

INTERVIEW WITH THE CURAÇAO MINISTER OF FINANCE: JAVIER SILVANIA

By Tashana Johannes & Michiel Jansen, University of Curaçao

On December 21, 2022, the students of the Master Caribbean Tax Law of the University of Curaçao were given the opportunity to conduct an interview with the Minister of Finance of Curaçao, Javier Sylvania. The interview was held at the Ministry of Finance in Pietermaai, Curaçao.

The Minister addressed several topics. After starting on a personal note on why the Minister chose a career in the tax practice, the status of the implementation of the agreed reforms in Curaçao under the Caribbean Body for Reform and Development (COHO) was discussed, as well as other proposed changes to several National Ordinances to broaden the tax base, increase the collection of taxes and improve the economy of Curaçao.

As Mr. Sylvania has affinity with both economics and law, the Minister chose to study Fiscal Economy and Fiscal Law in the Netherlands. After starting his career at the Tax Authority in the Netherlands, he returned to his country of birth working as the head of the department of Fiscal Affairs. Since three years Mr. Sylvania decided

to enter politics resulting in his current position as Minister of Finance of Curaçao.

When asked for the Minister's advice for the students at the University of Curaçao, the Minister encourages students to acquire relevant working experience while studying. "If you only have your diploma, it's more difficult to stand out when applying for your first position", the Minister pointed out. Even working as a volunteer as the Minister did himself at the Stichting Belastingwinkel, a foundation that helps those without financial means with filing their taxes free of charge, can help you stand out when applying for a position.



Javier Sylvania

Just recently the Ministry of Finance has hired almost 30 new employees and he is currently employing several former students from the University of Curaçao.

REFORMS UNDER COHO

The tax reforms Curaçao has to implement include the necessity of a robust tax system. According to the Minister this implies that Curaçao needs to increase the tax base. At the moment, tax payers feel that the tax burden is too high. In other words, we need to ensure that all of our residents pay their taxes. Once this is realized, the relative tax burden can be lowered. At this moment the Ministry of Finance is working on a proposal to achieve this goal, as well as the strengthening of Stichting Belasting Accountants Bureau (SBAB), the Government Audit Service in Curaçao to ensure everyone pays their taxes.

When asked for an example of the proposed tax reforms, the Minister mentioned the re-introduction of a deduction for maintenance costs for home owners in their income taxes. These costs can only be deducted if the taxpayer discloses information about the contractor. This will provide the Tax Office with a tool to combat the underground economy in that area of the economy. More generally speaking, the Minister's aim is to foster a higher tax morale amongst tax payers. "People need to see that the government is spending the taxes they receive wisely, for instance how will you convince people to pay their road tax when roads are full of potholes? These are the kinds of issues that the government needs to address", the Minister explained.





The reforms also mention the need for an Adequately Equipped Tax Authority. In this regard, the Minister states that Curaçao needs to ensure that the Tax Authority has its own building again as soon as possible, with further investments in infrastructure, ICT and people. This will contribute to being able to provide a higher level of service to the taxpayers as well as making sure that matters are dealt with in a timely manner. Furthermore, as stated in the coalition agreement, the ultimate goal is to integrate the Tax Inspection, Tax Collection and SBAB into one organization.

The Tax Authority will also further automate the processing of the tax returns and the software will be improved. The current delay in processing tax objections must be resolved. According to the Minister, the Tax Authority needs to be able to focus on current affairs. The Minister is therefore looking into adopting a policy to award objections under a certain amount of money or objections that haven't been ruled on for a long period.

ASSISTING TAXPAYERS

The Minister was also asked about the current policy of due diligence by the Tax Authority going back five years. In many cases a new entrepreneur will be focused on making his or her business a success and might not have the expertise or resources to administer the business correctly. If after 5 years it turns out mistakes were made, this can have major consequences for the entrepreneur. The students asked if the Minister agrees that it would be a good idea for the Tax Authority to monitor these taxpayers at an earlier stage to ensure that they are administering their business correctly. In response, the Minister points out that it is the responsibility of the entrepreneur to ensure all the owed taxes are paid. Although the Ministry of Finance is working on providing more general information through the website of the Tax Authority, for specific advice for their business, the entrepreneurs need to seek tax advice if required.

GAMING SECTOR

With regards to the proposed changes of the legislation in the online gaming sector, the Minister expressed his wish to include more protection for the online players, adding more responsibility to the operators in the gaming sector, to ensure that players will receive their winnings, but also to protect players who might suffer from gaming addiction. The legislation also includes measures to combat money laundering and to create more employment opportunities in Curaçao. At the moment, companies with a sublicense for a gaming business in Curaçao do often not employ any local workers in Curaçao. In line with the proposed changes, these companies will need to hire at least three local employees in key positions, for instance a local compliance officer. In contrast to the tourism sector, working in the gaming sector is usually well paid and the gaming sector will contribute to the diversification of our economy.

TERRITORIAL TAX SYSTEM

When asked about his thoughts on the territorial tax system, as implemented in the Profit Tax Ordinance in 2020, the Minister mention that the territorial tax system is very complicated. Perhaps even too complicated for a small country such as Curaçao to be successfully implemented. However, as there are many other priorities to focus on, there are no current plans to make any changes in this system any time soon.

TAX TREATIES

At present, Curaçao only has one tax treaty with Norway. Expanding the tax treaty network of Curaçao has a high priority for the Minister. The tax treaty with Malta has already been negotiated but still needs to be ratified. The Ministry of Finance has appointed external advisors to help finalize this process and start negotiations with other countries.