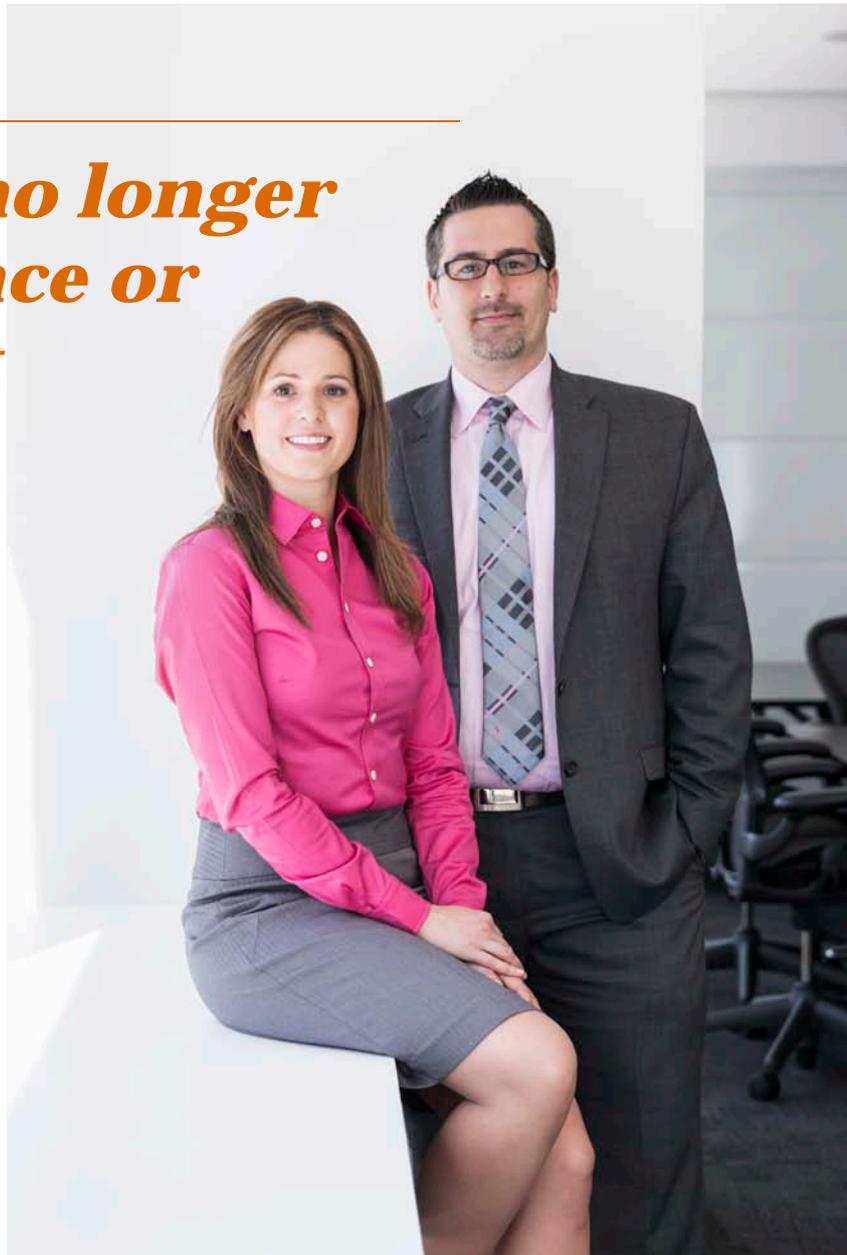


US citizens no longer need residence or work permit

This information applies to Curaçao. This newsflash discusses the following topics, amongst others:

- Residence and work permit no longer required.
- Declaration of Admission by Law.
- Health Insurance.
- Income tax and social security rates.



Introduction

In December 2014, the Joint Court of Justice of the Dutch Caribbean islands ruled that United States (US) citizens are entitled to the same treatment with regard to a temporary or long-term stay on St. Maarten. As the same rules apply to Curaçao, the Government of Curaçao has now amended its rules with regard to US citizens and they are now subject to the same rules as European Dutch citizens. This means they no longer need a residence or work permit to live and work on the island.

General

Previous situation

Until recently, if you were a US citizen who wanted to live and work in Curaçao you were required to apply for a residency permit and a work permit, just like citizens from other countries outside of the Kingdom of the Netherlands.

A US citizen in 2013 sued the St. Maarten Government to be allowed the same entry rules as European Dutch citizens. She based her claim on the Friendship Treaty of 1956 between the United States and the Kingdom of the Netherlands. The Joint Court of Justice agreed with the Court in First Instance that based on this Treaty US citizens must be treated equal to European Dutch citizens who come to live and work in St. Maarten.

Current situation

The applicable rules with regard to residency in Curaçao are comparable to those in St. Maarten, so although the court ruling did not regard Curaçao directly, if a US citizen would have gone to court in Curaçao the result almost certainly would be the same, so the Curaçao Government decided to amend the rules with regard to US citizens.

Declaration of Admission by Law

The law with regard to residency in Curaçao makes, generally speaking, a distinction between Curaçao persons, European Dutch persons and citizens from third countries.

Curaçao persons

These are persons who were born in Curaçao or born out of Curaçao parents. They do not need to request permission to live in Curaçao or work here.

European Dutch persons

They are allowed to stay in Curaçao for a period of up to six months at a time. If they want to continue living on the island for a longer period they need a Declaration of Admission by Law (*'Verklaring van rechtswege toegelaten'* in Dutch), but they can file the request while they are already on the island.

Non-Dutch persons

Citizens from third countries need to request a (temporary or indefinite) permit to stay on the island and if they want to work, they need a work permit. In case of a temporary permit, this needs to be renewed regularly. They may not stay on the island while waiting for the permit.

US citizens

As of June 2015, US citizens no longer need to apply for a permit to stay in Curaçao. They are entitled to request a Declaration of Admission by Law which does not need to be renewed. The fee to request permits has gone up substantially in 2014 so it saves money, and time, if one no longer needs

to renew the permit periodically but can suffice with a one-time request for a Declaration of Admission by Law.

Requirements

A US citizen who requests a Declaration of Admission by Law, does need to meet the following requirements:

- a certificate of good behavior over the last five years, issued by the Authority of last country of residence within two months before arrival in Curacao;
- housing and sufficient resources to provide for his livelihood.

The requirement of having sufficient funds may be met if he/she can show a job offer from a local employer.

Basic health care insurance

Residents of Curaçao are subject to the Basic Health Care Insurance (*'Basisverzekering ziektekosten'* or BVZ in Dutch). To obtain a residence permit, immigrants to Curaçao must have a private health insurance and must keep such insurance as long as they reside on the island. However, according to the Social Security Bank (*'Sociale Verzekeringsbank'* or SVB in Dutch), persons who do not need a (temporary) residence permit are not required to be privately insured and are, from the moment they take up residence, subject to the BVZ.

Based on this, it may be expected that the SVB will rule that US citizens who from now on move to Curaçao will also be subject to BVZ. If that is the case they will be subject to a levy of 13.6% on income up to ANG 150,000 (approx. USD 84.300). If employed, the employer will pay 9.3% and the employee must pay the remaining 4.3%.

Please note:

we feel that this should only apply to new residents of Curaçao. If the US citizen is already a resident with a residence permit, obtaining a Declaration of Admission by Law should not result in becoming subject to the BVZ as long as he/she is covered through a private health insurance.

Income tax and social security

By moving to Curaçao a US citizen will become subject to Curaçao income tax and social security regulations on his/her worldwide income.

Below we provide a short overview of current tax and social security rates.

Income tax:

General tax rate 10.75-48.25%;

Income from assets (other than real estate) 19.5%.

Old age pension (up to the age of 65):

16% up to an income of ANG 100,000 (USD 56,200) and 1% on the higher amount.

If employed, the employer pays 9.5% of the total premium up to ANG 100,000.

AVBZ (special health costs insurance):

2% up to ANG 456,642 (USD 256,500).

If employed, the employer pays 0.5% and the employee the remaining 1.5%.

BVZ (unless allowed to continue private health care insurance):

13.6% up to an income of ANG 150,000 (USD 84,300).

If employed, the employer pays 9.3% and the employee the remaining 4.3%.

Summary

As of June 2015 US citizens no longer need to apply for a residence permit, nor need they renew such a permit if they already have one. Instead, they can request a Declaration of Admission by Law.

If a US citizen already resides in Curaçao with a temporary permit, he/she can now request the Declaration instead of renewing the residence permit.

If a US citizen is planning to take up residence in Curaçao, he/she no longer needs to apply for a permit but can immediately request a Declaration. While he/she waits for the Declaration to be issued, he/shewill be allowed to stay on the island up to a maximum of 6 months from the date of arrival.

Please note:

With the request, the applicant needs to file a certificate of good behavior and must be able to show sufficient funds to provide for his/her livelihood or that he/she has a job offer.

How PwC can help

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