

# The new 'health levy'

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

- Background health levy
- Key elements of the health levy
- Our observation

## **Introduction**

*On November 24, 2014 the Parliament of Aruba passed the State Ordinance of the so-called 'health levy' (official name in Dutch: Bestemmingsheffing Algemene Ziektekosten Verzekering 'AZV'). Earlier this year, the Government of Aruba ('GOA') held a social dialogue on the topic of the general health insurance. The social dialogue was mainly aimed on alternatives to strengthen and secure the general health insurance system. As part of the social dialogue most social partners agreed to introduce a health levy.*

*The health levy shows many similarities with the turnover tax, except, among others, that the health levy is called a levy, it has a different percentage and the total revenue collected will not be destined for the general funds of the GOA but its revenue will be deposited on a monthly basis by the Tax Authorities into the general health insurance fund (AZV).*

*In this newsflash we will elaborate on the key elements of the health levy.*

## **Effective date**

The health levy will enter into force as of December 1, 2014.

## **Taxable subjects**

The taxable subject for the health levy is similar to the turnover tax. All entrepreneurs on Aruba are subject to the health levy.

## **Taxable events**

The health levy will be levied on the supply of goods and/or rendering of services in Aruba. Goods are defined as all physical objects except water, gas and electricity. Services are defined as all services rendered against payment. The taxable base consists of the entire taxable turnover received by the entrepreneur.

## **Rate**

The rate of the health levy is 1%.

## **Exemptions**

For the health levy the same exemptions apply as for the turnover tax in short e.g. leasing of houses for residential use, leasing of hotel rooms, casino revenue, schools, day cares, banking- and insurance activities.

Please contact us for a complete overview of the exemptions.

## **Fiscal unity**

Under the same conditions as for the turnover tax, a fiscal unity can be formed for health levy purposes. Within such fiscal unity the supply of goods and rendering of services between group entities are consolidated and are therefore not taxable for the health levy. The health levy will then be levied at the level of the parent company.



## Formalities

### *Filing the health levy*

The health levy has the same filing and payment due dates as the turnover tax which is ultimately the 15<sup>th</sup> day of the month following the month over which the health levy is due. At this moment it is unclear if the Tax Authorities will issue a separate health levy return form or whether the health levy will be included in the turnover tax returns.

Furthermore, same as the turnover tax, the filing and remittance of the health levy is in principle cash based unless a request is filed at the Tax Authorities to file and remit on an invoice based system.



### *Notification on invoice*

Contrary to the turnover tax, the health levy **must** be mentioned on the invoice of the entrepreneur.

Moreover, it is unclear whether the health levy must be calculated on the payment including the turnover tax (1% over Afl. 101,50 see below example). From the State Ordinance and its Explanatory Notes it does not seem that the purpose and scope of the legislator would be to include the turnover tax in the basis for calculating the health levy. In the below two examples we have not followed the approach of including the turnover tax in the basis, but we have rather illustrated how to mention the health levy on the invoice.

#### Example 1:

Goods	Afl. 100,00
Turnover tax 1,5%:	Afl. 1,50
Health levy 1%:	<u>Afl. 1,00</u>
Total:	Afl. 102,50

#### Example 2:

Goods	Afl. 100,00
Turnover tax/health levy 2,5%:	<u>Afl. 2,50</u>
Total:	Afl. 102,50

We will request the Aruban tax authorities to clarify whether or not the turnover tax should or should not be included in the basis for the health levy and inform you shortly about this.

### ***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:

Hans Ruiter (Tax partner)  
Anushka Lew Jen Tai  
Brian Dake  
Hassan Echchakir  
Jordi van den Heiligenberg  
Jourainne Wever  
Lance Henriquez  
Mynalba Irons-Carolina  
Nicole Duyvelshoff  
Rachel Maduro

[hans.ruiter@an.pwc.com](mailto:hans.ruiter@an.pwc.com)  
[anushka.lewjentai@an.pwc.com](mailto:anushka.lewjentai@an.pwc.com)  
[brian.dake@an.pwc.com](mailto:brian.dake@an.pwc.com)  
[hassan.echchakir@an.pwc.com](mailto:hassan.echchakir@an.pwc.com)  
[jordi.v.heiligenberg@an.pwc.com](mailto:jordi.v.heiligenberg@an.pwc.com)  
[jourainne.wever@an.pwc.com](mailto:jourainne.wever@an.pwc.com)  
[lance.henriquez@an.pwc.com](mailto:lance.henriquez@an.pwc.com)  
[mynalba.iron-carolina@an.pwc.com](mailto:mynalba.iron-carolina@an.pwc.com)  
[nicole.duyvelshoff@an.pwc.com](mailto:nicole.duyvelshoff@an.pwc.com)  
[rachel.m.maduro@an.pwc.com](mailto:rachel.m.maduro@an.pwc.com)

*Office Telephone: +297 522 1647 or send an email to: [info@an.pwc.com](mailto:info@an.pwc.com)*