



CURAÇAO INVESTMENT COMPANY

1. Jurisdiction Curaçao

Curaçao is one of four countries¹ within the Kingdom of the Netherlands.

The system of government of Curaçao is that of a parliamentary democracy based on the Dutch model.

The court of jurisdiction is the Joint Court of Justice for Aruba, Curaçao, Sint Maarten and the BES-islands (Bonaire, Sint Eustatius and Saba). This court consists of the District Court, the Court of Appeals and the Supreme Court.

There is a right of appeal to the Supreme Court in The Hague, the Netherlands. The legislation in Curaçao is also based on Dutch civil law.

Curaçao is not on any gray or blacklist of the European Union or OECD. Legal entities are in principle subject to Curaçao profit tax. The general profit tax rate is 22% (year 2021). If certain conditions are met, it is possible for a legal entity to submit a request to be treated as a Curaçao Investment Company (hereinafter “CIC”) and become subject to profit tax at a rate of 0%.

¹Aruba, Curaçao, Netherlands and Sint Maarten

2. Curaçao Investment Company

A legal entity (a CIC) is incorporated by notarial deed and this deed can be drawn up in Dutch, English and Spanish. A CIC generally serves as a passive holding company, a passive financing company or an active intellectual property company (or a combination thereof).

As a consequence, the income of a CIC consists of passive income such as dividends or interest, or royalties.

Direct ownership of real estate by a CIC is not allowed.

A Curaçao private foundation is generally used for holding local real estate.

The CIC as an entity is not exempt from profit tax, but its profit from qualifying activities is taxed at a rate of 0%. This means that all profit tax compliance and reporting requirements must be met during the financial year. A CIC must annually file a provisional and final profit tax return.

2.1 Conditions for a CIC

To be treated as a CIC, a legal entity must have an equity that is divided into shares and must be a resident for tax purposes in Curaçao.

The entity does not necessarily have to be incorporated pursuant to the laws of Curaçao.

The statutory purpose clause and the actual activities of a CIC must be limited to investing in debt instruments, securities and deposits, or the development and exploitation of intellectual and industrial property rights (please see paragraph 2.2) and similar assets.

Other requirements to qualify as a CIC are:

- a. the management of the entity must keep a register with names and addresses of all ultimate beneficial owners (“UBOs”) who hold, directly or indirectly, an interest of 25% or more in the company;
- b. the entity’s management consists of one or more individuals who reside in Curaçao, a certified trust company that is resident in Curaçao, or board members or other employees of that certified trust company;
- c. the entity prepares annual financial statements and ensures that these financial



- statements are approved by an independent expert, appointed by the shareholders of the entity, within 12 months after the end of the relevant financial year;
- d. the entity does not perform any banking activities or other activities subject to the supervision of the Central Bank of Curaçao and St. Maarten; and
- e. the entity has a real economic presence (substance) in Curaçao (please see paragraph 2.3).

If any one of the conditions is no longer met, the entity will lose its CIC status retroactively and consequently become subject to the regular profit tax rate of 22% (2021) from the beginning of the fiscal year in which the condition is no longer met.

2.2 Income from intellectual and industrial property rights and similar assets

It should be noted that the profit tax rate of 0% for income from intellectual and industrial property and similar rights is only applicable if these intellectual and industrial property and similar rights are developed by the

CIC itself and these rights are designated as qualifying intangible fixed assets.

A qualifying intangible fixed asset is, in summary, defined as an asset that is the result of research and development and for which a declaration with respect to research and development activities has been issued in relation to certain rights². A qualifying intangible fixed asset includes an exclusive license to use such an intangible fixed asset in a specific way, for a specific period, or in a specific geographical region. Brands, logos and similar assets are not considered qualifying intangible fixed assets.

2.3 Real presence in Curacao

The entity has a real economic presence in Curaçao if it:

- employs a number of qualifying local fulltime employees (whether on payroll or not), that is suitable for the size and activities of the entity or the concern³ ;
- incurs an amount of annually recurring, local operational costs that is suitable for the size and activities of the entity or concern; and
- conducts its core income generating activities in Curaçao.

3. No withholding taxes

Curaçao does not levy any withholding tax. Dividends paid by a CIC to its shareholder(s) are therefore not subject to dividend withholding tax.

4. Privacy and exchange of information

In Curaçao the names of shareholders or financial statements of a CIC are not deposited in a public register. Although shareholders/UBOs of a CIC must be recorded in the administration of the CIC, this information is not accessible to the public. Curaçao is a signatory to the Multilateral Competent Authority Agreement (“MCAA”) and has committed itself to implementing the Common Reporting Standard. By signing the MCAA, Curaçao also committed itself to exchange information with all the other signatories to the MCAA.

² Such as a patent or breeder’s right, a copyright for protected software, a license to market a certain prescription drug, a patent issued by a patent bureau and a register utility model for protection of innovation.

³ A concern is comprised of a group of two or more related entities that are resident for tax purposes in Curaçao.