

Newsletter 4th Quarter 2011



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LATEST DEVELOPMENTS

CIFC PROMOTES CURACAO



On December 13th the Minister of Finance, Mr. Jamaloodin signed a declaration with Curacao International Financial Center (CIFC) in which all stakeholders (CIFA, IBA, CBA, IFG, Chamber of Commerce, CBCS) including the government will work together in a partnership to contribute to a more economic stable and innovative development of the financial sector of Curacao.

Timely action is of essence for the financial sector of Curacao whereby CIFC believes strongly in a broad effort supported



by both private and public sector. The foundation has a strategic plan, containing both analysis of the current situation as well as an outline of the measures to be taken for the coming 4 years, in which all stakeholders commit to give the utmost to have a successful implementation of the plan. The private sector and the government will both provide 50% of the budget in order to execute the plan. The financial means will mainly be used for promotional activities.

“a country can offer perfect financial services but it should be known outside the country as well” as said by Mr. Ys during the press conference.

CURACAO INTRODUCES NEW PROFIT TAX FEATURES

Curaçao is an autonomous country since 10 October 2010 within the Kingdom of the Netherlands and has a profit tax regime in place that is in line with international standards of fair play rules and is placed on the OECD white list. Also with 22 countries Tax Information Exchange Agreements have been concluded. To remain a top financial center with an attractive regime that will appeal to businesses around the world the new government has decided to introduce some interesting features, next to the existing participation exemption, Exempt company and E-zone profit tax regime of 2%.

Profit tax rate

The current profit tax rate of 34.5% will be reduced to 27.5% as of January 1, 2012. It is expected that a further reduction will be announced in the 2012-2014 Tax reforms.

Transparent status

In the 2011 Tax Bill of Curaçao a “transparent corporation” is introduced. If certain conditions are met, a corporation with registered shares can file a request to be treated as a partnership for Curaçao profit tax purposes. Treatment as partnership means that the profits and losses of the corporation are allocated to the shareholders. The tax position of such shareholder determines whether Curaçao profit or income tax will be due. The corporation itself will no longer be taxable under the Curaçao Profit Tax Act, except for turnover tax or wage tax if applicable.

CURACAO INTRODUCES NEW PROFIT TAX FEATURES (CONTINUES NEXT PAGE)



CALENDAR:

Januari 6th 2012

NEW YEAR COCKTAIL PARTY

Landhuis Groot Kwartier
(Trustmoore building)
Welcome: 18.00

Januari 19th 2012

**SEMINAR
TAX PLAN 2011**

Teatro Luna Blou

Welcome: 15.30

Start: 16.00

R.S.V.P by ✉ [info@cifa-](mailto:info@cifa-curaçao.com)

[curaçao.com](mailto:info@cifa-curaçao.com) before

Januari 13th.

The board must submit a request for the transparent status with the tax inspector after having been authorized by the shareholders of the corporation

The request will be granted if the following conditions are met:

- all shares are registered (the name and address are listed in the shareholder register of the corporation);
- the articles of association must contain a clause that each transferee of shares must submit a statement to the board of the corporation in which the transferee approves with the transparent status;
- the board must keep a register which contains the name and address of the beneficial owners who have an interest of at least 10% or more in the corporation;
- the corporation has not qualified for the so called off-shore regime in the past;
- the corporation does not have participations in so called low taxed portfolio investment vehicles to which the participation exemption regime would partially be denied.

For a new incorporated corporation the request must be filed within three months after the incorporation. For an existing corporation the request must be filed before or within the first three months of the new book/calendar year in which the corporation would like to receive the transparent status. Since the corporation itself will no longer be a tax payer for profit tax purposes there will be an obligation to value all assets and liabilities at market value at the end of the preceding book year. A possible increase in equity will be subject to profit tax.

Once the corporation has the transparent status, the corporation must provide within twelve months after the end of the calendar year, a statement that lists the shareholders of the corporation in that year. The statement must also include that no bearer shares have been issued or have been outstanding. And the corporation must file the annual accounts of such year.



Please note that if the transparent status is applicable, the corporation cannot be treated as a resident of Curaçao for applicable tax treaties, because the corporation is not subject to Curaçao profit tax.

However, the international tax information agreements and assistant request rules will remain in force.

In case one of the above conditions is no longer met, the transparent status will end as of the beginning of the book year in which the condition is no longer met. In such case the corporation starts with its assets and liabilities valued at the market value at the starting date of that book year. The corporation cannot apply again for the transparent status. Also a sanction will apply which consists of having to pay a profit tax rate of 125% of the applicable profit tax rate in that first year of taxable status. In 2012, assuming the regular profit tax rate will be 27.5%, this would result in an effective rate of 34.38%.

The taxable Private Foundation

The Curaçao Private Foundation possesses corporate personality but does not have a capital divided into shares. The Private Foundation is incorporated by a deed of incorporation executed before a Curaçao public notary and must be registered in the Register of Foundations at the Chamber of Commerce. A Private Foundation is exempt (objective) from Curaçao profit tax provided that the Private Foundation is not engaged in genuine business activities. The Private Foundation is therefore a flexible solution for asset protection and privacy purposes. The private foundation is in principle allowed to make distributions and gifts to any entity or person without restriction.

The 2011 Tax Bill of Curaçao introduces the option that the Private Foundation can apply for an allocated fund status ("Doelvermogen"). The effect will be that the income, which is normally exempt from Curaçao profit tax, is taxable at an effective 10% tax rate. This option is introduced since there are several countries that apply Controlled Foreign Company rules that lead to taxation in such country if the country of residence is not levying (enough) tax.



We need your participation!

Send your information or interesting story to

info@cifa-curaçao.com

In this way the Private Foundation could be used in the international tax practice and fulfils the minimum tax rate rules demand. The Private Foundation must submit the request with the tax inspector within three months after incorporation date. For an existing Private Foundation the allocated fund status will be effective in the year following the year in which the request is submitted. The tax inspector must decide on the request within two months after the request is submitted. The allocated fund status is applicable for a minimum period of three calendar years. At the termination of the allocated fund status of the Private Foundation, the assets and debts are valued at market value at the end of the last year in 3 which it has the allocated fund status and a possible increase in equity will be subject to profit tax at 10%.

This new tax regime should have retroactive effect until 1 January 2011.

Curaçao Trust

After years of discussions and fine-tuning the legislation to introduce a Trust possibility in the Curaçao legislation has been accepted in Parliament on October 12, 2011. A Curaçao trust only starts with a notarial deed thus a Curaçao public notary has to be one of the signatories of the trust deed. Also at least one trustee must be established or resident in Curaçao. The trust assets must be described and at least one beneficiary must be mentioned in the trust deed. The Trust has to be registered in the Chamber of Commerce which is a public register. The Trust is not subject to profit tax unless it is engaged in genuine business activities or unless it has requested to become subject to the special allocated fund status as described here above for the Private Foundation. As Business it will be subject to 27.5% (expected 2012) profit tax rate and as allocated fund the effective tax rate will be 10%.

Distributions from a Curaçao Trust are not subject to Curaçao gift or dividend tax. Also foreign residents who receive distributions from a Curaçao Trust will not be subject to Curaçao income tax.

This legislation will enter into force shortly!

Conclusion

With the above mentioned new features estate planning and asset protection through Curaçao entities has become even more attractive.

Business activities can be done through an e-zone entity (2% profit tax) or a regular corporation for which one can now choose to be either transparent or taxed at the regular profit tax rates.

Curaçao is therefore a place with many possibilities next to an educated population and excellent harbor and flight facilities.

Xandra M. Kleine-van Dijk

SPIGTHOFF

STRATEGIC SESSION CIFA BOARD

On Saturday October 15th CIFA's board came together to strategize the new action plan of 2012. As we all know not an easy task to fulfill because of the rapidly changing world where one should keep ahead and compete with the rising and most sophisticated financial centers in the world.

In 2010 the board used the strategic plan of 2007 as their starting point for the strategic plan of 2011 -2014, which resulted in an action list for 2011. In the strategic session of October the focus was more on the strategic plan, where the Global Financial Index Center (GFIC) was used as framework.

The aim of the meeting was to reach a consensus on clear input for the updated version Strategic Plan 2012 – 2015, which would be the starting point for Action Plan and Budget 2012.

The morning started out with evaluation of the plan of 2011. Questions to whether CIFA was going in the right direction and whether the sector has been moving effectively forward were answered and giving direction. In the outcome of the evaluation it was agreed to take GFIC as benchmark and that it enforces the general conclusion that Curacao is too unknown in the world and that more promotion would be needed.

Also the outcome enforced that CIFA would benefit if the 5 areas of competitiveness of the GFIC were used to categorize the current objectives (market access, business environment, people, infrastructure and cost of competitiveness).



Office/ Formation
Changes? Please let
us know the new
contact information

[info@cifa-
curacao.com](mailto:info@cifa-curacao.com)

New target markets (Latin America – Colombia, Brazil) were set as goals to focus on and ideas as to prepare a so called high commissioner to promote the financial sector even more. The definite outcome is what is called the Action Plan and Budget of 2012 which both were presented in the general member meeting on December 13th and voted by all members of the foundation.



CFATF REPORT

The draft report from the CFATF regarding their findings of their review of the AML/CTF framework of Curacao, which was scheduled to be available on November 4, has been postponed till December 4. After the issuing of this draft report, Curacao has 4 weeks to comment and respond. This means that at the start of January, Curacao has to respond.

Another adjustment recently made, is an increase of the indicator for unusual transactions for the casino's. As some of you may know, the indicator for reporting cash transactions has been adjusted a few times. While last year the indicator was set at ANG 5.000,=, in October this was increased to ANG 7.500,=.

SEMINARS COMPLIANCE SERVICES CARIBBEAN

To celebrate the 15th anniversary of Compliance/Forensic Services Caribbean (CSC) they organized a variety of seminars around the subjects of compliance and forensic services. On Friday November 4th, the company celebrated its anniversary with an interesting seminar held at the Kura Hulanda Hotel. Several speakers enlightened the attendee's afternoon with their knowledge; Mr. Ron Gomes Casseres, Mr. Etienne Ys and Mr. Wynsen Faber were the distinguished speakers.

CELEBRATING 15 YEARS



During this afternoon the speakers highlighted the importance of Forensic research and Compliance for now and in the future.

Furthermore, CSC organized on Saturday November 5th, a complete day of compliance sessions. During these compliance sessions the current requirements around risk rating was discussed, including the practical aspects. The involvement of IT in risk rating projects was also brought to light. Also a future look on the possibility to shift to a crime-based approach was discussed.

Lastly, on Thursday November 10th, a Master class was organized with the theme Money Laundering. During this class the speaker addressed the theme "detection", the criminal money laundering business process, and participants built business models on the methodology and the network, which was then applied to the local situation. The speaker also addressed the theme "Intervention", in which the aforementioned models are mirrored to the fight against ML.

Benno van Leeuwen



CIFA sponsors Sita Finessi as candidate for the board of Chamber of Commerce

Last month elections were held for a new Board of the Chamber of Commerce. CIFA was pleased to sponsor Sita Finessi as representative of its members. Sita is known to many of CIFA's members as she has been a tax advisor in Curaçao, Aruba and Europe for many years. Most recently she worked for KPMG Tax & Legal Services and for Loyens & Loeff, among others, and as such has had extensive contacts with most of the trust companies operating in Curaçao and Aruba.

CIFA's intention in sponsoring Sita is to get her input on ways to add value to the trade missions organized by the Chamber of Commerce, which will benefit Curaçao's Financial Sector companies.

CIFA looks forward to boost the Financial Services companies' business with the help of Sita.

CIBC FIRSTCARIBBEAN SHARES MANAGING COMMODITY PRICE RISK & HEDGING STRATEGIES

On Thursday October 20th, CIBC FirstCaribbean in cooperation with parent company CIBC Group held a lunch presentation at the Renaissance Curaçao Resort. During the session recommendations for "Managing Commodity Price Risk and Hedging Strategies in Volatile Times" were shared with a group of invited guests.



CIBC FirstCaribbean Managing Director Dutch Caribbean, Pim van der Burg welcomed all guests while Katherine Spector, Executive Director, Macro Strategy CIBC (New York) shared her thoughts on the current market situation in the energy world. Finally, David Alessio MD Corporate Solutions CIBC (New York) presented some basic hedging strategies. CIBC FirstCaribbean is able to provide derivative hedging solutions to large Corporate and Government entities throughout the region who have exposure to commodity risks, interest risks and foreign currency risks. CIBC FirstCaribbean works closely with its parent bank, CIBC. CIBC is rated A+/Stable/A-1 by Standard & Poor's.

CIBC FirstCaribbean International Bank

CIBC FirstCaribbean International Bank is the largest, regionally-listed bank in the English- and Dutch-speaking Caribbean, serving over 500,000 accounts in 17 markets through 3,400 staff across 100 branches and offices. The bank offers a full range of market-leading financial services in Corporate Banking, Investment Banking, Treasury Sales and Trading, Retail Banking, Wealth Management, and Credit Cards.

CIBC FirstCaribbean is a member of the CIBC Group. CIBC (TSX, NYSE: CM) is a leading North American financial institution serving clients in Canada and around the world. CIBC provides a full range of products and services to almost 11 million individual, small business and commercial banking clients and meets the financial needs of corporate and institutional clients. CIBC is rated A+/Stable/A-1 by Standard & Poor's. For more information about CIBC FirstCaribbean, visit www.cibcfib.com



QUARTERLY UPDATE CIFA

- On October 15th the board of CIFA had a strategic session in which a proposal was made for the action plan and budget of 2012
- On November 15th CIFA had a well attended Breakfast briefing for the members presented by Julian Lopez Ramirez with as title of the presentation. The latest developments in international fiscal affairs



- On November 24th board of CIFA had a meeting with Mr. Richard Winston, tax partner of K&L Gates LLP. Mr. Winston was one of the key persons who assisted with getting Delaware off the blacklist of Brazil. Mr. Winston shared his experience and insight with the board, there will be follow up.
- On December 1st and 13th General Members Meeting with acceptance of the proposed action plan and budget 2012.

OFFICE FORMATION CHANGES

TAMARA STIENSTRA NEW AT SPIGTHOFF

The tax team of Spigthoff Attorneys at Law & Tax Advisers has been strengthened with Tamara Stienstra who started at December 1 2011. She is tax lawyer with an additional education in Dutch securities law and experience with lecturing.



VISTRA CONTINUES EXPANSION IN MAINLAND CHINA

Vistra has announced the acquisition of Cynosure, a specialist corporate services provider focused on the establishment of Wholly Foreign Owned Enterprises (WFOEs) in China. WFOEs are generally used by foreign companies wishing to set up businesses in mainland China and this acquisition will broaden the range of services Vistra can offer.

The acquisition leads to an expansion of Vistra's presence in China with offices in Shanghai and Beijing in addition to the existing operation already established in Guangzhou. Cynosure was established 6 years ago and has clients in Western Europe, the USA, Australia and Asia. The company currently employs 20 staff and the company founders, Thun LEE and Katty XU, will both remain in senior managerial roles.

Typically a WFOE set-up can take from 2 to 5 months, as the process is both complex and requires extensive approvals by the PRC Government and local authorities. Once established, Cynosure can provide other business services such as accounting, payroll, company secretarial support and the preparation and lodging of government returns.

Commenting on the acquisition, Thun LEE said, "We are looking forward to becoming part of one of Asia's fastest growing fiduciary and corporate services groups."

"Our existing clients will have the opportunity to benefit greatly from the broad range of services that Vistra can offer."

Vistra Chief Executive Martin Crawford adds, "Cynosure's skill set complements Vistra's activity locally in China but also importantly from our European and Asian intermediary networks as well as from Cynosure's relationships with their existing clients." www.vistra.com

COMPANY NAME CHANGE KPMG Meijburg Caribbean

Both KPMG Audit & Advisory Services and KPMG Tax & Legal Services, the two autonomous firms of KPMG In the Dutch Caribbean and Suriname, have recently agreed on a close form of cooperation between their offices with KPMG Netherlands respectively KPMG Meijburg & Co..

KPMG in the Dutch Caribbean & Suriname services it's Audit and Advisory clients under the same name as before.

KPMG Tax & Legal Services, changed its name into: "**KPMG Meijburg Caribbean**".

This cooperation is specifically based on the idea of sharing knowledge and the creation of internal synergies. With this step the offices aim to combine the strengths and specializations on both sides of the Atlantic, in order to be able to deliver an even higher quality and service to their (mutual) clients.

Through the new relationship with KPMG Meijburg & Co. and KPMG Netherlands, the Dutch Caribbean firm can enjoy the benefits of a market leader with an extensive network in Europe and the rest of the world. KPMG is therefore convinced that in an increasingly complex market, a joint approach to the interest of their clients will provide a significant advantage in quality and efficiency of its services.

The close cooperation between the practices also has its advantages and benefits for the employees in the form of training and career opportunities.

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VANEPS KUNNEMAN VANDOORNE OPENS DOORS IN ST. MAARTEN

VanEps Kunneman VanDoorne officially opened its offices in St. Maarten on Friday 25th November 2011. The opening reception was well attended, including many dignitaries. His Excellency Governor Eugene Holiday and Prime Minister Sarah Wescot-Williams attended as special guests, as did other dignitaries such as Deputy Prime Minister Theodore Heyliger, Minister of Finance Hiro Shigemoto, President of Parliament Gracita Arrindell, Parliament Member Frank Richardson numerous leaders of commercial companies and government agencies.



With the opening of offices in St. Maarten, VanEps Kunneman VanDoorne is now present on all islands of the Dutch Caribbean, with the St. Maarten office also offering services to clients in St. Eustatius and Saba, as well as teaming up with lawyers in neighboring Anguilla and Nevis to serve their clients better. A partnership with Van Doorne in Amsterdam links the office to the Netherlands, while its membership of Lex Mundi, the world's leading association of independent law firms, is providing it with an invaluable network of law offices all over the world.



INTERMODAL 2012 BIGGEST LOGISTICAL EVENT IN SOUTH AMERICA

From 10-12 April 2012, Curacao will be represented on the Intermodal South America 2012 which will take place in Sao Paolo. Like in 2011, Curacao will be present with a Curacao Booth.

Participants of Curacao Booth at Intermodal 2011 were:

- Curaçao Airport Holding
- Curaçao Airport Partners
- Curaçao Ports Authority
- Curinde
- Curoil
- SEL Maduro & Sons
- Stichting Ontwikkeling Projecten Logistieke Sector
- Curaçao Chamber of Commerce & Industry
- Ernst & Young
- HBM Group
- Minister of Economic Development (Minister A. Hakim)

Intermodal is the biggest logistics event in South America, with 28,000 square meters exhibition and Over 450 exhibiting companies. The event receives over 45 thousand professional visitors from all over South America consisting of managers / executives and buyers. Maritime transport and air cargo are main sectors of interest, however other sector of interest include rail transport, logistics services, multimodal transport, road transport, airports, inland ports, ports, terminal, equipment and technology, banks, insurances, financial services.



Intermodal offers companies the opportunity to show their services and solutions to the South American market by exhibiting your company to powerful buyers from Brazil, Argentina, Chile, Colombia, Bolivia and Peru.

Becoming a participant of the Curacao Booth at the Intermodal 2012 is possible from USD 2,250 per regular participant and USD 8,500 per key participant. Prices are depending on the number of participants and are subject to change. Please contact CIFA for more information.



INTRODUCTION TO GLOBAL FINANCIAL CENTERS INDEX

The GFCI measures competitiveness using multiple factors which are important in terms of the positioning of international financial centers. The GFCI brings forth 5 factors that are important for the positioning of financial centers: Market Access, People, Business Environment, Infrastructure, and Cost Competitiveness.

Besides the 5 factors defining the positioning, the GFCI identifies 12 different types of global financial centers profiles.

These profiles are determined based on the following three measures:

- Connectivity- how well known the financial center is around the world and how it communicates with other financial centers.
- Diversity- the different types of business types of business the financial center represents.
- Specialty- the quality and depth of the sectors active in the financial center.

In an article titled How Offshore Centers Fare in the Global Financial Centers Index, in the FSC Report 2011, Professor Michael Mainelli and Mark Yeandle of the Z/Yen group explain that by composing the GFCI they have noticed that top offshore centers now try to establish themselves as onshore centers that offer long-term finance and regulatory simplicity and starting to pay less attention to competing on tax mitigation and secrecy.

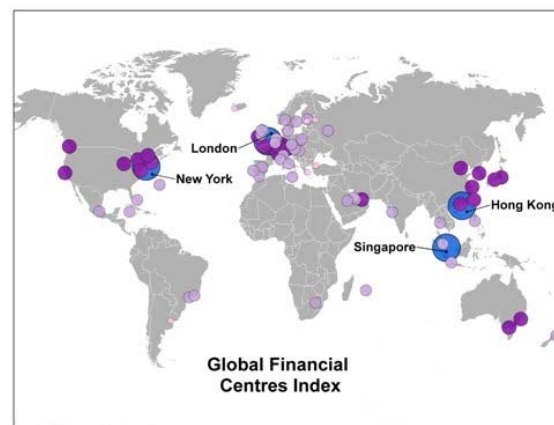
In terms of connectivity GFCI looks at how well the financial centers are connected and whether they operate Globally, Transnational or Locally. Next to that the GFCI looks at the depth and quality of the financial centers, in terms of the different types of businesses and specialty resulting in the financial centers being Broad & Deep, Relatively Broad, Relatively Deep or Emerging. Based on the competitiveness factors and the profiles the ranking of the GFCI is composed.

The offshore client work of Z/Yen Group have identified several sub-strategies to support long-term finance:

- Get real - more aggressive promotion and directly stating that larger nations do have shortcomings with long - term planning and capricious regulatory change
- Get integrated - "mid-shore" strategies where you operate under complex onshore regulation but still have an offshore relationship with some larger financial centers
- Get better - increasing the knowledge and skills of your own workforce rather than outsourcing; improve power, transportation and communications infrastructure
- Get connected - subsidizing and hosting high-profile regular events, creating strong academic links, simplifying visa and work permit processes
- Get serving - increase levels of service both for those entering the center and long-term residents; consider "selling" good regulation as a value-added service, e.g. external inspection reports to family office owners.

For more information on the GFCI please visit:

www.zyen.com/long-finance/global-financial-centres-index-gfci.html





*wishes you
a merry Christmas
and
a prosperous
2012*



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