



**TAX INCENTIVES
FOR
INVESTMENTS IN
WILLEMSTAD**

BY: LAETITIA WALL

ABOUT US

LAETITIA WALL

Tax advisor and founder of Equilibrium Tax Solutions

Equilibrium Tax Solutions is a boutique tax firm that provides tax advisory and compliance services to investors, companies and business owners.



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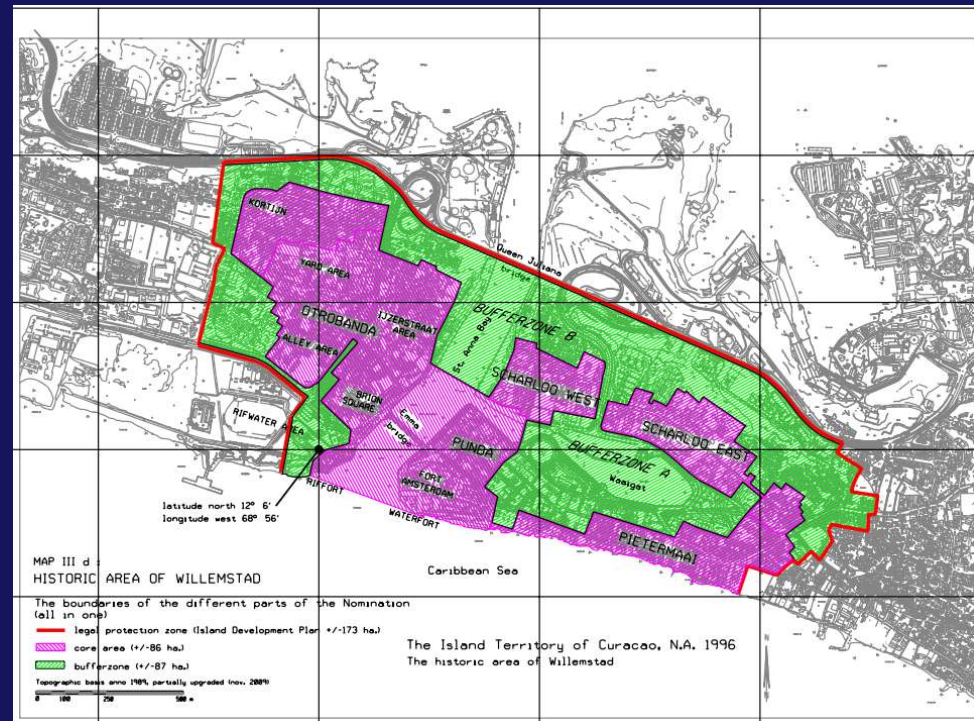
INVEST IN WILLEMSTAD

- The government acknowledges the importance of preserving the historic and and cultural heritage that Willemstad represents as well as the importance of Willemstad for the tourism sector on the island.
- As a result, various tax incentives have been introduced to benefit investors and entrepreneurs that choose to invest in Willemstad.

HISTORIC AREA OF WILLEMSTAD

Fiscal incentives are applicable to protected monuments as well as the historic area of Willemstad as defined by UNESCO.

In this presentation protected monuments not only refers to registered monuments but also properties located in the historic area of Willemstad.



FINANCING PROPERTIES IN WILLEMSTAD

- **Increased ROI on the financing of protected monuments**

Income from loans secured by monuments is not taxable
Interest and other proceeds from debt, where the principal amount is insured by a mortgage on a protected monument, is not taxable income for individuals nor businesses.



EQUILIBRIUM
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PURCHASING A PROPERTY IN WILLEMSTAD

- **Lower purchasing expenses**

Transfer of real estate takes place by means of a notarial deed. In principle, this transfer is subject to transfer tax (*in dutch*: Overdrachtsbelasting). The applicable tax rate is 4% and is paid on the the purchase price of the transferred real estate.

No transfer tax is due on the transfer of a protected monument. Also, no sales tax (6%) is due on this transaction.

Additionally, no stamp duty is due on deeds of mortgages on protected monuments.

FISCAL INCENTIVES FOR PROPERTY OWNERS – INDIVIDUALS

- **Additional deduction possibilities that lower the effective tax burden**

Property owners can deduct maintenance expenses of a protected monument as defined by the Monument Ordinance of Curacao in the personal income tax return. The property should function as the primary residence of the individual to qualify for this deduction.

- **Penshonado scheme > tax incentives for 50+ to establish themselves in Curacao**

To qualify, in principle the penshonado must own a property valued at NAf 450,000 or more. It cannot be rented out. However, the penshonado qualifies for the tax benefits if they own **or rent** a monument valued at NAf 450,000 or more. And, if they own the monument, it can be rented out for a maximum of 4 months a year.

FISCAL INCENTIVES for property owners – businesses

- **Additional deduction possibilities that lower the effective tax burden of businesses**

As of 2023 the profit tax rates for legal entities are 15% for profits up to NAf 500,000 and 22% insofar as profits exceed NAf 500,000. For sole proprietorships the progressive income tax rate is applicable starting at 9.75% with a maximum of 46.5%.

Businesses that annually invest more than NAf 5,000 in assets are eligible for an investment allowance. This allowance is an additional deduction of 10% of the investment amount on the taxable income of the business.

For investments in maintenance and improvement of protected monuments the investment allowance is increased from 10% to 30%.

FISCAL INCENTIVES for property owners – businesses

- **Additional deduction possibilities that lower the effective tax burden of businesses**

Also, whereas in principle residential houses do not qualify as eligible assets for the purposes of the investment allowance an exemption is made for protected monuments when a business is operated from that house. In that case an investment allowance of 20% of the investment amount can be taken into account.



TAX HOLIDAY

Significant tax benefits for investments of NAf 5,000,000 or more in:

- Hotel construction or other accommodation opportunities promoting relaxation.
- Land development aimed to attract foreign visitors or for social housing.
- Other industries including but not limited to transportation and logistics, wholesale and retail, culture, sports and recreation.

Conditions are applicable in certain cases > Full time employment for at least 10 residents.
Additional conditions apply.

Not limited to monuments and the historic area of Willemstad.

TAX HOLIDAY

Tax benefits include:

- Exemption from property tax (*in Dutch: onroerendezaakbelasting*) for a period of 5 years.
- A reduced profit tax rate of 3% for a period of 5 years. Regular profit tax rates are 15% for profits up to NAf 500,000 and 22% insofar as profits exceed NAf 500,000.
- Exemption from import duties on the import of goods and materials for the construction of the property as well as the construction of the necessary infrastructure for a period of 5 years.
- No income tax due on dividends paid from the profits generated from this project. Income tax rate is 19.5% in regular cases.

Tax benefits apply for an extended period when the investment amount exceeds NAf 10,000,000.

Thank you!


Questions?






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WITH ME HERE**



 +5999 5173434

 lw@equilibrium-ts.com

 Wilhelminalaan 9 | Curaçao,

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