



*“It’s complicated,
that’s why we’re
bringing in BDO.”*

Additional measures alleviating effects COVID-19 pandemic for entrepreneurs

The Government of Aruba has announced two additional measures to support entrepreneurs weather the economic impact of the COVID-19 virus outbreak and subsequent lockdown of Aruba and the “shelter in place” period. Below a summary of these two measures based on our understanding of the information available.

Financial aid small and medium entrepreneurs (SME’s)

Entrepreneurs (either sole proprietors, partnerships, NV’s or VBA’s) are entitled to a quarterly financial support of AWG 4,000 in case they:

- Are considered small/ medium entrepreneurs per the definition of CBS (Central Bureau of Statistics);
- Are registered at the SVb and have less than 50 employees;
- Was registered at the Chamber of Commerce of Aruba as per March 15, 2020, unless registration is not mandatory (e.g. for partnerships);
- Employees were also registered at the SVb as per March 15, 2020;
- Are registered at the Departamento di Impuesto and have a tax ID number;
- Expect at least 25% decrease in turnover based on the February and March 2020 turnover tax returns (for fiscal unities additional requirements may apply);
- Have a physical presence on Aruba;
- Are not bankrupt, or have requested a suspension of payment at the Court (in Dutch: “surseance van betalen”).

The measure is for a period of 9 months and will periodically (every 3 months) be re-evaluated. The AWG 4,000 financial aid does not form part of the taxable base for turnover tax, income tax and corporate income tax (i.e. no turnover taxes, income tax or corporate income tax will be due).

Payment will take place via SVb and will be advanced to each qualifying entrepreneur per the end of April, July and October 2020. We understand that the verification if an entrepreneur is eligible has already been done and no further action is required.

Wage subsidy

On April 24th 2020, the Government of Aruba announced their intention to introduce a wage subsidy subject to approval of the Council of Ministers of the Netherlands (and funds to be made available). Eligible will be all entrepreneurs except for:

- Land Aruba;
- SVb and AZV;
- Educational institutions subsidized by Land Aruba;
- Institutions receiving financial aid from Land Aruba (e.g. via subsidies like Serlimar, Arubus, and Post Aruba);
- Government participations (e.g. WEB, Elmar, Setar, APA and AAA) and Sui Generis institutions not aided financially by Land Aruba (except for ATA and ANSA);
- Institutions related to health care that mainly receive their income from AZV (e.g. hospital, doctors, specialists, botica’s, and so forth);
- Banks, life insurance companies and pension funds;
- Institutions tasked with care for the elderly;
- Private companies that have or are deemed to have a monopoly (monopoly is defined as having high entrance barriers for competitors);



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- Notaries;
- Agriculture businesses;
- Supermarkets and minimarkets;
- Funeral homes.

Some important conditions before an entrepreneur is eligible for the wage subsidy:

- The decrease in expected turnover should be at least 25% and is determined by the formula *gross revenue [month] 2020 divided by gross revenue [month] 2019*
- No lay-offs are allowed.
- The entrepreneur should keep paying the employees 100% of their salaries, unless otherwise agreed upon with the employee.
- The wage subsidy is calculated up to a maximum gross SVb salary of AWG 5,850 per month, which equals the maximum SVb wages for ZV/OV insurances.
- The entrepreneur will have to pay the full social security premiums (employer + employee part) and the relief or waiver as mentioned in the Fiscaal Noodplan, point 2, will not apply anymore to the employers' contribution of the AOV/AWW.

The wage subsidy (as a partial reimbursement of the salary expenses) is calculated as follows:

80% subsidy x gross wages registered at SVb x expected decrease in turnover (minimum of 25%)

Below we have included two examples:

1. If the expected drop in gross revenue is 60% and the gross SVb wages total AWG 16,000 (employee 1: AWG 3,000, employee 2: AWG 3,000, and employees 3 through 7: AWG 2,000 each), the wage subsidy will amount to AWG 7,680 (80% x AWG 16,000 x 60%).
2. If the drop in gross revenue is 60% and the gross SVb wages totals AWG 16,000 (employee 1: AWG 7,000, employees 2: AWG 3,000 and employees 3 through 5: AWG 2,000 each), the wage subsidy will amount to AWG 7,128 (80% x AWG 14,850 x 60%).

The wage subsidy will be paid as an advance by SVb, but will be settled based on the actual calculations afterwards. It should be noted that the wage subsidy can be subject to change in the future depending on e.g. actual use.

BDO observation:

The wage subsidy has some practical issues that still need to be worked out. One of the most important ones is whether or not the BBO/BAVP/BAZV returns will be used to determine the drop in revenue? Since most entrepreneurs use the cash based system, this may not accurately reflect the drop in gross revenues. Furthermore, the BBO/BAVP/BAZV exempted gross revenue is often not properly reflected in the return and may lead to issues when calculating the drop in gross revenues. When the gross revenue drop would be calculated based on the profit & loss accounts (for [corporate] income tax purposes, which is accrual based), these issues may be avoided. The details will hopefully be addressed when the Ministerial Regulation or Decree formalizing this aid is published.

How can BDO assist?

Our team of financial, accounting and tax professionals are ready to assist. You can reach our team via telephone (transferred to the mobiles of the team who will be working from home) or via e-mail:

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The above is not intended to constitute, nor should it be relied upon, to replace any professional advice. The above is based on our understanding of the two measures and the information available. No action should be taken without first consulting your tax advisor.



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