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Country Profile: Curacao

The Facts

Location	An island in the Caribbean Sea, 55 km off the coast of Venezuela
Languages	Official – Dutch Spoken – Papiamentu, Spanish and English
Nationality	Netherlands Antilles
Religions	Roman Catholic – 80.1% Protestant – 11.2% None – 4.6% Others – 4.1%
Government	Parliamentary
Head of Government	Prime Minister
Legislature	Unicameral Estates of Curacao
Constitutional Document	Constitution of Curacao
Economy	The Curacao economy is mainly a tourism, trade and services economy. Most companies registered by the Chamber of Commerce are active in Wholesale and Retail Trade, Hospitality, Financial and Business Services, and Transportation & Communication. Curacao is known for its stable political and legal climate, superior business infrastructure and for its flexibility, professionalism and confidentiality. Curacao's law does not require statutory provisions with regard to the nationality of registrars, transfer agents, investment managers and paying agents, allowing for a great degree of flexibility in the structuring of offshore structures, including mutual funds.
Currency	Netherlands Antillean Guilder (ANG)
GDP (2010)	Total – ANG 5282.30 million Per capita – ANG 37,200 Real GDP growth – +0.8%
Population	150,000 (approx.)
Percentage of population	Mixed black – 85% Others – 15%
Area	444 km ²
Time zone	AST (UTC -4)
Public Holidays	National holidays – 9
Climate	Tropical marine



Sources: Invest Curacao, Central Intelligence Agency, International Monetary Fund

Curacao

Located at the southern part of the Caribbean Sea, Curacao is an island, with a total population of around 149,000. The economy of Curacao is mainly dependent on petroleum transshipment and tourism. It has been a major business hub for the Latin American and Caribbean markets for years. The Country of Curacao is one of the four constituent countries of the Kingdom of the Netherlands. The three other countries in the Kingdom of the Netherlands include Aruba, Sint Maarten, and the Netherlands, with the Netherlands being the largest.

When it comes to doing business in Curacao, opportunities are wide-ranging. Several acclaimed international companies that have been doing business in the country successfully include KPMG, Western Union, AT&T, Marubeni, Canada Post, Fortis Bank, Schlumberger, Xerox, and IBM. Let's take a look at some major reasons why foreign companies should start a business in the country.

The Curacao Business Climate

There are several reasons to invest in Curacao:

- **International trade relationships:** Under the Overseas Countries and Territories (OCT) arrangement, a business entity in Curacao usually doesn't require paying high tariffs when exporting products to the European Union (EU) market. Curacao also has special trade agreements with Venezuela and the United States. Under the Caribbean Basin Initiative (CBI), exports from Curacao are allowed to enter the U.S.A. duty-free. Curacao is a member of the World Trade Association (WTO) and the Association of Caribbean States (ACS). With Curacao having international trade agreements with many countries, doing business in the country benefits foreign investors with duty-free access to the EU market and many other markets in the world.
- **Skilled and experienced workforce:** Curacao benefits foreign companies or investors with highly energetic, skilled, experienced and multilingual workforce. The country has more than 90 percent literacy rate. The average annual income of a Curacao citizen is more than US\$ 14,000. The workforce of Curacao speaks three main languages, namely, English, Spanish, and Dutch.
- **Safe environment:** Known as a perfect retirement home, Curacao is one of the safest places to do business among Caribbean destinations. Friendly environment and high quality of life are two major reasons why many people come to live in the country after retirement. As such, the country is a perfect place to start a business.
- **Investment-friendly government policies:** The government of Curacao has been very keen on bringing in more foreign investment in the country. The government set up two free economic zones to encourage more FDI inflows to Curacao. Foreign companies or investors get tax incentives and several other special facilities for doing business in these two free economic zones, namely, Airport Economic Zone, and Harbor Free Zone. Under the economic zone law, a legal entity doing business in one of the economic zones can gain the following benefits:
 - a) **Low tax rate on exports:** A company doing business in one of the free economic zones requires paying only two percent tax on the profit earned through exports.
 - b) **Tax exemption:** Businesses relating to transshipment, export, and/or import doesn't require are exempted from several tax requirements, such as import duties, turnover tax, and excises.
 - c) **Employee benefits:** Employees of a business established in one of the economic zones may qualify for certain tax-free benefits.

Moreover, a business in economic zone may be exempted from paying foreign exchange license fee charges for merchandise transaction, upon request to the central bank.



- **Strategic location:** Located close to South America’s major business hubs, Curacao benefits foreign investors with its strategic location. The country is only 35 miles from the coast of Venezuela. Moreover, Curacao has world class airports connecting the country to most Caribbean and Latin American destinations.

Setting up a Business in Curacao

A limited liability company, commonly referred to as Naamboze Vennootschap (NV) is perhaps the most popular form of legal business entity in Curacao. Foreign investors who want to setup a NV in Curacao require completing certain official formalities and licensing requirements. Following are the major procedures to complete for incorporating a NV in Curacao:

- Drafting Articles of Incorporation, and presenting it to the Netherland Antilles’ Justice Department
- Registering the company with the Chamber of Commerce and industry
- Publishing an announcement about company formation in the Official Gazette

Types of Business Structures in Curacao

Curacao recognizes various types of business structures. Here are some most popular types of business structures possible in Curacao:

- **Foundation (Curaçao Stichting):** A foundation is a separate legal entity, but doesn’t have members or shareholders. It is usually set up with a special non-profit or charitable purpose. This form of business is often used by welfare groups. A foundation should be managed by one or a group of directors, who may be individuals or corporations. Director(s) cannot be shareholder(s) of the company. One of the directors should be a permanent resident of the Netherlands Antilles.
- **Limited Liability Company (NV):** This type of company can be setup with a minimum of one shareholder. A limited liability company must be registered with the Commercial Registry of the Chamber of Commerce and Industry. Establishing this type of business requires a minimum authorized capital of ANG 50000. It is mandatory to invest at least 20 percent of this amount upfront as a paid-up capital. In this type of company, liability of shareholders is limited to their shares in the capital. The company must have a registered office in Curacao.
- **Besloten Vennootschap (NABV):** The NABV is a simplified form of NV. There are minimum official formalities to complete, when compared with that of a limited liability company. Moreover, there is no minimum capital requirement for the NABV. This form of business can get exemption from withholding tax and profit tax, subject to certain conditions.
- **Limited Partnership:** It is also possible to setup a limited partnership company in Curacao. Under law, each partner of a limited company is liable for debts and liabilities of the company. However, liability of each member is limited to the share of their contribution to the company’s capital.
- Some other important forms of business possible to setup in Curacao include general partnership, and private foundation.

Licensing Requirements

Obtaining a business establishment license is mandatory for any company that is willing to operate a business in Curacao. Depending upon the nature of business, a company may need to obtain a special business license from proper authority in Curacao. Under the food & liquor licensing act, a special license is required for a business to offer eating and drinking facilities. Establishing hotels, restaurants and bars is also subject to completing this special licensing requirement. Obtaining an import license is obligatory for businesses intending to import merchandise. While companies that are willing to work extra hours require obtaining a license for overtime and deviating working hours. It is also mandatory for foreign nationals who are willing live and work in Curacao to obtain work and residence permits.

Taxation

As part of the Kingdom of the Netherlands, Curacao enables a business to avoid double taxation when doing business within the Kingdom. Moreover, Curacao has agreements with the USA, which enable a business in Curacao to enjoy several tax benefits. Under the Caribbean Basin Economic Recovery Expansion Act, a business in Curacao enjoys several tax benefits when exporting goods to the USA. For non residents, who are doing business in Curacao, corporate tax is charged only on Curacao-source income. While for companies that are established in Curacao, corporate tax is charged on their worldwide income. Profit earned by a company is considered as a taxable income. Capital gains are considered as taxable income and are charged with normal tax rates.

Immigration and Visa Requirements

Caribbean nationals are allowed to enter into Curacao without a visa. However, they require a valid passport for this. Canadian and American citizens can also visit Curacao with a valid passport. Alternatively, they can show an original birth certificate and a photo identification to enter into the country. Foreign nationals from other countries must obtain a visa when visiting the country for up to three months. Those who want to stay in the country for more than three months should apply for a resident permit. It is mandatory to obtain a work permit for those who want to live and work in the country. Following are important documents required when applying for a visa for Curacao:

- A passport-size photo
- A duly filled up application form
- Return or onward journey tickets
- A proof of the purpose of visit
- A valid passport
- A proof that the applicant has enough funds to stay in the country for the duration applied

When it comes to applying for a residence permit, it is mandatory that the applicant should stay out of the country until the application gets approved. Once the application for residence permit gets approved, the applicant needs to deposit a certain amount as security deposit. The minimum requirement for security deposit varies, depending upon an applicant's country of origin. The security deposit is refundable upon final departure of the foreign national from Curacao.



Banking Requirements

Opening a corporate bank account in Curacao is quite simple and hassle-free process. Some important documents that need to be submitted when opening a bank account in Curacao include the following:

- A duly filled up application form for opening bank account
- Certificate of Incorporation
- A document that states all the rules and regulations of a company
- Shareholders' statement
- Board Resolution for bank account opening

Moreover, each director and shareholder of a company should submit certain personal documents, such as passport, and address proof. The minimum deposit required for opening a corporate bank account depends of the individual policy of the bank applied for.

Reference

Invest Curacao	www.investcuracao.com
The World Bank	www.doingbusinessdutchcaribbean.com/curacao
Central Intelligence Agency	www.cia.gov
International Monetary Fund	www.imf.org/external/pubs/ft/scr/2011/cr11342.pdf
Ministry of Economic Development, Curacao	www.curinvest.com/legislative-afairs/trade-agreements
Centrale Bank van Curacao en Sint Maarten	www.centralbank.an/uploads/files/PB2011-012.pdf
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