Tax Treaties for Curaçao and other Caribbean SIDS

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75

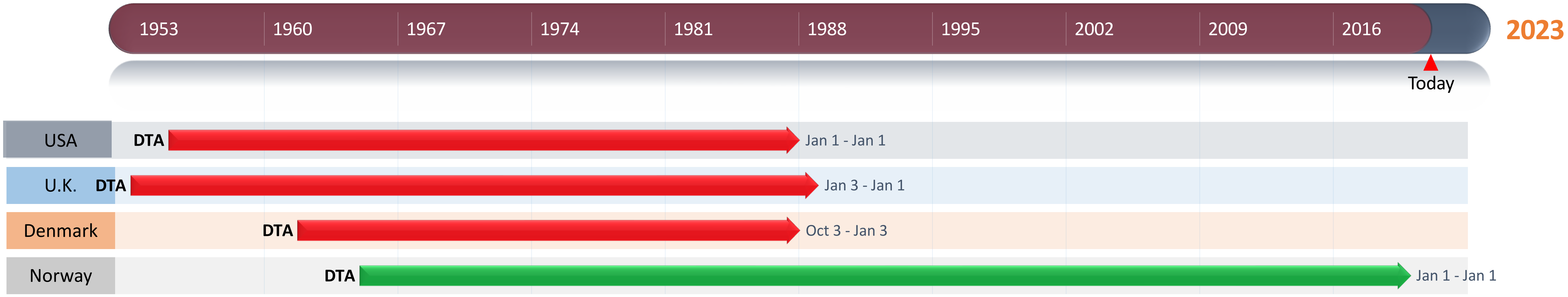
- Curaçao Minister of Finance,
- Mr. Javier Silvania

Starting point of the research

How should Curaçao and other Caribbean SIDS design its tax treaty policy in order to build a tax treaty network?

Curaçao has just one single tax treaty for the prevention of double taxation

Tax Treaties in timeline



Starting point of my research

- Tax Information Agreements (TIEAS)
- Aviation treaties
- Customs treaties

- No published policy on tax treaties
- Obstacles in concluding tax treaties

SO FAR NEGOTIATIONS WITH…

- Australia
- Barbados
- Brazil
- Cuba
- Jamaica
- Malta
- United States
- New Zealand
- Qatar
- San Marino
- Seychelles
- United Arab Emirates
- Venezuela

Research methodology

An interdisciplinary research approach	Empirical research	Evaluation framework
• Constitutional law • EU law • Economics • Tax law	• Qualitative research → interviews and data analysis	• As a guide for Curaçao and Caribbean SIDS when designing a tax treaty policy

Why negotiate Tax Treaties?

Facilitation of cross-border investments and transfer of skills and technology

- To prevent double taxation
- Reducing excessive source taxation
- Prevention of tax discrimination
- Providing certainty and simplicity
- Maintaining benefits of domestic tax concessions

Prevention of fiscal evation

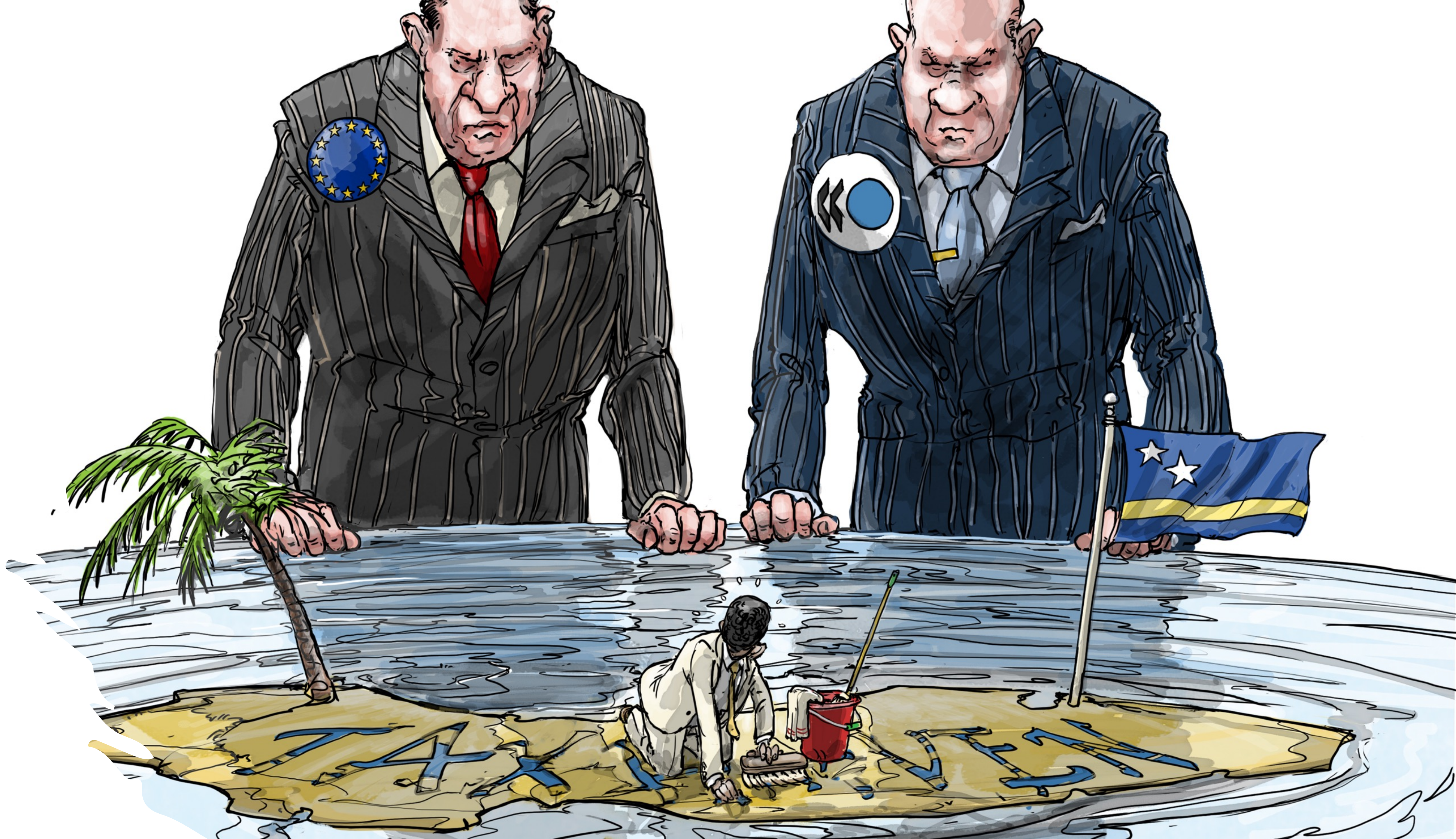
- Exchange of information
- Coordination between tax administrations
- Cooperation between tax administrations

Political reasons

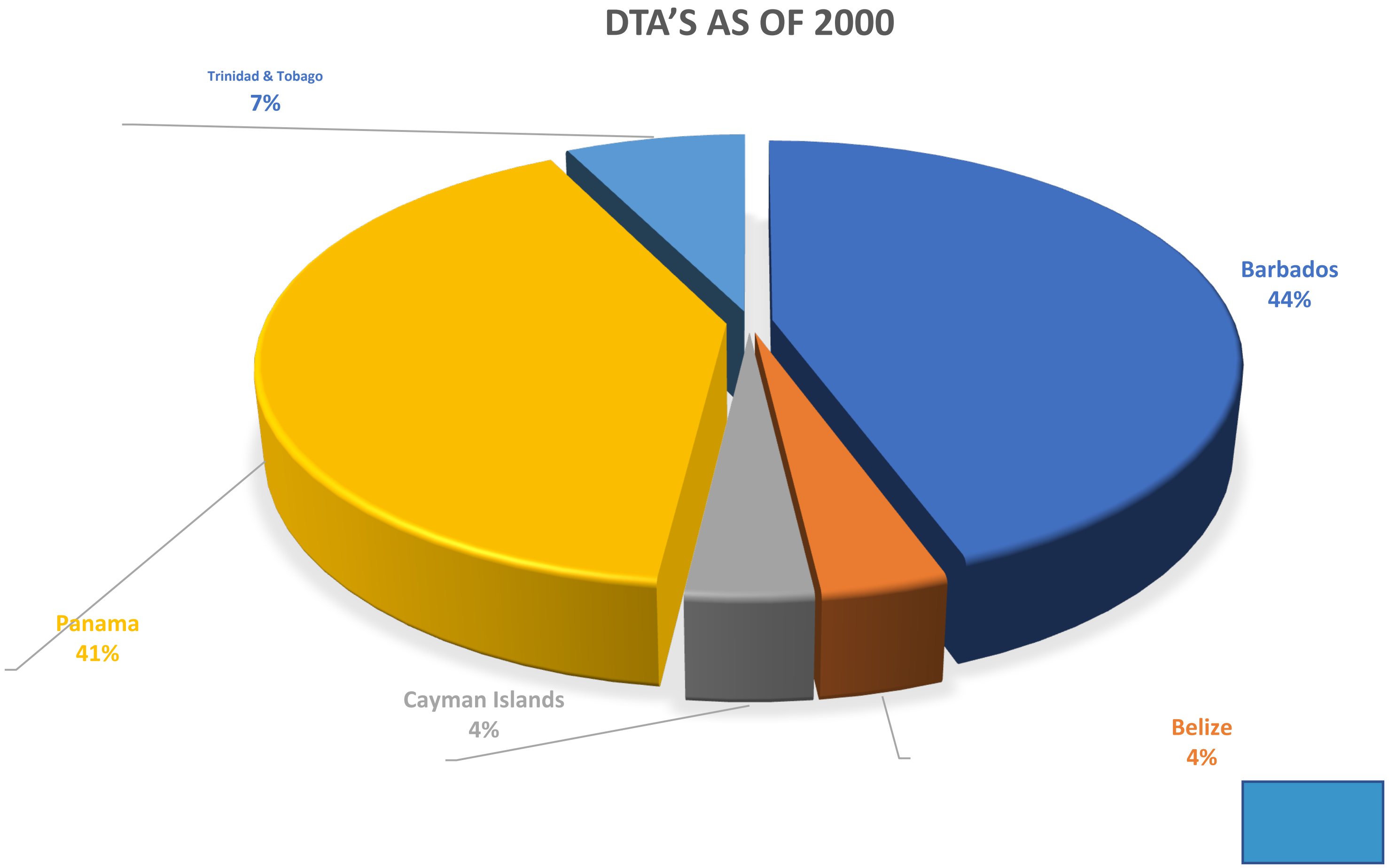
- Signal to the global economy and potential investors: “ we are a responsible member of the international tax community”
- Enhancing bilateral relations

Obstacles in concluding tax treaties

- Specific characteristics of SIDS:
  - Limited capacity in terms of administration and implementation
  - Lack of sufficient economic relations with potential partner countries



Status tax haven & DTA



EU Blacklist 14 February 2023

- American Samoa
- Anguilla
- Bahamas
- British Virgin Islands
- Costa Rica
- Fiji
- Guam
- Marshall Islands
- Palau
- Panama
- Russia
- Samoa
- Trinidad and Tobago
- Turks and Caicos Islands
- US Virgin Islands
- Vanuatu

Obstacles in concluding tax treaties

- Constitutional aspects
- Curaçao is dependent on the Netherlands for the ratification of a tax treaty

- Double taxation agreement **Curaçao-Malta**

- *Tax treaty concluded in 2015*
- *Still not ratified (2023)*

Barbados

On the OECD/EU blacklists

Tax Haven image

Similar economy as Curaçao

Extensive tax treaty network (30+)

- "We could not achieve certain concessions and we could not accept the broader language that the Netherlands Antilles folks wanted" – ***Washington Post, June 30, 1987.***

H. David Rosenbloom

International Tax Counsel and Director, Office of International Tax Affairs, in the US Treasury Department.

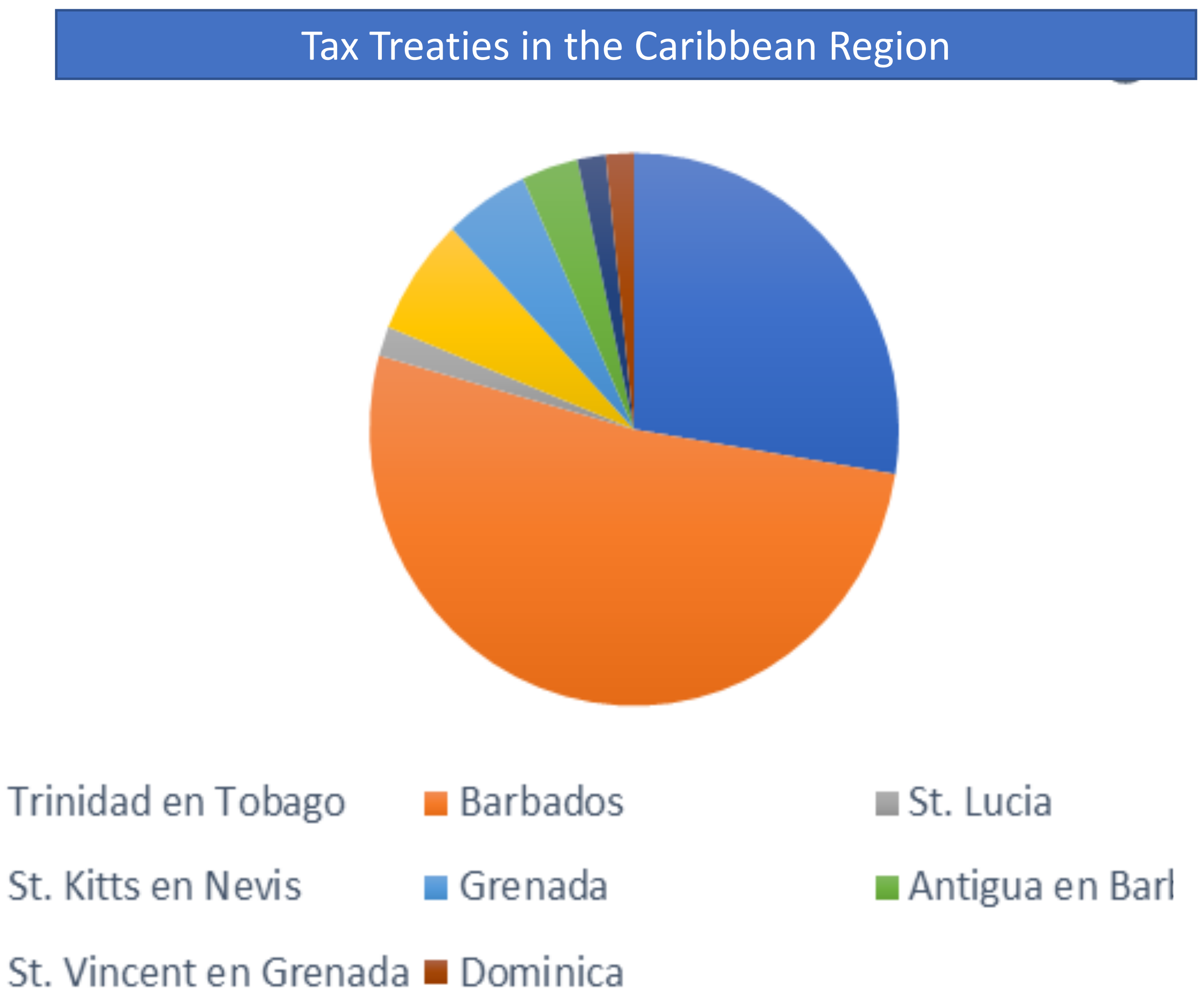
"They thought they could push the United States around in treaty negotiations. They wanted more of this and more of that, and this benefit and that benefit…they just held tough on all sorts of positions that we couldn't accept"

N. Shaxson, Treasure islands, Uncovering the Damage of Offshore Banking and Tax Havens, 2011, p. 118.

Best Practices

Barbados

Trinidad & Tobago



Tax Treaty policy – evaluation framework

- What is the reason for concluding the tax treaty? Are there other options?
- Cost- and benefits
- International standards (OECD/UN)
- Negotiations with countries (on the basis of a strategy)
- Address the obstacles

Strategies for choosing partner to negotiate a tax treaty

- Economic transactions
- Gross Domestic product (GDP) & size
- Best practice 'Barbados'
- Politicle stability
- CARICOM
- Extension articles in tax treaties of the Netherlands

Priority

Caribbean Region/capital flows : Cayman Islands, Trinidad & Tobago, Bahama's, BVI, Puerto Rico, Jamaica, Cuba

Extensions in treaty with the Netherlands: Colombia, Cyprus, Chili, Liechtenstein, Kosovo, Bulgarije

Benchmark with Barbados: Barbados, Cyprus, Panama.

RECOMMENDATIONS

1. Follow up on provisions on territorial extension to Curaçao
2. Apply the evaluation framework when designing a Tax Treaty Policy
3. Develop a priority list for partner countries to negotiate, based on a strategy
4. Make more use of the opportunities that arise from being part of the Kingdom
5. Request the Kingdom for more active coordination of the ratification process

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Let's stay in touch:
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