

The new 'health levy' (part 2)

This fact sheet applies to Aruba. You will find information with regard to:

- Application of the health levy by the tax authorities

Introduction

As we informed you in our previous newsflash, on November 25, 2014 the Parliament of Aruba passed the State Ordinance of the so-called 'health levy' (official name in Dutch: *Bestemmingsheffing Algemene Ziektekosten Verzekering 'BAZV'*) which entered into force on December 1, 2014. Recently the tax authorities issued a press release on this new levy.

In this newsflash we will further elaborate on how the tax authorities will apply the health levy. For the other key elements and details about the health levy, we also refer to our previous newsflash.

Official acronym

According to the tax authorities, the official acronym of this levy is BAZV.

Calculation

The tax authorities indicated that the health levy is calculated on the same basis/amount as the turnover tax. See below example:

<i>Example</i>	
Goods	Afl. 100,00
Turnover tax (1,5% x 100)	Afl. 1,50
Health levy (1% x 100)	<u>Afl. 1,00</u>
Total	Afl. 102,50

According to the tax authorities the total amount to be remitted to the tax authorities is:

Turnover tax (1,5% x 102,50)	Afl. 1,53
Health levy (1% x 102,50)	<u>Afl. 1,02</u>
Total due	Afl. 2,55

Note, that in this case the health levy and turnover tax calculated on the invoice is not the same as the amounts remitted.

If the entrepreneur wishes to charge the turnover tax and health levy which is due on the turnover tax and health levy to the consumer, they may charge in the example above a total price of Afl.102,56. In that case the total

turnover tax and health levy calculated is the same as the amounts remitted.

As mentioned in our previous newsflash the health levy must be mentioned on the invoice.

Fiscal unity

In our previous newsflash we informed you that a fiscal unity can be formed for transactions between group entities. The tax authorities have indicated that all existing fiscal unity decrees (in Dutch: 'beschikking') for BBO, will automatically apply for the health levy.

Formalities

Filing the health levy

The tax authorities indicated the health levy must be filed on the turnover tax returns. The 2015 turnover tax returns have been recently issued by the tax authorities.

Invoice based system

The tax authorities indicated that all decrees issued for the application of the invoice based system will automatically apply for the health levy. For completeness sake note that, in principle, same as the turnover tax, the filing and remittance of the health levy is based on a cash based system unless the tax authorities approve in a decree, upon request, that entrepreneurs can use the invoice based system.

Transitional provisions

In connection with the introduction date of December 1, 2014 the tax authorities clarified/approved some transitional provisions.

Prior to December 1, 2014	On or after December 1, 2014	Company must pay health levy?
A good is sold or a service is rendered, however the company did not receive the payment as yet from its costumer.	Company receives payment for the sales.	No. <i>In this case the taxable event occurred before the health levy was enacted.</i>
A company received payment for the product or service, however the good has not been supplied as yet or the service has not been rendered as yet to the costumer.	Company supplies the goods or renders the service to the costumer.	No. <i>In this case the tax authorities approves that the company must not pay health levy.</i>



**Our PwC Aruba
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How PwC can help

If you would like to learn more or have questions or remarks in respect of the contents of this newsletter, you can contact:

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