes. Below we will discuss these changes.

Reverse charge system BBO/BAVP/BAZV

As of January 1, 2023, a reverse charge system will apply for BBO/BAVP/BAZV. The reverse charge system (in Dutch “verlegging”) applies when a foreign entrepreneur provides services in Aruba. The reverse charge system only applies if the place of service of a foreign entrepreneur is in Aruba according to article 7 of the law. This is – amongst others – the case in the following situations:

1. Services related to real estate in Aruba.
2. Services related to entertainment, culture, sport, science and similar activities.
3. Services related to transport in Aruba.
4. Services related to movable property in Aruba.
5. Electronic services, telecommunication services and services related to radio and TV.



According to the reverse charge system, the foreign entrepreneur is not liable to the BBO/BAVP/BAZV anymore. The local entrepreneur becomes liable for the BBO/BAVP/BAZV. The local entrepreneur will report the BBO/BAVP/BAZV due by the foreign entrepreneur on its tax return and will pay the BBO/BAVP/BAZV due. If the BBO/BAVP/BAZV is not reported by the local entrepreneur, the local entrepreneur becomes liable for this tax.

Real estate transfer tax on shares (3% or 6%)

As of January 1, 2023, real estate transfer tax is due on shares if the assets of the company consist of at least 30% of real estate in Aruba. In the initial draft law it was stated “wholly or partly”. The real estate transfer tax only applies if the real estate contributes wholly or primarily to the acquiring, disposing or exploiting of real estate. Real estate that is used in the business itself (for example a book store which owns its own building) is not covered by this definition. In that situation the transfer of shares is not subject to the real estate transfer tax.

Tourist levy and environmental levy

The tourist levy and environmental levy is levied from the one who exploits a hotel, time share or other accommodation. If the hotel, time share or other accommodation is offered through a third party and the compensation for the room is paid through this third party, the third party can be held liable for the tourist levy and environmental levy. This only applies in case of other accommodation.

Summary payroll statement and statement third parties

According to the amendment, the summary payroll statement and statement third parties can be filed in March after the end of the year (this was January).

Excessive loans

If a taxpayer has a substantial interest in an entity, the loans of this entity to the substantial interest holder are considered as a fictitious dividend (taxable against 25% personal income tax) in as far as the loans are higher than Afl. 500,000. Although the law is not completely clear, we feel that this law will take effect as of January 1, 2024 (instead of January 1, 2023 as initially proposed) for existing loans. For new loans it will still take effect as of January 1, 2023.

Limitation of payments deduction

For the limitation in the deduction of payments of interest and other payments companies are related in case of an interest of at least 4% (this was 5%). We feel that the intention was to adjust it to 25%, however based on the text of the law it is now 4%.



Disclosure financial information financial institutions

Separate from the fiscal plan 2023, another new fiscal law was introduced. This new law regards the disclosure of financial information by financial institutions (banks, insurance companies and pension funds) of their clients to the tax authorities. In Dutch this is called “renseignering”. Based on this new law financial institutions have the obligation to disclose the financial information to the tax authorities without request of the tax authorities. A State Decree will be issued in which the financial institutions will be appointed which fall under this new law. The financial institutions have the obligation to mention the Tax Identification Number (in Dutch “persoonsnummer”), of the person or entity to which the financial information relates. This new law will take effect on a date which will be determined by separate State Decree. These obligations can also apply to other organizations than financial institutions, but the Explanatory Notes indicate that at this moment only financial institutions will be mentioned in the State Decree.

Excise tax and import duties on cigarettes and tobacco

As of January 1, 2023 the excise duties and import duties for cigarettes and tobacco will be increased as follows.

1. The excise duty will be increased from Afl. 6.35 to Afl. 7.25 per 20 cigarettes.
2. The import duties will be increased from Afl. 0.2115 per gram to Afl. 0.25 per gram (tariff post 24.03).

Furthermore, it is not allowed anymore, as of January 1, 2023, to offer cigarettes from an open box of cigarettes in a retail store. Cigarettes can only be sold in a closed and sealed box with undamaged excise stamps.