

The proposed tax changes for the BES islands



Dear client, Dear relation,

On May 8, 2023, the State Secretary of Finance of the Netherlands presented the second Fiscal Policy and Implementation Agenda of the current administration to the House of Representatives. The proposal contains 30 changes that relate to all aspects of the tax system of the BES islands (Bonaire, St. Eustatius, and Saba). Below you will find the most interesting changes proposed for the BES islands.

Revenue and real estate tax

- A further relaxation of the holding test to obtain a location permit (in Dutch: vestigingsplaatsbeschikking) for holding companies. The 95% shareholder test for operating companies will be lowered to 50%.
- An adjustment of the revenue tax rate from 5% to 10%
- An adjustment of the real estate tax rate for hotels from 10% to 12.5%.
- There will be a real estate tax notification requirement for owners of real estate.

General expenditure tax (ABB)

- There will be a fiscal unity in ABB to prevent the cumulation of ABB over ABB between affiliated companies.
- The sum for the small business policy in the ABB is increased, which means more small businesses will not have to pay ABB.

Formal law rules

- The rules for chain and hirer liability (in Dutch: ketenaansprakelijkheid) will be adjusted; this includes an expanded possibility to mitigate chain liability.
- The information obligations for accounting officers will be expanded on certain points.

Income tax

- The dividend exemption in income tax legislation will be abolished.
- The substantial shareholder participation tax rate will be increased from 5% to 10%.

Wage tax

- A reversal system for entitlements will be introduced, so that it becomes clearer under which circumstances entitlements to wages do not fall under the wage definition in the wage tax legislation.
- The customary pay rule for director-major shareholders (in Dutch: gebruikelijk loonregeling) will be expanded and the standard amount will increase.



The proposed tax changes for the BES islands - Pg 1