

Status of Tax Treaties Negotiations Netherlands Antilles

INTRODUCTION

The overall objective of the Government's policy with regards to the international financial services industry is to continue to strive to be a premier and globally competitive financial center that contributes to sustainable economic growth and well-being of the people of the Netherlands Antilles. In the coming years the Netherlands Antilles must not only reach but remain in the top-ten high-value financial centers of the world. The strategy the Netherlands Antilles has chosen to reach its objective is to be *the* gateway into and from Latin America.

In order to be globally competitive in channeling investments into and from the Latin American market, the tax treaties network of the Netherlands Antilles must be rapidly expanded. Currently many treaties - both tax information exchange agreements and double taxation agreements for the avoidance of double taxation and the prevention of fiscal evasion - are being negotiated.

Below the reader will find both existing treaties as well as the status of those that are currently in the process of being (re)negotiated by the Netherlands Antilles.

The Netherlands Antilles has 7 tax treaties of which 3 are Agreements for the avoidance of double taxation and the prevention of fiscal evasion (DTA) and 4 are Agreements for the exchange of information (TIEA).

DTA: Aruba, the Netherlands and Norway

TIEA: Australia, New Zealand, Spain and the USA

The Netherlands Antilles is scheduled to sign 9 additional tax treaties by September 2009.

DTA: Jamaica

TIEA: Canada, Denmark, Faroe Islands, Finland, Greenland, Iceland, Mexico and Sweden

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Status of Tax Treaties Negotiations

Netherlands Antilles

ARUBA

An Agreement between the Netherlands Antilles and Aruba for the avoidance of double taxation and the prevention of fiscal evasion, also part of the BRK, is in force since 1 January 1986.

AUSTRALIA

An Agreement between the Netherlands Antilles and Australia for the exchange of information with respect to taxes signed on 1 march, 2007 in Canberra (Australia) has entered into force and has effect from 19 April 2008. This agreement provides a legal basis for full exchange of information, for both criminal and civil tax matters, between the Netherlands Antilles and Australia.

An Agreement for the allocation of taxing rights with respect to certain income of individuals and to establish a mutual agreement in respect of transfer pricing adjustments between the Netherlands Antilles and Australia is being negotiated at this time.

BARBADOS

An Agreement between the Netherlands Antilles and Barbados for the avoidance of double taxation and the prevention of fiscal evasion is scheduled to be negotiated. No date has been set.

BELGIUM

An invitation to negotiate an Agreement the exchange of information with respect to taxes with Belgium has been received. These negotiations could start as early as the end of 2009.

Status of Tax Treaties Negotiations

Netherlands Antilles

CANADA

An Agreement between the Netherlands Antilles and Canada for the exchange of information with respect to taxes was initialed on 18 June 2008, in Curaçao. After all the necessary measures have been completed by both countries, this agreement will be signed in Ottawa (Canada) on 28 August 2009. The Government of the Netherlands Antilles will propose the Canadian authorities to start negotiations of an Agreement for the avoidance of double taxation and the prevention of fiscal evasion

COLOMBIA

The Governments of the Netherlands Antilles and Colombia have agreed in 2007 that an Agreement for the avoidance of double taxation and the prevention of fiscal evasion will be negotiated. The Government of the Netherlands Antilles is waiting for the Colombian authorities to indicate when they are able to start these negotiations.

ECUADOR

The Government of Ecuador has shown interest in the negotiation of an Agreement for the avoidance of double taxation and the prevention of fiscal evasion with the Netherlands Antilles. The authorities of both countries are currently discussing a date to commence the negotiation process.

DENMARK

An Agreement between the Netherlands Antilles and Denmark for the exchange of information with respect to taxes as well as an Agreement to promote economic relations (APER) have been negotiated and initialed. The APER will stimulate investments from Denmark into the Netherlands Antilles. It will work as follows:

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Status of Tax Treaties Negotiations

Netherlands Antilles

When a company resident in Denmark has a permanent establishment in the Netherlands Antilles, Denmark shall exempt profits, which are attributable to that establishment from tax, provided that the greater part of the profits is derived from activities related to tourism, agriculture and energy.

Both agreements are scheduled to be signed in Paris (France) on 10 September 2009.

FAROE ISLANDS

An Agreement between the Netherlands Antilles and Faroe Islands for the exchange of information with respect to taxes has been negotiated and is scheduled to be signed in Paris (France) on 10 September 2009.

FINLAND

An Agreement between the Netherlands Antilles and Finland for the exchange of information with respect to taxes as well as an Agreement to promote economic relations (APER) have been negotiated and initialed. The APER will stimulate investments from Finland into the Netherlands Antilles. It will work as follows:

When a company resident in Finland has a permanent establishment in the Netherlands Antilles, Finland shall exempt profits, which are attributable to that establishment from tax, provided that the greater part of the profits is derived from activities related to tourism, agriculture and energy.

Both agreements are scheduled to be signed in Paris (France) on 10 September 2009.

FRANCE

An invitation to negotiate an Agreement the exchange of information with respect to taxes with France has been received. These negotiations could start as early as September 2009.

Updated: 7 July 2009

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Status of Tax Treaties Negotiations

Netherlands Antilles

GERMANY

An invitation to negotiate an Agreement the exchange of information with respect to taxes with Germany has been received. These negotiations could start as early as September 2009.

GREENLAND

An Agreement between the Netherlands Antilles and Greenland for the exchange of information with respect to taxes has been negotiated and is scheduled to be signed in Paris (France) on 10 September 2009.

ICELAND

An Agreement between the Netherlands Antilles and Iceland for the exchange of information with respect to taxes as well as an Agreement to promote economic relations (APER) have been negotiated and initialed. The APER will stimulate investments from Iceland into the Netherlands Antilles. It will work as follows: When a company resident in Iceland has a permanent establishment in the Netherlands Antilles, Iceland shall exempt profits, which are attributable to that establishment from tax, provided that the greater part of the profits is derived from activities related to tourism, agriculture and energy.

Both agreements are scheduled to be signed in Paris (France) on 10 September 2009.

INDIA

At this moment conversations are being held concerning the modalities of negotiation of an Agreement between the Netherlands Antilles and India for the avoidance of double taxation and the prevention of fiscal evasion.

Status of Tax Treaties Negotiations

Netherlands Antilles

ITALY

An invitation to negotiate an Agreement the exchange of information with respect to taxes with Italy has been received. These negotiations could start as early as September 2009.

JAMAICA

An Agreement between the Netherlands Antilles and Jamaica for the avoidance of double taxation and the prevention of fiscal evasion has been negotiated and initialed. This agreement is scheduled to be signed during the latter part of 2009.

MEXICO

An Agreement between the Netherlands Antilles and Mexico for the exchange of information with respect to taxes was initialed and is scheduled to be signed in Mexico City (Mexico) on 31 August 2009.

The Governments of the Netherlands Antilles and Mexico have agreed that an Agreement for the avoidance of double taxation and the prevention of fiscal evasion will be negotiated after the Agreement for the exchange of information with respect to taxes has been signed.

NETHERLANDS

An Agreement between the Netherlands Antilles and the Netherlands for the avoidance of double taxation and the prevention of fiscal evasion, also known for its Dutch abbreviation BRK (Belastingregeling voor het Koninkrijk or Tax Agreement for the Kingdom of the Netherlands) has been in force since 28 October 1964. Negotiations to amend the BRK between the Netherlands Antilles and Netherlands have been going on for some time now.

Status of Tax Treaties Negotiations

Netherlands Antilles

NEW ZEALAND

An Agreement between the Netherlands Antilles and New Zealand for the exchange of information with respect to taxes signed on 1 March 2007 has entered into force on 2 October 2008. This agreement provides a legal basis for full exchange of information, for both criminal and civil tax matters, between the Netherlands Antilles and New Zealand.

An Agreement for the allocation of taxing rights with respect to certain income of individuals and to establish a mutual agreement in respect of transfer pricing adjustments between the Netherlands Antilles and New Zealand will be negotiated this year.

NORWAY

An Agreement between the Netherlands Antilles and Norway for the avoidance of double taxation and the prevention of fiscal evasion is in force since 17 December 1990.

A protocol to amend the Agreement between the Netherlands Antilles and Norway for the avoidance of double taxation and the prevention of fiscal evasion has been negotiated and initialed.

The protocol is scheduled to be signed in Paris (France) on 10 September 2009.

SPAIN

An Agreement between the Netherlands Antilles and Spain for the exchange of information with respect to taxes was signed on 10 June 2008, in Madrid (Spain).

This agreement will enter into force once the Netherlands Antilles and Spain have notified each other of the completion of all necessary measures to give the Agreement the force of law in their respective countries. This is now scheduled to take place on 1 January 2010.

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Status of Tax Treaties Negotiations

Netherlands Antilles

The Governments of the Netherlands Antilles and Spain have agreed in 2006 that an Agreement for the avoidance of double taxation and the prevention of fiscal evasion will be negotiated after the Agreement for the exchange of information with respect to taxes has been signed. No date to start negotiations has been set.

SURINAME

An Agreement between the Netherlands Antilles and Suriname for the avoidance of double taxation and the prevention of fiscal evasion is being negotiated. The first round of negotiation took place in the Netherlands Antilles on 17, 18 and 19 March 2008. No dates have been set for the second round of negotiations.

SWEDEN

An Agreement between the Netherlands Antilles and Sweden for the exchange of information with respect to taxes as well as an Agreement to promote economic relations (APER) have been negotiated and initialed. The APER will stimulate investments from Sweden into the Netherlands Antilles. It will work as follows: When a company resident in Sweden has a permanent establishment in the Netherlands Antilles, Sweden shall exempt profits, which are attributable to that establishment from tax, provided that the greater part of the profits is derived from activities related to among others industry, tourism, agriculture and energy will receive a special tax incentive.

Both agreements are scheduled to be signed in Paris (France) on 10 September 2009.

UNITED ARAB EMIRATES

An Agreement between the Netherlands Antilles and the United Arab Emirates for the avoidance of double taxation and the prevention of fiscal evasion is being negotiated. The first round of negotiation took place in The Hague (Netherlands) on 19, 20, 21 and 22 May 2008. No date or place has been set yet for the second round of negotiations.

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Status of Tax Treaties Negotiations

Netherlands Antilles

UNITES STATES OF AMERICA

An Agreement between the Netherlands Antilles and the United States of America for the exchange of tax information signed on 17 April, 2002, in Washington DC (U.S.A.) has entered into force on 21 March 2007.

The taxes covered by the Agreement include all U.S. federal taxes and the Netherlands Antilles income tax, wages tax, profit tax and the surtaxes on income and profit taxes.

Beginning on March 21, 2007 this Agreement allows U.S. taxpayers to claim a tax deduction for expenses associated with a convention held in the Netherlands Antilles to the same extent as a convention held in the U.S.A. (see also Revenue Ruling 2007-28 of the Internal Revenue Service of the United States Department of the Treasury).

VENEZUELA

The Government of the Netherlands Antilles has informed the Government of Venezuela that it is ready to sign an Agreement between the Netherlands Antilles and Venezuela for the avoidance of double taxation and the prevention of fiscal evasion. The Government of Venezuela will inform the Netherlands Antilles when it has completed its measures after which the Agreement can be signed.
