

F I S C A L A F F A I R S D E P A R T M E N T

Curacao

Tax Administration Diagnostic Assessment Tool

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Curacao

Performance Assessment Report

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ABBREVIATIONS AND ACRONYMS

BCP	Business Continuity Plan
CARICOM	Caribbean Community
CARTAC	Caribbean Regional Technical Assistance Center
CIT	Corporate Income Tax
DTA	Double Taxation Agreements
FAD	IMF's Fiscal Affairs Department
GDP	Gross Domestic Product
HR	Human Resources
IMF	International Monetary Fund
ISIC	International Standard Industrial Classification of All Economic Activities
MAAC	Mutual Administrative Assistance in Tax Matters
MTS	Multi Tax Solution
NAf	Netherlands Antillean Guilder/Florijn
PAR	Performance Assessment Report
PAYE	Pay As You Earn
PIT	Personal Income Tax
POA	Performance Outcome Area
RTS	Revenue Tax System
SBAB	Audit Foundation (Stichting Belasting Accountants Bureau)
SOAB	Internal Auditor of the Governments of Curaçao and Sint Maarten (Stichting Overheidsaccountantsbureau)
SSC	Social Security Contribution
TADAT	Tax Administration Diagnostic Assessment Tool
TIN	Taxpayer Identification Number
ToT	Turnover Tax
TS	TADAT Secretariat
VAT	Value Added Tax

PREFACE

An assessment of the Curacao tax administration system was undertaken during the period 10/07/2024 to 10/19/2024 using the Tax Administration Diagnostic Assessment Tool (TADAT). TADAT provides a baseline of tax administration performance that can be used to determine reform priorities, and, with subsequent repeat assessments, highlight reform achievements.

The assessment team comprised Mr. Paulo Paz (International Monetary Fund - IMF) – Fiscal Affairs Department (FAD)), Ms. Pauline Peters (Tax Advisor, Caribbean Technical Assistance Center (CARTAC) IMF) and Mr. Marten Bergwerff and Ms. Vinette Keene (IMF-FAD experts).

The assessment team met with Honorable Javier Silvania, Curaçao's Minister of Finance, Messrs. Wim Nijdam and John de Lannoy, special advisors of the Ministry of Finance, Ms. Jamila Ilenia, Head of the Inspectorate department, Mr. Alfonso Trona, Head of the Collections department, Mr. Sherwin Casper RA, Head of the Audit Foundation (Stichting Belasting Accountants Bureau - SBAB), and middle management and a cross-section of operational staff of the tax administration units.¹ Assessment sessions were attended by leadership of the relevant areas assessed under each Performance Outcome Area (POA) and members of their teams, many of them had undergone TADAT training prior to the assessment. These sessions were also attended by Mr. Keursly Concincion, the Government Ombudsman, and representatives of the following institutions: the Financial Department of the Ministry of Finance, College of Financial Supervision, Auditor General, and statutory internal auditor of the Governments of Curaçao and Sint Maarten (SOAB). Field visits were made to the Inspectorate and Collection Departments and the Audit Foundation. Complementary field visits to Ms. Jasmine Felicia, head of the Financial Department at the Ministry of Finance and her team, Ms. Denise Schrader, head of Internal Audit, and her team, and Ms. Runela Sille, Director of Ministry of Finance's Fiscal Affairs department, and her team, helped to complete the evidence gathering.

The assessment team expresses its appreciation to the tax administration's senior management team and staff for their active engagement and participation during the TADAT assessment. The assessment team would like to convey their sincere gratitude to Mr. Wim Nijdam, for coordinating the numerous meetings with the tax administration's officials and gathering all the documentary evidence and data tables.

A draft performance assessment of the in-country assessment was presented to the tax administration management on October 18, 2024, and the draft Performance Assessment Report (PAR) was sent to the authorities on October 22, 2024. The authorities will provide comments in 21 days, and the PAR will be reviewed and cleared by the TADAT Secretariat.

¹ The tax administration is managed by three institutions under the Ministry of Finance: the Inspectorate department, the Collections department; and the Audit Foundation. References to the tax administration in this report encompass all three institutions, while individual references will specify the particular institution.

EXECUTIVE SUMMARY

The results of the TADAT assessment for Curacao follow, including the identification of the main strengths and weaknesses.

Strengths

- The development of dashboards to monitor core operations and revenue performance to support staff and management decision making.
- The current process of taxpayer registration is aligned to international good practices.
- A wide range of information and services are readily available to taxpayers through multiple channels.
- Electronic filing is universal at a one-hundred percent rate.
- Electronic payment is widely used by taxpayers.
- Regular data collection from internal and third-party sources allows for cross-matching and analysis to support core tax administration functions.
- A sound dispute resolution mechanism exists and is easily accessed by taxpayers.
- Tax administration engages with taxpayers and intermediaries, providing opportunities for feedback to improve and develop products and services.

Weaknesses

- A comprehensive risk management framework (both on tax compliance and institutional risks) is yet to be developed.
- Limited integration at tax administration, driven by the fragmented structures, reduces synergies and challenges effective and coordinated approaches.
- Standard Operating Procedures for tax administration functions are outdated or not yet developed and need to be institutionalized.
- Environmental scans and tax gap analysis need to be conducted to inform decision making.
- The internal audit and internal affairs functions are still to be deployed and institutionalized within the tax administration.
- The electronic payment system allows the collection of unverified payments and late allocation to taxpayers' accounts.
- The absence of interface with the Ministry of Finance accounting system does not allow for real time accounting of revenues.
- There is no transparent multi-year strategic planning process in place and the documented operational plan needs to be improved.

Only three years after a challenging performance in the 2021 internal TADAT assessment, the 2024 TADAT assessment revealed that Curacao met or exceeded international good practices or demonstrated sound performance in 22.6 percent of the TADAT indicators and 27.4 percent of the dimensions. The Curacao tax administration has made significant strides in enhancing the tax system by leveraging modern technology and good practices, thereby improving internal efficiency and service delivery using TADAT as a reference.

The universal adoption of electronic filing and the widespread use of electronic payment methods are significant milestones in Curacao's tax system, making it easier for taxpayers to fulfill their tax obligations. The taxpayer registration process now aligns with international good practices, enhancing compliance and simplifying registration. Accessible and convenient services for taxpayers, including a wide range of information through multiple channels and a robust dispute resolution mechanism, along with active engagement with taxpayers and intermediaries, have expanded products and services while fostering trust and cooperation.

Strengthening the use of IT has also become a cornerstone of reforms, with dashboards to monitor revenue performance and core operations, facilitating informed and timely decision-making by senior management and staff. Increased data collection from both internal and third-party sources has boosted data cross-matching and analysis, supporting core tax administration functions and elevating overall efficiency.

Nonetheless, the TADAT assessment results also uncovered broader systemic challenges within the tax administration. The absence of a comprehensive risk management framework hinders a holistic approach to addressing tax compliance and institutional risks. The fragmented tax administration framework limits an integration view of taxpayers and reduces synergies, complicating the implementation of effective and coordinated approaches, especially for large taxpayers. The three institutions are yet to institutionalize the adoption of Standard Operating Procedures (SOPs) for their functions. The tax administration does not step-up efforts in regular analysis of the procedures and dispute outcomes to further enhance taxpayer services and reduce the number of unnecessary disputes.

To enhance governance and management arrangements, the internal audit and internal affairs functions need to be deployed. Designing and publishing multi-year strategic and annual plans, along with regularly publishing operational performance results, will support the effectiveness, transparency, and reliability of the tax administration.

Table 1 provides a summary of performance scores, and Figure 1 a graphical snapshot of the distribution of scores. The scoring is structured around the TADAT framework's nine performance outcome areas (POAs) and 32 high level indicators critical to tax administration performance. An 'ABCD' scale is used to score each indicator, with 'A' representing the highest level of performance and 'D' the lowest.

Table 1. Curacao: Summary of TADAT Performance Assessment

Indicator	Scores 2024	Summary Explanation of Assessment
POA 1: Integrity of the Registered Taxpayer Base		
P1-1. Accurate and reliable taxpayer information.	D	The registered taxpayer database maintains adequate information about taxpayers and supports effective interface with tax registrants and intermediaries, but still lacks evidence on the level of accuracy.
P1-2. Knowledge of the potential taxpayer base.	A	Planned actions have been executed to detect unregistered taxpayers, with results reported in the Inspectorate and Audit Foundation reports.
POA 2: Effective Risk Management		
P2-3. Identification, assessment, ranking, and quantification of compliance risks.	D	The tax administration's intelligence-gathering encompasses external and internal data sources; however, evidence of environmental scans was not provided. The compliance risk management process does not include all core tax obligations nor follow a structured approach (IMF or OECD models).
P2-4. Mitigation of risks through a compliance improvement plan.	D	The tax administration bodies don't adopt structured compliance improvement plans to mitigate compliance risks
P2-5. Monitoring and evaluation of compliance risk mitigation activities.	D	There is no regular monitoring or evaluation of the impact of tax compliance risk mitigation activities carried out by the tax administration.
P2-6. Management of operational risks.	D	There is no structured process for annually identifying, assessing, and mitigating institutional risks. There is no monitoring of the business continuity program implementation.
P2-7. Management of human capital risks.	D	The tax administration still needs to implement a process to identify, assess, prioritize, and mitigate human capital risks. There is no independent evaluation of the human capital risks status.

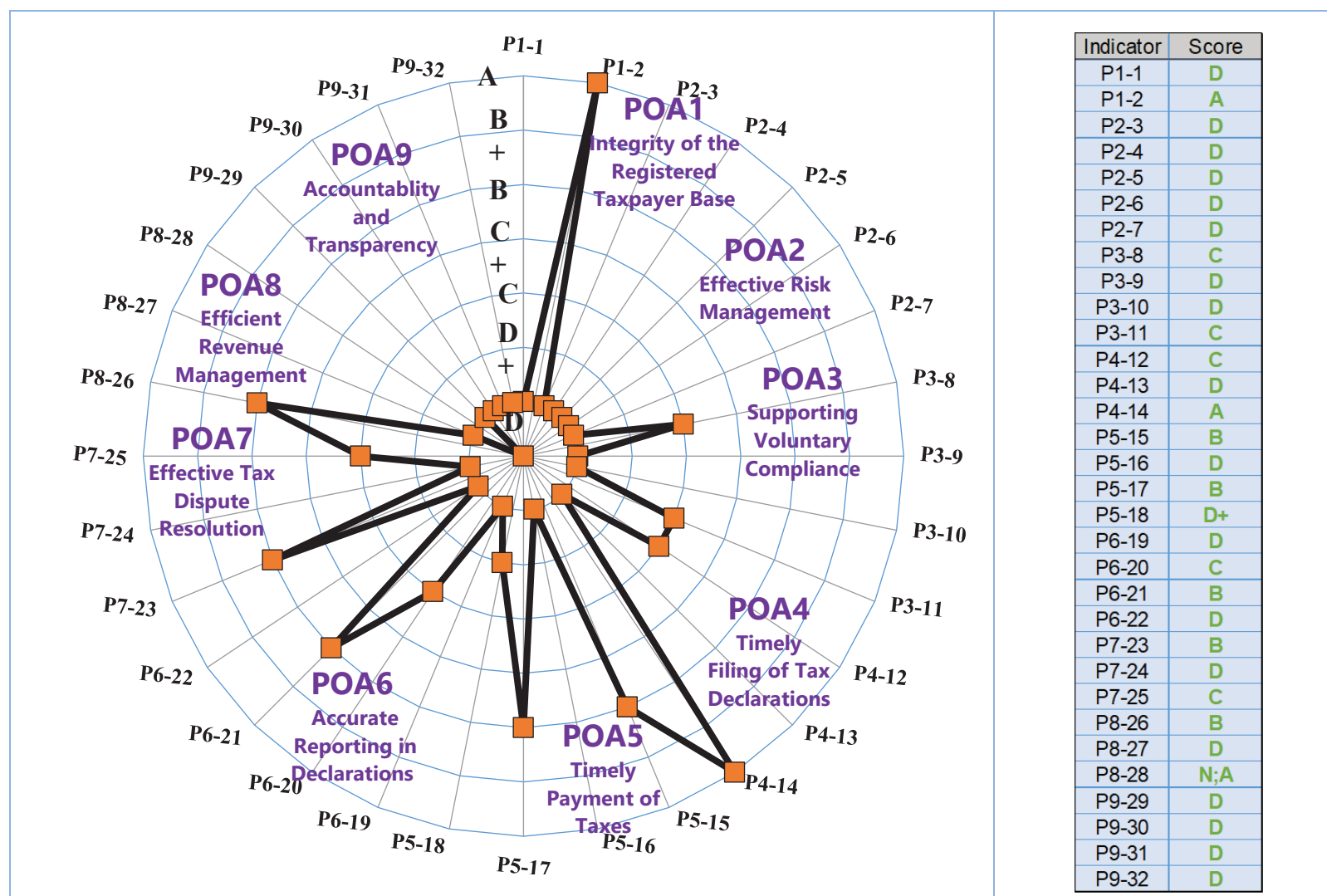
Indicator	Scores 2024	Summary Explanation of Assessment
POA 3: Supporting Voluntary Compliance		
P3-8. Scope, currency, and accessibility of information.	C	Information on all core taxes and obligations is available to taxpayers through a variety of online sources; however, information is not tailored to taxpayer segments. Changes in the law or administrative policy are not always communicated to the taxpayers before the change takes effect. The Tax Administration provides limited education programs on an ad hoc basis.
P3-9. Time taken to respond to information requests.	D	A dedicated call center exists however, it was not possible to measure the time taken to respond to taxpayers who request information via the telephone.
P3-10. Scope of initiatives to reduce taxpayer compliance costs.	D	Initiatives exist to reduce compliance cost to small taxpayers, however there is no established system to routinely analyze frequently asked questions and common misunderstandings of the law.
P3-11. Obtaining taxpayer feedback on products and services.	C	The tax administration obtains feedback on service delivery, and the last survey has been conducted in 2019. Evidence exists about active involvement of taxpayers in the design and testing of new products and services.
POA 4: Timely Filing of Tax Declarations		
P4-12. On-time filing rate.	C	On-time filing rates are very low for CIT and PIT, and perform better for Turnover tax and PAYE.
P4-13. Management of non-filers.	D	There are no standard operational procedures in place to ensure immediate follow up on non and stop-filers.
P4-14. Use of electronic filing facilities.	A	Taxpayers are mandated by law to file tax returns electronically for all taxes.
POA 5: Timely Payment of Taxes		
P5-15. Use of electronic payment methods.	B	Electronic payment is available, widely used for all core taxes, except for one economic sector, which still pays manually.
P5-16. Use of efficient collection systems.	D	The tax administration makes some use of withholding arrangements but there is no

Indicator	Scores 2024	Summary Explanation of Assessment
		advance payment for CIT nor withholding or mandatory reporting for dividends income.
P5-17. Timeliness of payments.	B	On-time payment rates for the Turnover tax are high both by the number of payments and by the value.
P5-18. Stock and flow of tax arrears.	D+	The stock and flow of tax arrears falls well below the TADAT standards and presents a significant challenge for the tax administration.
POA 6: Accurate Reporting in Declarations		
P6-19. Scope of verification actions taken to detect and deter inaccurate reporting.	D	The audit program covers all core taxes and key taxpayer segments and uses a range of audit types and methodologies, but the selection of cases is decentralized. Auditors apply procedures documented in a regularly updated audit manual, which misses topics for the main specific economic sectors/industries. The Internal Control Department monitors audit quality and reports main findings, which are taken into account to improve the audit function. The Audit Foundation's senior management team monitors the audit plan every quarter; however, the monitoring does not meet all TADAT standards.
P6-20. Use of large-scale data-matching systems to detect inaccurate reporting.	C	The tax administration carries out large-scale automated crosschecking of core data, but it does not include information from banks and other financial institutions.
P6-21. Initiatives undertaken to encourage accurate reporting.	B	The tax system of Curacao offers both public and private rulings for all core taxes. The tax law in Curacao does not offer cooperative compliance agreements.
P6-22. Monitoring the tax gap to assess inaccuracy of reporting levels.	D	The tax administration of Curacao does not monitor the extent of revenue losses from inaccurate reporting.

Indicator	Scores 2024	Summary Explanation of Assessment
POA 7: Effective Tax Dispute Resolution		
P7-23. Existence of an independent, workable, and graduated dispute resolution process.	B	Taxpayers do have access to and make use of an appropriate graduated mechanism of administrative and judicial review. The administrative review process is partially independent of the audit/assessment process but lacks properly documented procedures. Information on the dispute resolution process is publicly available, but there is no written instruction to ensure tax officials make taxpayers aware of their rights of objection and appeal.
P7-24. Time taken to resolve disputes.	D	The time taken to resolve disputes is well below standards established by international good practice.
P7-25. Degree to which dispute outcomes are acted upon.	C	It is not standard practice of the Tax administration to monitor and analyze dispute outcomes, including those with significant revenue impact, to inform the formulation of policy, legislation, or administrative procedures.
POA 8: Efficient Revenue Management		
P8-26. Contribution to government tax revenue forecasting process.	B	The tax administration regularly monitors revenue performance and provides inputs of revenue forecasting and estimation, which does not include tax expenditure nor losses carried forward monitoring.
P8-27. Adequacy of the tax revenue accounting system.	D	The tax administration has an automated accounting system that does not interface with the Ministry of Finance accounting system nor ensures all payments are posted in taxpayers' accounts in three days.
P8-28. Adequacy of tax refund processing.	NA	There is no VAT system in Curacao, so this indicator is not applicable.

Indicator	Scores 2024	Summary Explanation of Assessment
POA 9: Accountability and Transparency		
P9-29. Internal assurance mechanisms.	D	The internal audit function is restricted to the Auditors Foundation, while the Inspectorate and the Receivers Office do not have a proper internal audit function. The tax administration has not been actively promoting the code of ethics and professional conduct.
P9-30. External oversight of the tax administration.	D	External audits only cover parts of the financial statements and operational performance of the Tax administration and are not performed on an annual basis. The Curacao Ombudsman regularly acts on complaints against the Tax Administration, but there is no anti-corruption agency investigating alleged corrupt conduct of tax administration officials.
P9-31. Public perception of integrity.	D	Taxpayers' perception of the operations of the Tax administration is requested in 2019 and 2022; however, the surveys did not address taxpayers' confidence in the Tax administration.
P9-32. Publication of activities, results and plans.	D	The published 2023 annual report and quarterly 2024 reports only cover operational performance (not financial). The Audit Foundation has not published any reports. The tax administration does not have medium-term (strategic) plans, and the operational plans in place have not been published.

Figure 1. Curacao: Distribution of Performance Scores



I. INTRODUCTION

This report documents the results of the TADAT assessment conducted in Curacao during the period 07/10/2024 to 19/10/2024 and subsequently reviewed by the TADAT Secretariat. The report is structured around the TADAT framework of nine POAs and 32 high level indicators critical to tax administration performance that is linked to the POAs. Fifty-five measurement dimensions are taken into account in arriving at each indicator score. A four-point 'ABCD' scale is used to score each dimension and indicator:

- 'A' denotes performance that meets or exceeds international good practice. In this regard, for TADAT purposes, a good practice is taken to be a tested and proven approach applied by a majority of leading tax administrations. It should be noted, however, that for a process to be considered 'good practice', it does not need to be at the forefront or vanguard of technological and other developments. Given the dynamic nature of tax administration, the good practices described throughout the field guide can be expected to evolve over time as technology advances and innovative approaches are tested and gain wide acceptance.
- 'B' represents sound performance (i.e. a healthy level of performance but a rung below international good practice).
- 'C' means weak performance relative to international good practice.
- 'D' denotes inadequate performance and is applied when the requirements for a 'C' rating or higher are not met. Furthermore, a 'D' score is given in certain situations where there is insufficient information available to assessors to determine and score the level of performance. For example, where a tax administration is unable to produce basic numerical data for purposes of assessing operational performance (e.g., in areas of filing, payment, and refund processing) a 'D' score is given. The underlying rationale is that the inability of the tax administration to provide the required data is indicative of deficiencies in its management information systems and performance monitoring practices.

For further details on the TADAT framework, see Attachment I.

Some points to note about the TADAT diagnostic approach are:

- TADAT assesses the performance outcomes achieved in the administration of the major direct and indirect taxes critical to central government revenues, specifically corporate income tax (CIT), personal income tax (PIT), value added tax (VAT) , domestic excise tax (with a focus is on those registered domestic excise taxpayers who trade in the category of goods/services that contribute 70 percent of the total domestic excise revenue by value), and Pay As You Earn (PAYE) amounts withheld by employers (which, strictly speaking, are remittances of PIT).. By assessing outcomes in relation to administration of these core taxes,

a picture can be developed of the relative strengths and weaknesses of a country's tax administration.

- TADAT assessments are evidence based (see Attachment V for the sources of evidence applicable to the assessment of Curacao).
- TADAT is not designed to assess special tax regimes, such as those applying in the natural resource sector. Nor does it assess customs administration.
- TADAT provides an assessment within the existing revenue policy framework in a country, with assessments highlighting performance issues that may be best dealt with by a mix of administrative and policy responses.

The aim of TADAT is to provide an objective assessment of the health of key components of the system of tax administration, the extent of reform required, and the relative priorities for attention. TADAT assessments are particularly helpful in:

- Identifying the relative strengths and weaknesses in tax administration.
- Facilitating a shared view among all stakeholders (country authorities, international organizations, donor countries, and technical assistance providers).
- Setting the reform agenda (objectives, priorities, reform initiatives, and implementation sequencing).
- Facilitating management and coordination of external support for reforms and achieving faster and more efficient implementation.
- Monitoring and evaluating reform progress by way of subsequent repeat assessments.

I. COUNTRY BACKGROUND INFORMATION

Country Profile

General background information on Curacao and the environment in which its tax system operates are provided in the country snapshot in Attachment II.

Data Tables

Numerical data gathered from the authorities and used in this TADAT performance assessment is contained in the tables comprising Attachment III.

Economic Situation

Curaçao's economy has increasingly focused on tourism following the decline of its offshore financial and oil refining industries. Over the past decade, the island has faced significant challenges and transformations, including substantial economic contraction due to multiple shocks. These included the closure of the oil refinery, increased global scrutiny and regulatory changes in offshore financial markets, and the COVID-19 pandemic. Despite these setbacks, recent years have seen a recovery driven by a rebound in tourism. The authorities are now working to build a diversified, tourism-based economy that can generate sustainable, inclusive, and green growth. New growth pillars are expected to emerge from the online gaming industry and green energy, with early regulatory frameworks already being established.

The country overperformed in economic growth, expanding by 7.9 percent in 2022 and 4.2 percent in 2023. This growth was primarily driven by a rebound in tourism, with stayover tourist arrivals increasing by 20.3 percent in 2023. Visits by cruise passengers grew by 32.2 percent but trailed below pre-pandemic levels. Tourism-related construction also continued to expand, supported by associated mortgage lending. However, overall bank credit to consumers and corporates contracted in real terms, indicating weaknesses in other parts of the economy. Electricity generation grew substantially between 2016 and 2022 by approximately 45 percent. Unemployment was reduced to below pre-pandemic levels by 7 percent in 2023, the lowest since 2018. This labor-intensive economic recovery has mainly been in the informal sector, with registered employment remaining 8 percent below its pre-pandemic levels. The formal labor market also reveals a sustained decline in the registered real wages, with a -7.2 in 2022 and -0.8 percent in 2023. Additionally, the employment rate was influenced by a reduction in the country's population.

Inflation declined to 3.5 percent in 2023, compared to 7.4 percent in 2022, but accelerated to 4.5 percent in Q1 2024. These changes were influenced by international oil price developments and the pace of inflation in the USA, Curacao's leading trading partner. Price increases in food, house furnishings, recreation, and clothing persisted. Core inflation (excluding food, electricity, and fuel for transportation) peaked at 6.9 percent in 2022 and declined

marginally to a still-elevated level of 4.6 percent in March 2024, reflecting strong demand for tourism-related services in an economy approaching full capacity.

The current account improved primarily due to reduced imports as oil prices fell, leading to a substantial decrease in the current account deficit from 26.8 in 2022 to 19.7 percent of GDP in 2023. However, the income balance slightly deteriorated due to a decline in net investment income. The current account deficit was financed through the divestment of foreign currency deposits, trade credits, and direct investment inflows without exerting pressure on reserves. The net international investment position is estimated to have further declined as foreign liabilities increased and assets were reduced.

By maintaining substantial expenditure reductions, the authorities secured a second consecutive fiscal surplus, adhering to the fiscal rule. The country reached a net operating surplus of 1 percent in 2022, which increased to 1.3 percent of GDP in 2023 as expenditures decline more than the decline in revenue collections (both compared to GDP). In 2022, total revenues reached 31.8 percent of GDP due to one-off collections of profit and property taxes, dropping to 30 percent of GDP in 2023. With the economic pivot to tourism and the rise in the informal labor force, the post-pandemic tax revenue composition shifted towards taxes on goods and services, while taxes on personal income, predominantly wages, declined by more than 1 percent of GDP compared to the pre-pandemic average. In 2023, expenditure reductions were primarily propelled by a decrease in employee compensation (-1.0 percent of GDP), transfers to social security funds (-0.6 percent of GDP), and gross public investment (-0.4 percent of GDP), indicating limited absorption capacity.

Gross public debt decreased significantly from 81.6 percent of GDP in 2022 to 70.8 percent of GDP in 2023. This reduction was facilitated by the early repayment of loans related to the resolution of Giro Bank (0.8 percent of GDP) and the clearance of domestic arrears (4 percent of GDP). The Treasury's cash buffer, which was 6.1 percent of GDP in 2022, decreased to 3.7 percent of GDP in 2023.

A. Main Taxes

The core taxes collected by the tax administration are the Corporate Income Tax (CIT), Personal Income Tax (PIT), Wage Tax (Pay As You Earn – PAYE), Turnover Tax (ToT), and the Social Security Contribution (SSC). Withholding provisions apply for PAYE and interests but not for dividends.

The total revenue contribution from domestic taxes is estimated at 33.0 percent of GDP, with the tax revenue collection estimated at 19.1 percent and the SSC at 13.9 percent for FY23. For the same period, ToT is the largest contributor to tax revenues, accounting for 33.4 percent of the total from Table 1 of Attachment III, with net ToT on domestic supplies at 26.4 percent and ToT on imports at 7.0 percent. CIT contributes 5.9 percent of total tax revenues, while PAYE

contributes 18.2 percent. SSC accounts for 37.39 percent of total tax revenues, while PIT and other taxes represent 1 percent or less.

PIT is governed by the Income Tax Act (Landsverordening op de Inkomstenbelasting 1943); CIT by the Profit Tax Act (Landsverordening op de Winstbelasting 1940); Wage Tax by the Wage Tax Act (Landsverordening op de Loonbelasting 1976); and ToT by the Turnover Tax Act (Landsverordening omzetbelasting 1999). Curacao does not have a Value-Added Tax (VAT), and there are no domestic excise taxes (excise taxes on imports are administered solely by the Customs Department). The tax administration also collects social security premiums on behalf of the Social Insurance Bank ('Sociale Verzekeringsbank'). The collection of the premiums is based on three laws and simultaneously with the Wage tax through the withholding mechanism. The social security premiums are regulated in the State Pensioen Law (Landsverordening Algemene Ouderdomsverzekering), the Widows and Orphans Law (Landsverordening Algemene Weduwen- en wezenverzekering) and the General Extraordinary Health Costs Law (Landsverordening algemene verzekering bijzondere ziektekosten). The Wage Tax, the Social Security Contributions, and the Healthcare Insurance are collected by the tax administration in the same forms and administrative procedures.

Further details on tax revenue collections are provided in Table 1 of Attachment III.

B. Institutional Framework

The tax system in Curaçao is administered by three distinct institutions under the Ministry of Finance overview: the Inspectorate Department, the Collections Department, and the Audit Foundation. The Inspectorate (Inspectie der Belastingen) is responsible for administering most of all domestic taxes in Curacao, supporting registration, filing, accurate reporting, and general services to taxpayers. The Collections department (Landsontvanger) is responsible for supporting payment, reconciliation of payment, and arrears collection functions. Both departments report to the Minister. The Audit Foundation (Stichting Belasting Accountants Bureau) is an independent institution with a higher level of autonomy and reports to the Minister of Finance and to a Board (which oversees its general administration). For the purpose of this report, the three abovementioned institutions are collectively referred to as Tax Administration, unless the context requires individual references.

Regarding their internal structure, (i) the Inspectorate has 136 staff and an operating budget of NAf 25 million for FY24, (ii) the Collections Department has 116 staff and an operating budget of NAf 15,9 million for FY24, and (iii) the Audit Function has 100 regular staff (plus 130 temporary staff for stimulating tax compliance) and an operating budget of NAf 27,5 million for FY24. An organizational chart of the tax administration is provided in Attachment IV.

C. Current Status of Tax Administration Reform

The Curacao Tax Administration is currently in the process of transforming into a more result-oriented and client-focused organization. This process was initiated in 2022, and almost three years later, the transformation is visible to both customers and employees. It was a conscious choice to implement these changes gradually to let the customers and staff get used to the new way of working. The tax administration has become more 'data-driven' and is still progressing in this area. The transformation process is far from finished. A new organizational structure was drafted and presented to the employees in a townhall meeting. It is expected that the new organizational structure is approved by the Counsel of Ministers before the end of 2024, after which the implementation of the new organizational structure can commence. In addition to the organizational structure, the ambition is also to change the current governmental tax organization into a Semi-Autonomous Revenue Authority (SARA). This transition into a SARA provides the Curacao Tax Administration more autonomy and the opportunity to respond faster to changes in the operating environment. The tax auditors' foundation remains a separate entity responsible for tax audits. The organizational changes, the relocation to the renovated tax administration building, and the commitment to increase customer satisfaction and tax revenues mean that 'change' will be the constant factor during the next couple of years.

D. International Information Exchange

Curaçao is a member of the Global Forum on Transparency and Exchange of Information for Tax Purposes. It has signed up for the Convention on Mutual Administrative Assistance in Tax Matters (MAAC) since October 2010. In 2018, Curaçao committed to the automatic exchange of information. Curaçao has two Double Taxation Agreements (DTAs) in force - with Norway and Malta – that provide for the exchange of information on tax matters. In addition, Curaçao has arrangements with the Netherlands, including Bonaire, St-Eustasius, and Saba (Belastingregeling Nederland Curaçao) and with the Netherlands Aruba and Sint Maarten (the "Belastingregeling voor het Koninkrijk").

Curaçao is an associate member of the Caribbean Community (CARICOM) but does not participate in the DTA that is in place between the governments of the CARICOM Member States. As a result of signing the MAAC, Curacao has official possibilities for international exchange of information with 147 countries. It is worthwhile to mention that Curaçao is not listed as a non-cooperative jurisdiction for tax purposes by the EU, though it has pending commitments to avoid being listed (the next revision of the list is scheduled for October 2024).

II. ASSESSMENT OF PERFORMANCE OUTCOME AREAS

POA 1: Integrity of the Registered Taxpayer Base

A fundamental initial step in administering taxes is taxpayer registration and numbering. Tax administrations must compile and maintain a complete database of businesses and individuals that are required by law to register; these will include taxpayers in their own right, as well as others such as employers with PAYE withholding responsibilities. Registration and numbering of each taxpayer underpin key administrative processes associated with filing, payment, assessment, and collection.

Two performance indicators are used to assess POA 1:

- P1-1—Accurate and reliable taxpayer information.
- P1-2—Knowledge of the potential taxpayer base.

P1-1: Accurate and reliable taxpayer information

For this indicator two measurement dimensions assess: (1) the adequacy of information held in the tax administration's registration database and the extent to which it supports effective interactions with taxpayers and tax intermediaries (i.e. tax advisors and accountants); and (2) the accuracy of information held in the database. Assessed scores are shown in Table 2 followed by an explanation of reasons underlying the assessment.

Table 2. P1-1 Assessment

Measurement dimensions	Scoring Method	Score 2024	
P1-1-1. The adequacy of information held in respect of registered taxpayers and the extent to which the registration database supports effective interactions with taxpayers and tax intermediaries.	M1	A	D
P1-1-2. The accuracy of information held in the registration database.		D	

The registered taxpayer database maintains adequate information about taxpayers and supports effective interface with tax registrants and tax intermediaries. The new information system, the Multi Tax Solution (MTS) of the Tax Inspectorate, maintains a national centralized database of all tax registrants. The registry includes all relevant identification and contact details as well as defined standardized business activity. The tax registration process includes the assignment of International Standard Industrial Classification of All Economic Activities (ISIC) industry codes, which allows for management reports to be generated about varying industry classifications of registered taxpayers and their registration, filing, and payment

status. The system enables the identification of inactive taxpayers and allows for the deregistration of those who have ceased business activities. All individuals and businesses are required by law to register with the tax inspectorate once they commence business. The system allows secure online access to businesses and individuals to register for core taxes (CIT, PAYE, Turnover tax, and PIT), and once registered, can update registration details such as address, and selected language. An audit trail is established and maintained for any changes made by internal users who access the system and make changes to taxpayer registration details. Each tax registrant in the database is issued with a unique, high-integrity tax identification number (TIN) that includes a control digit. The TIN is primarily used for tax administration purposes and is randomly generated and has no embedded data in the numbering system. Users of the system can identify directors and related companies, with staff of the Call Center having more detailed access to taxpayer-related information. Once businesses are registered with the Chamber of Commerce, where company registration is done, they must also obtain a TIN. The registration information and linked subsystems are used to generate tax declarations and enforcement notices.

Some steps are taken to maintain a good level of accuracy of the taxpayer registration database; however evidence indicates that accuracy is still improving. A new Registration Policy was implemented in 2024 and new procedures have been applied in the last two years to ensure the accuracy of the registration database. Data comparisons through automated cross-checking are run with the Chamber of Commerce for companies and with the Civil Registry for individuals and the Social Security Bank for employers and individuals. This supports deregistration and registration of businesses that are no longer in business and deceased persons or register new businesses. In addition, information received from taxpayers regarding any changes in the operating status of their business is also used to update and maintain the accuracy of the tax register by adding or removing business operations as necessary. Registrations follow a process of identification checks to prevent ineligible persons and businesses from registering. However, the accuracy is a work in progress.²

P1-2: Knowledge of the potential taxpayer base

This indicator measures the extent of tax administration efforts to detect unregistered businesses and individuals. The assessed score is shown in Table 3 followed by an explanation of reasons underlying the assessment.

Table 3. P1-2 Assessment

² The authorities explained the different figures for Tables 2 and 4, 6, and 10 of the Attachment III (difference between the register and taxpayers expected to file) by retroactive de deregistration between the end of December and the issuance of the invitation letters to taxpayers who must file (around March or April next year). The difference for CIT is 769 taxpayers, which indicates that retroactive deregistration for CIT is still considerable (3.4 percent of the database in three months). For PAYE and ToT, the number of taxpayers expected to file this year exceeded the register by 1494 taxpayers. Finally, for PIT, Table 2 does not indicate new registration or deregistration of PIT taxpayers for the whole 2023, which is not probable.

Measurement dimension	Scoring Method	Score 2024
P1-2. The extent of initiatives to detect businesses and individuals who are required to register but fail to do so.	M1	A

Over the past years, regular actions have been taken to detect unregistered taxpayers, with results reported in monthly production Inspectorate and Audit Foundation reports. Over the past years, a series of actions have been taken to detect unregistered taxpayers, with results reported in monthly production reports from the Inspectorate. There has been some use of third-party information sources, such as business registrants from the Chamber of Commerce and individuals from the Civil registry, as well as some use of the requested data from the Social Security Bank to identify new employers. The Audit Foundation plans and performs a program of compliance visits to taxpayers through the Compliance Department, which has around 130 employees and carried out more than 250 visits in 2023, aiming, among other procedures, the identification of unregistered taxpayers. Table 2 in Attachment III demonstrate the number of registered new taxpayers.

POA 2: Effective Risk Management

Tax administrations face numerous risks that have the potential to adversely affect revenue and/or tax administration operations. For convenience, these risks can be classified as:

- Compliance risks—where revenue may be lost if businesses and individuals fail to meet the four main taxpayer obligations (i.e. registration in the tax system; filing of tax declarations; payment of taxes on time; and complete and accurate reporting of information in declarations); and
- Institutional risks—where tax administration functions may be interrupted if certain external or internal events occur, such as natural disasters, sabotage, loss or destruction of physical assets, failure of IT system hardware or software, strike action by employees, and administrative breaches (e.g., leakage of confidential taxpayer information which results in loss of community confidence and trust in the tax administration). For TADAT purposes, institutional risk is divided into two components. These are:
 - *Operational risk*—refers to disruptive actions that destroy or affect part or all of the administration's assets and resources, such as buildings, IT, and other equipment, data and records; and
 - *Human capital risk*—refers to interruptions that affect the tax administration arising out of capability, capacity, compliance, cost and connection (engagement) gaps of and by its employees.

Risk management is essential to effective tax administration and involves a structured approach to identifying, assessing, prioritizing, and mitigating risks. It is an integral part of multi-year strategic and annual operational planning.

Five performance indicators are used to assess POA 2:

- P2-3—Identification, assessment, ranking, and quantification of compliance risks.
- P2-4—Mitigation of risks through a compliance improvement plan.
- P2-5—Monitoring and evaluation of compliance risk mitigation activities.
- P2-6—Management of operational (i.e. systems and processes) risks.
- P2-7—Management of human capital risks.

P2-3: Identification, assessment, ranking, and quantification of compliance risks

For this indicator two measurement dimensions assess: (1) the scope of intelligence gathering and research to identify risks to the tax system; and (2) the process used to assess, rank, and quantify compliance risks. Assessed scores are shown in Table 4 followed by an explanation of reasons underlying the assessment.

Table 4. P2-3 Assessment

Measurement dimensions	Scoring Method	Score 2024	
P2-3-1. The extent of intelligence gathering and research to identify compliance risks in respect of the main tax obligations.	M1	C	D
P2-3-2. The process used to assess, rank, and quantify taxpayer compliance risks.		D	

The tax administration’s intelligence-gathering encompasses both external and internal data sources; however, evidence of comprehensive environmental scans was not provided.

The tax administration has gathered a substantial amount of information. For instance, the Inspectorate collects external data from various sources, including: the Chamber of Commerce on company registration, the Customs Department, the Social Security Bank on payments made to health professionals, the Land Registry on property registration, Notaries on property transactions, the Civil Registry on individual registration. Internally, data is collected from CIT, PIT, ToT, wage tax, social contributions, motor vehicles, and properties to build knowledge and identify non-compliance issues. Currently, there is no dedicated organizational unit responsible for establishing and overseeing a comprehensive risk management policy framework, and there is no information collected on taxpayer behavior, tax gap, hidden economy, or environmental scans as part of the tax administration’s multi-year strategic planning. The SBAB carries out some

environmental scans for audit, but these lack comprehensiveness, and focus only on audit.

The process for assessing, ranking, and quantifying tax compliance risks is primarily limited to registration and audit processes and does not follow a structure methodology.

The Inspectorate updates the taxpayer registry for companies and individuals using data from the Chamber of Commerce and the Civil Registry. Additionally, the Inspectorate and the Audit Foundation utilize information described in dimension 2-3-1 to identify non-compliance with accurate reporting. The tax administration aims to expand this process to cover all four main taxpayer obligations. Currently, compliance risk management is still to be better structured and integrated into the strategic planning. The tax administration does not maintain a compliance risk register nor estimates the amount of unpaid taxes.

P2-4: Mitigation of risks through a compliance improvement plan

This indicator examines the extent to which the tax administration has formulated a compliance improvement plan to address identified risks. The assessed score is shown in Table 5 followed by an explanation of reasons underlying the assessment.

Table 5. P2-4 Assessment

Measurement dimension	Scoring Method	Score 2024
P2-4. The degree to which the tax administration mitigates assessed risks to the tax system through a compliance improvement plan.	M1	D

The Curacao tax administration institutions do not adopt a structured compliance improvement plan to mitigate compliance risks for all core taxes, tax obligations, or key segments. The tax administration's response to identified risks for specific tax obligations is part of annual operational plans but they are not integrated, and there is no evidence of a more structured approach to risk mitigation.

P2-5: Monitoring and evaluation of compliance risk mitigation activities

This indicator looks at the process used to monitor and evaluate compliance mitigation activities. The assessed score is shown in Table 6 followed by an explanation of reasons underlying the assessment.

Table 6. P2-5 Assessment

Measurement dimension	Scoring Method	Score 2024
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P2-5. The process used to monitor and evaluate the impact of compliance risk mitigation activities.	M1	D
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There is no regular monitoring or evaluation of the impact of tax compliance risk mitigation activities carried out by the tax administration. There is no formal governance structure to monitor and evaluate the impact of tax compliance risk mitigation activities, and there is no analysis of the effects of the tax administration's actions on taxpayer behavior. The Audit Foundation monitors the revenue of economic sectors prioritized in the annual audit plan but does not systematically share its findings with the Inspectorate or the Collections departments, and the IT systems in place do not allow the identification of the revenue collected as a result of audits.

P2-6: Management of operational risks

This indicator examines how the tax administration manages operational risks other than those related to human resources. The assessed score is shown in Table 7 followed by an explanation of reasons underlying the assessment.

Table 7. P2-6 Assessment

Measurement dimensions	Scoring Method	Score 2024	
P2-6-1. The process used to identify, assess and mitigate operational risks.	M1	D	D
P2-6-2. The extent to which the effectiveness of the business continuity program is tested, monitored, and evaluated.		D	

There is no structured process for annually identifying, assessing, and mitigating institutional risks. In 2019, a policy framework for institutional risks was approved, and a risk analysis and a business continuity plan (BCP) were developed. However, the BCP was never updated, and the risk register only received one small update. A business impact analysis was never developed, and there is no regular training or fire drills.

The last business continuity plan being from 2019 evidences that senior management does not regularly monitor the business continuity program implementation. The actions to be taken have been decided, approved, and included in the annual work plan but not as part of a BCP.

P2-7: Management of human capital risks

This indicator examines how the tax administration manages human capital risks. The assessed

score is shown in Table 8 followed by an explanation of reasons underlying the assessment.

Table 8. P2-7 Assessment

Measurement dimensions	Scoring Method	Score 2024	
P2-7-1. The extent to which the tax administration has in place the capacity and structures to manage human capital risks.	M1	D	D
P2-7-2. The degree to which the tax administration evaluates the status of human capital risks and related mitigation interventions.		D	

There are no formal processes to identify, assess, prioritize, and mitigate human capital risks, nor a human resource (HR) management team with training, understanding, and experience in HR risks. There is no active governance structure to review HR risk, nor are managers trained to understand HR risks and their potential impact on operations. There is no review of the HR operations and systems by an independent third party. The authorities said that the reason for these weaknesses in HR is the lack of autonomy in the HR area, as the tax administration follows the general government policies and legislation in HR. The Inspectorate started a process to identify a new IT system to record information about staff.

The tax administration didn't conduct a formal evaluation of the HR function, including risks, nor adopted mitigation intervention actions. The tax administration's annual report still needs to develop a section on HR risks, mitigation measures, and the evaluation of the interventions' efficacy.

POA 3: Supporting Voluntary Compliance

To promote voluntary compliance and public confidence in the tax system, tax administrations must adopt a service-oriented attitude toward taxpayers, ensuring that taxpayers have the information and support they need to meet their obligations and claim their entitlements under the law. Because few taxpayers use the law itself as a primary source of information, assistance from the tax administration plays a crucial role in bridging the knowledge gap. Taxpayers expect that the tax administration will provide summarized, understandable information on which they can rely.

Efforts to reduce taxpayer costs of compliance are also important. Small businesses, for example, gain from simplified record keeping and reporting requirements. Likewise, individuals with relatively simple tax obligations (e.g., employees, retirees, and passive investors) benefit from simplified filing arrangements and systems that eliminate the need to file.

Four performance indicators are used to assess POA 3:

- P3-8—Scope, currency, and accessibility of information.
- P3-9—Time taken to respond to information requests.
- P3-10—Scope of initiatives to reduce taxpayer compliance costs.
- P3-11—Obtaining taxpayer feedback on products and services.

P3-8: Scope, currency, and accessibility of information

For this indicator four measurement dimensions assess: (1) whether taxpayers have the information they need to meet their obligations; (2) whether the information available to taxpayers reflects the current law and administrative policy; (3) how easy it is for taxpayers to obtain information. Assessed scores are shown in Table 9 followed by an explanation of reasons underlying the assessment.

Table 9. P3-8 Assessment

Measurement dimensions	Scoring Method	Score 2024	
P3-8-1. The range of information available to taxpayers to explain, in clear terms, what their obligations and entitlements are in respect of each core tax.	M1	C	C
P3-8-2. The degree to which information is current in terms of the law and administrative policy.		C	
P3-8-3. The ease by which taxpayers obtain information from the tax administration.		C	

Information on all core taxes and obligations is available to taxpayers through a variety of online sources; however, information is not tailored to taxpayer segments. Brochures are available explaining how to register, file, and pay. They can be found both online and at the Customer Service Unit for the core tax types. The tax administration has yet to clearly define its taxpayer segments and identify its priority industry groups so that targeted information can be prepared. No information is specifically designed for taxpayer segments, industry groups, intermediaries, or disadvantaged groups. A tax calendar is produced and issued to all taxpayers annually, specifying the due dates for filing and payment.

Changes in the law or administrative policy are not always communicated to the taxpayers before the change takes effect. Generally, the updates are done on an ad hoc basis and posted to the website, social media, and other sources accessible to taxpayers. The customer service manager takes the lead in drafting the explanation in a way that is easily understandable by the taxpayers. This manager works in consultation with heads of the relevant departments to

ensure the accuracy of the information before it is released.³ This information was communicated via news, brochures, and video tutorials. The customer service unit also provided support to taxpayers who visited the office for help. Overall, information regarding changes is communicated to taxpayers in a very general manner, and the choice of communication method is dependent on the nature of the communication being disseminated. The Fiscal Policy Unit in the Ministry of Finance sometimes also supports the tax administration in communicating to taxpayers changes to the law as in a recent event on international taxation.

The Tax Administration provides limited education programs on an ad hoc basis.

Generally, the Inspectorate uses a broad range of user-friendly service channels to share information with the taxpayers, including office visits, telephone, and their website. Most information can be accessed electronically at any time convenient to the taxpayer and at no cost. For those residing outside of Curacao, there is a 0-800 number that can be used free of charge. By invitation, the tax administration participates in seminars, awareness campaigns, and programs organized by the Chamber of Commerce, which is the entity responsible for registering new businesses. These engagements provide an opportunity to share information on the core taxes, core obligations, procedures and policies to encourage voluntary compliance. The Fiscal Affairs Unit in the Ministry of Finance supports the tax administration on an ad hoc basis by holding education sessions with taxpayer groups to discuss and solicit their feedback on proposed changes to the law that will affect the specific taxpayer groups. During these sessions, the legal implications of the proposed changes are explained, and the taxpayers use the opportunity to share their concerns, if any. So, the authorities can properly draft the legislative or administrative changes.

P3-9: The time taken to respond to requests for information.

This indicator examines how quickly the tax administration responds to requests by taxpayers and tax intermediaries for information (for this dimension, waiting time for telephone enquiry calls is used as a proxy for measuring a tax administration's performance in information requests generally). Assessed scores are shown in Table 10 followed by an explanation of reasons underlying the assessment.

Table 10. P3-9 Assessment

Measurement dimension	Scoring Method	Score 2024
P3-9: The time taken to respond to taxpayers and tax intermediaries' requests for information.	M1	D

³ An example is the recent administrative policy change the enhanced security that was put in place to access the portal.

A dedicated call center exists; however, it was not possible to measure how many taxpayers wait more than 6 minutes to have their calls answered. The telephone system allows taxpayers to receive assistance in Dutch, Papiamentu, or English. Nonetheless, the reports generated were insufficient to accurately determine whether the required standard of telephone inquiry calls being answered within 6 minutes was met. Call center operators are trained to provide at least the first level of assistance to the caller and may escalate the call to the relevant technical specialist or unit to receive further help. An internal service standard was established to measure the response time for written correspondence and the provision of information to taxpayers. The service standard is a maximum of three days. However, there were no management or performance reports available to verify whether this standard was met. Therefore, the mission team concluded that the evidence provided was insufficient to objectively assess this dimension.

P3-10: Scope of initiatives to reduce taxpayer compliance costs

This indicator examines the tax administration's efforts to reduce taxpayer compliance costs. Assessed scores are shown in Table 11 followed by an explanation of reasons underlying the assessment.

Table 11. P3-10 Assessment

Measurement dimension	Scoring Method	Score 2024
P3-10. The extent of initiatives to reduce taxpayer compliance costs.	M1	D

Initiatives exist to reduce compliance cost to small taxpayers, however there is no established system to routinely analyze frequently asked questions and common misunderstandings of the law. Small taxpayers only file ToT annually and are allowed by the article 43 of the general procedure law, to maintain records compatible to the size of their business. A shortened PIT form exists for taxpayers with one source of income and a secure 24-hour on-line portal is available for all taxpayers to file and pay; however, prefilled declarations do not exist. Audit and verification of returns are done by a separate entity and there is no regular or systematic reporting and analysis of frequent mistakes made by taxpayers that can be used to improve information products and service delivery. Further, there is no evidence that declaration and other forms are regularly reviewed to minimize requesting irrelevant information from taxpayers. There are frequent asked questions (FAQ) on the website but the authorities didn't provide evidence about its use to improve information products and services or even about its regular updates.

P3-11: Obtaining taxpayer feedback on products and services

For this indicator, two measurement dimensions assess: (1) the extent to which the tax administration seeks taxpayer and other stakeholder views of service delivery; and (2) the degree to which taxpayer feedback is taken into account in the design of administrative processes and products. Assessed scores are shown in Table 12 followed by an explanation of reasons underlying the assessment.

Table 12. P3-11 Assessment

Measurement dimensions	Scoring Method	Score 2024	
P3-11-1. The use and frequency of methods to obtain performance feedback from taxpayers on the standard of services provided.	M1	C	C
P3-11-2. The extent to which taxpayer input is taken into account in the design of administrative processes and products.		A	

The tax administration obtains feedback on service delivery from taxpayers to improve services; however, no regular survey has been conducted in recent years by the tax administration on perceptions of taxpayers of tax administration services and products.

There are quarterly meetings with tax intermediaries when they can provide feedback. Taxpayers can also send feedback through the website. A suggestion box was used in the past but no evidence of its effective use as it was not moved to the current building. Frequently Asked Questions is available on the website, but the authorities could not inform the mission team whether it has been updated since it was first uploaded. The last satisfaction survey conducted in 2019 was not done by an independent body. Despite the fact that the sample was a small group, it covered the key groups of taxpayers and tax advisors.

Evidence exists about active involvement of taxpayers and intermediaries in the design and testing of new products and services. Quarterly group meetings are held with intermediaries who represent most taxpayers to receive their input and feedback on administrative processes and new products and services. Evidence provided indicates that, as much as possible, commitment is given in the meeting to address the feedback/concerns of the taxpayer groups. Recently, taxpayers were invited to test the features of the online portal to ensure it was user-friendly and provided sufficient information to allow them to comply.

POA 4: Timely Filing of Tax Declarations

Filing of tax declarations (also known as tax returns) remains a principal means by which a taxpayer's tax liability is established and becomes due and payable. As noted in POA 3, however, there is a trend towards streamlining preparation and filing of declarations of taxpayers with relatively uncomplicated tax affairs (e.g., through pre-filing tax declarations). Moreover, several countries treat income tax withheld at source as a final tax, thereby eliminating the need for large numbers of PIT taxpayers to file annual income tax declarations. There is also a strong

trend towards electronic filing of declarations for all core taxes. Declarations may be filed by taxpayers themselves or via tax intermediaries.

It is important that all taxpayers who are required to file do so, including those who are unable to pay the tax owing at the time a declaration is due (for these taxpayers, the first priority of the tax administration is to obtain a declaration from the taxpayer to confirm the amount owed, and then secure payment through the enforcement and other measures covered in POA 5).

Three performance indicators are used to assess POA 4:

- P4-12—On-time filing rate.
- P4-13—Management of non-filers
- P4-14—Use of electronic filing facilities.

P4-12: On-time filing rate

A single performance indicator, with four measurement dimensions, is used to assess the on-time filing rate for CIT, PIT, VAT and domestic excise tax, and PAYE withholding declarations. A high on-time filing rate is indicative of effective compliance management including, for example, provision of convenient means to file declarations (especially electronic filing facilities), simplified declarations forms, and enforcement action against those who fail to file on time. Assessed scores are shown in Table 13 followed by an explanation of reasons underlying the assessment.

Table 13. P4-12 Assessment

Measurement dimensions	Scoring Method	Score 2024	
P4-12-1. The number of CIT declarations filed by the statutory due date as a percentage of the number of declarations expected from registered CIT taxpayers.	M2	D	C
P4-12-2. The number of PIT declarations filed by the statutory due date as a percentage of the number of declarations expected from registered PIT taxpayers.		D	
P4-12-3. The number of VAT declarations filed by the statutory due date as a percentage of the number of declarations expected from registered VAT taxpayers.		B	
P4-12-4. The number of domestic excise tax declarations filed by the statutory due date as a percentage of the number of declarations expected from registered domestic excise taxpayers.		N/A	

P4-12-5. The number of PAYE withholding declarations filed by employers by the statutory due date as a percentage of the number of PAYE declarations expected from registered employers.		B	
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Evidence shows that taxpayers' adherence to filing tax declarations by the relevant due date is low compared to the TADAT standards for core taxes. On-time filing rates for CIT (38.7 percent for all and 62.7 percent for large taxpayers) and PIT (31.4 percent) for the most recent period available are below the TADAT framework thresholds for a C score. The ratio for the ToT (78.4 percent for all taxpayers and 96.7 percent for large taxpayers) and PAYE (83.9 percent) for the most recent 12-month period reflects higher performance and meet the requirements for B scores. Regarding the large taxpayers, they performed better than other taxpayer segments in general. The on-time filing rate for the Turnover tax is close to international standards (96.7 percent) but far below the minimum standard for the CIT (62.7 percent).

P4-13: Management of non-filers

This indicator measures the extent to taxpayers who have failed to file declarations when due are managed. The assessed score is shown in Table 14 followed by an explanation of reasons underlying the assessment.

Table 14. P4-13 Assessment

Measurement dimension	Scoring Method	Score 2024
P4-13. Action taken to follow up non-filers.	M1	D

Actions to identify and follow up on stop-filers do not meet TADAT standards. The IT system automatically identifies stop-filers. The system automatically generates late-filing penalties for stop and late filers. Nonetheless, effective notifications of penalties are generated by IT based on instructions from the management of compliance based on the workload. Stop-filer lists, once generated, are then distributed to compliance staff, who all share the responsibility to perform the follow-up enforcement function. For CIT there is a delay of approximately four months to issue such notices due to the notice being sent together with the administrative assessments. For PIT, the lag time to dispatch compliance notices also takes long, as the notifications are issued together with the assessment. The procedures to enforce non-filers fell below good international practices as they are not fully documented, and the initial follow-up is not carried out in, at least, 21 after the due dates.

P4-14: Use of electronic filing facilities

This indicator measures the extent to which declarations, for all core taxes, are filed electronically. Assessed scores are shown in Table 15 followed by an explanation of reasons underlying the assessment.

Table 15. P4-14 Assessment

Measurement dimension	Scoring Method	Score 2024
P4-14. The extent to which tax declarations are filed electronically.	M1	A

Taxpayers are mandated by law to file tax returns electronically for all taxes without exception. Mandatory electronic filing is available and strictly enforced for all core taxes⁴. The Tax Inspectorate reports that 100 percent of declarations are filed electronically for each of the core taxes (see Table 11 in Attachment III). A public education program was implemented to prepare taxpayers to adhere to the electronic filing requirements. For persons without devices, taxpayer support is provided at the tax inspectorate office, where staff assists taxpayers in e-filing using in-house kiosks. They also provide 'How-To' documents on their website and YouTube, and personalized client service is available in person, by telephone, and by email.

POA 5: Timely Payment of Taxes

Taxpayers are expected to pay taxes on time. Tax laws and administrative procedures specify payment requirements, including deadlines (due dates) for payment, who is required to pay, and payment methods. Depending on the system in place, payments due will be either self-assessed or administratively assessed. Failure by a taxpayer to pay on time results in imposition of interest and penalties and, for some taxpayers, legal debt recovery action. The aim of the tax administration should be to achieve high rates of voluntary on-time payment and low incidence of tax arrears.

Four performance indicators are used to assess POA 5:

- P5-15—Use of electronic payment methods.
- P5-16—Use of efficient collection systems.
- P5-17—Timeliness of payments
- P5-18—Stock and flow of tax arrears.

P5-15: Use of electronic payment methods

This indicator examines the degree to which core taxes are paid by electronic means without the direct intervention of bank staff or tax administration, including through electronic funds transfer

⁴ Ministeriële regeling formeel belastingrecht Art. 2.2 (PIT), Article 2.5 (Wage Tax, ToT and CIT)

(where money is electronically transferred via the Internet from a taxpayer's bank account to the Government's account), credit cards, and debit cards. Assessed scores are shown in Table 16 followed by an explanation of reasons underlying the assessment.

Table 16. P5-15 Assessment

Measurement dimension	Scoring Method	Score 2024
P5-15. The extent to which core taxes are paid electronically.	M1	B

Electronic payment is available and widely used for all core taxes, except for the lottery sector. E-payment is available through various channels, including electronic transfers or direct funds transfers from banks, credit cards, or debit cards. Electronic payments are higher than 99 percent by number and by value, which includes large taxpayers. Only, operators in the lottery sector are not eligible to establish bank accounts in Curacao due to Anti-Money Laundry regulations. Therefore, they are unable to use the e-payments system and they pay their taxes in cash. The lottery sector concerns less than 1 percent of total payment transactions and total revenues of both 'total taxpayers' and 'large taxpayers'. There are only two large taxpayers in the sector in an universe of 420 large taxpayers. (see Table 11 in Attachment III).

P5-16: Use of efficient collection systems

This indicator assesses the extent to which acknowledged efficient collection systems—especially withholding at source and advance payment systems—are used. Assessed scores are shown in Table 17 followed by an explanation of reasons underlying the assessment.

Table 17. P5-16 Assessment

Measurement dimension	Scoring Method	Score 2024
P5-16. The extent to which withholding at source and advance payment systems are used.	M1	D

The tax administration makes some use of withholding arrangements but there is no advance payment for CIT nor withholding or mandatory reporting for dividends income. Withholding at source is in place for all employment income (PAYE/wages tax)⁵. However, there is no advanced payment regime in place for CIT and there is no withholding or mandatory reporting in place for dividends income.

P5-17: Timeliness of payments

⁵ Article 11 of the Wage Tax Act

This indicator assesses the extent to which payments are made on time (by number and by value). For TADAT measurement purposes, VAT payment performance is used as a proxy for on-time payment performance of core taxes generally. A high on-time payment percentage is indicative of sound compliance management including, for example, provision of convenient payment methods and effective follow-up of overdue amounts. Assessed scores are shown in Table 18 followed by an explanation of reasons underlying the assessment.

Table 18. P5-17 Assessment

Measurement dimensions	Scoring Method	Score 2024	
P5-17-1. The number of VAT payments made by the statutory due date in percent of the total number of payments due.	M1	B	B
P5-17-2. The value of VAT payments made by the statutory due date in percent of the total value of VAT payments due.		B	

On-time payment rates for ToT are high both by the number of payments and by the value of ToT. Statutory payment requirements and enforcement provisions are regulated in Chapter Vland VII of the Turnover Tax Act and Chapter II of the General Tax Procedures Act. The ratio of the number of turnover tax payments made by the due date is 84.0 percent for all taxpayers and 93.5 percent for large taxpayers. The value of ToT payments made by the statutory due date in percent of the total value of ToT payments due is 90.5 percent for all taxpayers and 97.4 percent for large taxpayers. Both the number and the amount of ToT payments for all taxpayers and large taxpayers meet the criteria for a B-score. See Table 12 in Attachment III.

P5-18: Stock and flow of tax arrears

This indicator examines the extent of accumulated tax arrears. Two measurement dimensions are used to gauge the size of the administration's tax arrears inventory: (1) the ratio of end-year tax arrears to the denominator of annual tax collections; and (2) the more refined ratio of end-year 'collectible tax arrears' to annual collections.⁶ A third measurement dimension looks at the extent of unpaid tax liabilities that are more than a year overdue (a high percentage may indicate poor debt collection practices and performance given that the rate of recovery of tax arrears tends to decline as arrears get older). Assessed scores are shown in Table 19 followed by an explanation of reasons underlying the assessment.

Table 19. P5-18 Assessment

⁶ For purposes of this ratio, 'collectible' tax arrears is defined as total domestic tax arrears excluding: (a) amounts formally disputed by the taxpayer and for which collection action has been suspended pending the outcome, (b) amounts that are not legally recoverable (e.g., debt foregone through bankruptcy), and (c) arrears otherwise uncollectible (e.g., the debtor has no funds or other assets).

Measurement dimensions	Scoring Method	Score 2024	
P5-18-1. The value of total core tax arrears at fiscal year-end as a percentage of total core tax revenue collections for the fiscal year.	M2	D	D+
P5-18-2. The value of collectible core tax arrears at fiscal year-end as a percentage of total core tax revenue collections for the fiscal year.		D	
P5-18-3. The value of core tax arrears more than 12 months old as a percentage of the value of all core tax arrears.		C	

The stock and flow of tax arrears falls well below the TADAT standards and presents a significant challenge for the tax administration. The average ratio of the value of total core tax arrears at fiscal year-end as a function of the total collections for the fiscal year is 225 percent, which indicates that the level of tax arrears at year-end is 125 percent greater than the collections for the fiscal year and is not sufficient for a 'C' score. The average value of collectible core tax arrears at fiscal year-end as a percentage of total core tax revenue collections for the fiscal year was 215 percent giving a 'D' score, while the value of core tax arrears more than 12 months old as a percentage of the value of all core tax arrears is 74 percent resulting in a 'C' score for this dimension. See Table 13 in Attachment III.

POA 6: Accurate Reporting in Declarations

Tax systems rely heavily on complete and accurate reporting of information by taxpayers in tax declarations. Tax administrations therefore need to regularly monitor tax revenue losses from inaccurate reporting, especially by business taxpayers, and take a range of actions to ensure compliance. These actions fall into two broad groups: verification activities (e.g., tax audits, investigations, and income matching against third party information sources) and proactive initiatives (e.g., taxpayer assistance and education as covered in POA 3, and cooperative compliance approaches).

If well designed and managed, tax audit programs can have far wider impact than simply raising additional revenue from discrepancies detected by tax audits. Detecting and penalizing serious offenders serve to remind all taxpayers of the consequences of inaccurate reporting.

Also prominent in modern tax administration is high-volume automated crosschecking of amounts reported in tax declarations with third-party information. Because of the high cost and relative low coverage rates associated with traditional audit methods, tax administrations are increasingly using technology to screen large numbers of taxpayer records to detect discrepancies and encourage correct reporting.

Proactive initiatives also play an important role in addressing risks of inaccurate reporting. These include adoption of cooperative compliance approaches to build collaborative and trust-based relationships with taxpayers (especially large taxpayers) and intermediaries to resolve tax issues and bring certainty to companies' tax positions in advance of a tax declaration being filed, or before a transaction is actually entered into. A system of binding tax rulings can play an important role here.

Finally, on the issue of monitoring the extent of inaccurate reporting across the taxpayer population generally, a variety of approaches are being used, including: use of tax compliance gap estimating models, both for direct and indirect taxes; advanced analytics using large data sets (e.g., predictive models, clustering techniques, and scoring models) to determine the likelihood of taxpayers making full and accurate disclosures of income; and surveys to monitor taxpayer attitudes towards accurate reporting of income.

Against this background, four performance indicators are used to assess POA 6:

- P6-19—Scope of verification actions taken to detect and deter inaccurate reporting.
- P6-20—Use of large-scale data-matching systems to detect inaccurate reporting.
- P6-21—Initiatives undertaken to encourage accurate reporting.
- P6-22—Monitoring the tax gap to assess inaccuracy of reporting levels.

P6-19: Scope of verification actions taken to detect and deter inaccurate reporting

For this indicator, four measurement dimensions provide an indication of the nature and scope of the tax administration's verification program. Assessed scores are shown in Table 20 followed by an explanation of reasons underlying the assessment.

Table 20. P6-19 Assessment

Measurement dimensions	Scoring Method	Score 2024	
P6-19-1. The nature and scope of the tax audit program in place to detect and deter inaccurate reporting.	M1	C	D
P6-19-2. The extent to which the audit program is systematized around uniform practices.		C	
P6-19-3. The degree to which the quality of taxpayer audits is monitored.		A	
P6-19-4. The degree to which the tax administration monitors the effectiveness of the taxpayer audit function.		D	

The tax administration's audit program covers all core taxes and key taxpayer segments and uses a range of audit types and methodologies, but the selection of cases is decentralized.

The annual audit program is prepared by the Audit Foundation, starting with the case selection from each branch coordinator based on the net hours available for each auditor and the categories of taxpayers (for example, large taxpayers), which is consolidated and submitted to the Board for approval. It focus on comprehensive audits, which, depending on the analysis made in the field, can be reduced to issue-oriented audits. There are also specific projects, a compliance program, with check visits on taxpayers, multi-disciplinary procedures (joint initiatives with other institutions), and advisory visits. Each branch coordinator selects the audit cases for his/her branch based on known risks. Requests from the Inspectorate are included in the annual work plan. Quarterly, the results of the audit teams are assessed based on the results of the audits and hours spent, but not on taxpayer compliance levels. Despite the category "A" encompasses the large taxpayers for the Audit Foundation, each of the three revenue institutions has its own criteria for segmenting taxpayers, resulting in non-uniform criteria for segmentation. The impact of the audits on compliance is limited to the analysis of the revenue collected by the economic sector impacted by audit.

Auditors apply procedures documented in a regularly updated audit manual that outlines the stages involved in an audit; however, there are no audit manuals for specific economic sectors/industries.

The Audit Foundation utilizes a software (Team Mate), which encompasses the procedures established in the audit manual. Although the manual's printed book is from 2011, the electronic version (within the IT subsystem) has been regularly updated. The manual and the software guide the preparation of the audit case, the creation of the taxpayer profile, the requirement to advise the taxpayer about the nature and scope of the audit, the rules to examine taxpayer records, the information to taxpayers about the audit findings and any resulting additional tax and penalties and the taxpayers about dispute resolution rights and procedures. It also provides guidance on managing audit files, using templates for working papers, notices to taxpayers, and other required documentation, and the procedures and criteria that need to be applied in the settlement of audit cases. Special audit manuals for major economic sectors/industries are a work in progress, which started in 2024.

The Internal Control Department monitors audit quality and reports main findings, which are taken into account to improve the audit function.

The managers approve the individual audit plans for each case, follow the audit during the procedure, and evaluate each audit (including scoring each audit). The Internal Control Department reviews all audits, using standard checklists, and issues audit control reports, which are taken into consideration to improve the audit function.

The Audit Foundation's senior management team monitors key performance measures in the audit plan every quarter; which do not meet all TADAT standards.

The monitoring includes the inputs and time usage for each type of audit, audit closures and the amount of additional assessments payable, the average audit yield from settled audit cases, and the average

elapsed time of cases. The audit foundation acts based on the reports to improve future audit results. On the other hand, there is no assessment the effectiveness of the taxpayer audit function, through regularly issued performance reports that include narrative and quantitative analysis on compliance trends and anomalies revealed through audit results and the time taken to complete audits. The assessments do not track audit outputs versus collection, percentage of audit closures without or with reduced adjustments, nor the time spent in cases where no additional tax is charged.

P6-20: Use of large-scale data-matching systems to detect inaccurate reporting.

For this indicator, one measurement dimension provides an indication of the extent to which the tax administration leverages technology to screen large numbers of taxpayer records against third-party information to detect discrepancies and encourage correct reporting. Assessed scores are shown in Table 21 followed by an explanation of reasons underlying the assessment.

Table 21. P6-20 Assessment

Measurement dimension	Scoring Method	Score 2024
P6-20. The extent of large-scale automated crosschecking to verify information reported in tax declarations.	M1	C

The tax administration institutions carry out large-scale automated crosschecking of core tax declarations with information from the turnover tax⁷, employers, and government institutions, but not with information from banks and other financial institutions. The tax administration has gathered and data-matched information from tax declarations with data from the Chamber of Commerce and Civil Registry (both government institutions, the Customs Department, the Social Security Bank (income paid to health professionals), the Land Registry on property registrations, Notaries on property transactions. Information on social contributions paid to employees is data-matched with information on wage tax declarations, and information from motor vehicles is also matched against information on available income from taxpayers. However, the tax administration does not require banks and other financial institutions to file tax declarations of the withheld taxes on interests for each beneficiary. Currently, the data received from other jurisdictions is not used in automated crosschecking of data.

P6-21: Initiatives undertaken to encourage accurate reporting

⁷ There is no VAT in Curacao.

This indicator assesses the nature and scope of cooperative compliance and other proactive initiatives undertaken to encourage accurate reporting. Assessed scores are shown in Table 22 followed by an explanation of reasons underlying the assessment.

Table 22. P6-21 Assessment

Measurement dimension	Scoring Method	Score 2024
P6-21. The nature and scope of proactive initiatives undertaken to encourage accurate reporting.	M1	B

The tax system of Curacao offers both public and private rulings for all core taxes. Article 39 of the Algemene landsverordening Landsbelastingen (the General Procedure Law) stipulates that decisions of the Minister of Finance may publish general rules (i.e. public rulings), binding the tax administration officers, unless the specific tax laws dictates differently. Section IX of the Algemene landsverordening Landsbelastingen allows taxpayers to seek a private ruling, which, once issued, binds the tax administration officials to the interpretation provided therein.

The tax law in Curacao does not offer cooperative compliance agreements. A cooperative compliance agreement is a voluntary arrangement between the tax administration and a taxpayer, particularly large taxpayers, aimed at improving the working relationship by reducing legal uncertainty, creating a level playing field, and reducing the costs to both tax administration and the taxpayer.

P6-22: Monitoring the tax gap to assess inaccuracy of reporting levels

This indicator examines the soundness of methods used by the tax administration to monitor the extent of inaccurate reporting in declarations. The assessed score is shown in Table 23 followed by an explanation of reasons underlying the assessment.

Table 23. P6-22 Assessment

Measurement dimensions	Scoring Method	Score 2024
P6-22. The soundness of tax gap analysis method/s used by the tax administration to monitor the extent of inaccurate reporting.	M1	D

The tax administration of Curacao does not monitor the extent of revenue losses from inaccurate reporting. The Central Bank is trying to carry out a gap analysis for ToT. Other than that, compliance gap studies have yet to be undertaken for ToT or other core taxes. The tax administration has yet to design analytical models or methodologies to estimate the size and composition of the tax gap.

POA 7: Effective Tax Dispute Resolution

This POA deals with the process by which a taxpayer seeks an independent review, on grounds of facts or interpretation of the law, of a tax assessment resulting from an audit. Above all, a tax dispute process must safeguard a taxpayer's right to challenge a tax assessment and get a fair hearing. The process should be based on a legal framework, be known and understood by taxpayers, be easily accessible, guarantee transparent independent decision-making, and resolve disputed matters in a timely manner.

Three performance indicators are used to assess POA 7:

- P7-23—Existence of an independent, workable, and graduated dispute resolution process.
- P7-24—Time taken to resolve disputes.
- P7-25—Degree to which dispute outcomes are acted upon.

P7-23: Existence of an independent, workable, and graduated resolution process

For this indicator three measurement dimensions assess: (1) the extent to which a dispute may be escalated to an independent external tribunal or court where a taxpayer is dissatisfied with the result of the tax administration's review process; (2) the extent to which the tax administration's review process is truly independent; and (3) the extent to which taxpayers are informed of their rights and avenues of review. Assessed scores are shown in Table 24 followed by an explanation of reasons underlying the assessment.

Table 24. P7-23 Assessment

Measurement dimensions	Scoring Method	Score 2024	
P7-23-1. The extent to which an appropriately graduated mechanism of administrative and judicial review is available to, and used by, taxpayers.	M2	A	B
P7-23-2. Whether the administrative review mechanism is independent of the audit process.		D	
P7-23-3. Whether information on the dispute process is published, and whether taxpayers are explicitly made aware of it.		B	

Taxpayers do have access to and make use of an appropriate graduated mechanism of administrative and judicial review. Chapter IV of the General Procedure Act provides taxpayers the right to object against notifications from the Tax Administration. Taxpayers need to file an objection with the Tax Administration to be analyzed by the same Department that issued the

notification. Following the review by the Tax Administration, a dissatisfied taxpayer has to file an appeal with the General Court. The General Court has dedicated chambers that handle tax disputes between taxpayers and the tax administration. Following an unsatisfactory court ruling of the General Court, taxpayers can appeal at the Joint Court of Justice of Aruba, Curaçao, Sint Maarten, and of Bonaire, Saint Eustatius and Saba (Court of Justice). A judge who handled cases in the first instance will not participate when the case is dealt with in appeal. The members of the Court of Justice work together in judicial tribunals, such as the Board of Appeal in Tax Cases. The Dutch Supreme Court handles appeal (cassation) cases⁸ of taxpayers who are not satisfied with the decisions of the Court of Justice or when such decisions are in the interest of law. Following discussions with the General Court, the Tax Administration recently initiated a first review of appeals by tax taxpayers to reduce the number of appeals caused by apparently incorrect decisions on objections by the Tax Administration. Taxpayers do regularly make use of their objection and appeal rights.

The administrative review process is partially independent of the audit/assessment process, and it lacks properly documented procedures. Objections of taxpayers are not handled by the auditor/inspector who has/have issued the assessment. Objection of taxpayers are handled by a colleague in the same department though. The tax administration has organized quality reviews of proposed decisions on objections, but there is no official procedure documented at this stage. The tax administration is in the process of developing manuals for the dispute resolution process.

Information on the dispute resolution process is publicly available; however, there is no written instruction to the tax administrative staff about the need to explicitly explain to the taxpayer their dispute resolution rights and procedures. Auditors and administrative review staff are not guided by written standard operational procedures to inform taxpayers of their dispute's rights and associated procedures. Nevertheless, the Tax Administration website contains clear information on taxpayers' rights in case of disagreements with tax assessments imposed and other decisions made by the administration. The relevant laws are published on the government of Curaçao website (<https://gobiernu.cw/nl/themas/wet-regelgeving/>). All audit reports and assessment letters imposed by the Tax Administration specifically refer to the taxpayer's right of objection. The right to appeal to the Court in the first instance is explicitly mentioned in the notifications of the administrative review outcome.

P7-24: Time taken to resolve disputes

⁸ Art. 1a of the 'Rijkswet rechtsmacht Hoge Raad voor Aruba, Curaçao, Sint Maarten en voor Bonaire, Sint Eustatius en Saba. Rijkswet van 20 juli 1961, houdende de "Cassatieregeling voor de Nederlandse Antillen"'.

This indicator assesses how responsive the tax administration is in completing administrative reviews. Assessed scores are shown in Table 25 followed by an explanation of reasons underlying the assessment.

Table 25. P7-24 Assessment

Measurement dimensions	Scoring Method	Score 2024
P7-24. The time taken to complete administrative reviews.	M1	D

The time taken to resolve disputes is well below standards established by international good practice. As per Table 14 in Attachment III, the average time taken to complete the administrative reviews far exceeds 90 days, with an average of 2 percent of cases completed within 90 days in the last 12 months. There is a significant stock of administrative review cases older than 12 months. The General Procedure Law stipulates that decisions should be taken within three months following receipt of objections by the Tax Administration. This term can be extended by another three months in special situations. Taxpayers may file an appeal with the Court in the first instance if no decision is taken. Cleaning-up actions of backlog cases have resulted in a significant reduction of administrative review cases over the last couple of years and actions are planned to reduce the number of old objections further. There are no documented standard operational procedures for the administrative review process. Senior management is currently updated on the status of cases every month. Dashboards are developed to provide management and staff with daily overviews of the caseload.

P7-25: Degree to which dispute outcomes are acted upon

This indicator looks at the extent to which dispute outcomes are taken into account in determining policy, legislation, and administrative procedure. The assessed score is shown in Table 26 followed by an explanation of reasons underlying the assessment.

Table 26. P7-25 Assessment

Measurement dimension	Scoring Method	Score 2024
P7-25. The extent to which the tax administration responds to dispute outcomes.	M1	C

It is not standard practice of the Tax administration to monitor and analyze dispute outcomes, including those with significant revenue impact, to inform the formulation of policy, legislation, or administrative procedures. Incidentally, objection outcomes and court decisions have resulted in changes of administrative procedures, policies and legislation in the past three years. The Tax administration is currently developing process manuals, also for the dispute resolution process, and aims to include a more standardized and regular monitoring and

review mechanism.

POA 8: Efficient Revenue Management

This POA focuses on three key activities performed by tax administrations in relation to revenue management:

- Providing input to government budgeting processes of tax revenue forecasting and tax revenue estimating. (As a general rule, primary responsibility for advising government on tax revenue forecasts and estimates rests with the Ministry of Finance. The tax administration provides data and analytical input to the forecasting and estimating processes. Ministries of Finance often set operational revenue collection targets for the tax administration based on forecasts of revenue for different taxes.)⁹
- Maintaining a system of revenue accounts.
- Paying tax refunds.

Three performance indicators are used to assess POA 8:

- P8-26—Contribution to government tax revenue forecasting process.
- P8-27—Adequacy of the tax revenue accounting system.
- P8-28—Adequacy of tax refund processing.

P8-26: Contribution to government tax revenue forecasting process

This indicator assesses the extent of tax administration input to government tax revenue forecasting and estimating. The assessed score is shown in Table 27 followed by an explanation of reasons underlying the assessment.

Table 27. P8-26 Assessment

Measurement dimensions	Scoring Method	Score 2024
P8-26. The extent of tax administration input to government tax revenue forecasting and estimating.	M1	B

The tax administration regularly monitors revenue performance and provides inputs for Government's forecasting and estimation, which does not include tax expenditures nor losses carried forward monitoring. A robust dashboard has been developed and is used to

⁹ It is common for Ministries of Finance to review budget revenue forecasts and related tax collection targets during the fiscal year (particularly mid-year) to take account of changes in forecasting assumptions, especially changes in the macroeconomic environment.

track and monitor all revenue collected against forecast. Performance is monitored regularly, allowing for timely and relevant actions to be taken to maximize revenue collection. The Ministry of Finance maintains a strong working relationship with the Tax Administration and receives revenue figures on a monthly basis to monitor against the budget. The authorities from the Ministry also consult with the tax administration when setting annual budgetary targets to ensure they account for historical trends, economic conditions, and other pertinent variables that influence the forecasting and estimation process.

P8-27: Adequacy of the tax revenue accounting system

This indicator examines the adequacy of the tax revenue accounting system. Assessed scores are shown in Table 28 followed by an explanation of reasons underlying the assessment.

Table 28. P8-27 Assessment

Measurement dimension	Scoring Method	Score 2024
P8-27. Adequacy of the tax administration's revenue accounting system.	M1	D

The tax administration automated accounting system is compliant with government information technology and accounting standards but does not interface with the Ministry of Finance accounting system nor ensure all payments are posted in taxpayers' accounts in three days. Two banks facilitate payments that can be posted to taxpayers' accounts in real time if the reference number is correctly informed. Nevertheless, it is possible to pay without the correct reference number. Other banks do not send real-time information and are required to send the payment information to the tax administration at the end of the day. Whenever a manual intervention is necessary, it is possible that the tax administration will not be able to identify the right taxpayers' accounts within three days of receipt. Payments that cannot be verified are kept in a suspense account and are reviewed monthly to determine whether any payment can be confirmed and subsequently posted to taxpayers' accounts. An annual review of the suspense account is also conducted. While the taxpayers' ledgers are reviewed by the tax administration, it is not done regularly and systematically. SOAB audits the accounting system to ensure it aligns with tax laws, but it is not done on a regular basis.

P8-28: Adequacy of tax refund processing

For this indicator, two measurement dimensions assess the tax administration's system of processing VAT refund claims. Assessed scores are shown in Table 29 followed by an explanation of reasons underlying the assessment.

Table 29. P8-28 Assessment

Measurement dimensions	Scoring Method	Score 2024	
P8-28-1. Adequacy of the VAT refund system.	M2	N/A*	N/A*
P8-28-2. The time taken to pay (or offset) VAT refunds.		N/A*	

* N/A – Not Applicable

The adequacy of tax refund processing is not applicable in Curacao. There is no VAT system in Curacao. Turnover Tax, which is taken as an equivalent of VAT, has no system of refunds. Hence, this indicator is not applicable.

POA 9: Accountability and Transparency

Accountability and transparency are central pillars of good governance. Their institutionalization reflects the principle that tax administrations should be answerable for the way they use public resources and exercise authority. To enhance community confidence and trust, tax administrations should be openly accountable for their actions within a framework of responsibility to the minister, government, legislature, and the general public.

Four performance indicators are used to assess POA 9:

- P9-29—Internal assurance mechanisms.
- P9-30—External oversight of the tax administration.
- P9-31—Public perception of integrity.
- P9-32—Publication of activities, results, and plans.

P9-29: Internal assurance mechanisms

For this indicator, two measurement dimensions assess the internal assurance mechanisms in place to protect the tax administration from loss, error, and fraud. Assessed scores are shown in Table 30 followed by an explanation of reasons underlying the assessment.

Table 30. P9-29 Assessment

Measurement dimensions	Scoring Method	Score 2024	
P9-29-1. Assurance provided by internal audit.	M2	D	D
P9-29-2. Staff integrity assurance mechanisms.		D	

The internal audit function is restricted to the Auditors Foundation, while the Inspectorate and the Receivers Office themselves have not organized a proper internal audit overview.

The Auditors Foundation has an internal audit team that conducts comprehensive audits of the Auditors Foundation processes. It reports directly to the Supervisory Board of the Foundation. The Inspectorate and the Receiver Office do not have a proper internal audit function. To close this gap, the Ministry of Finance assigned the role of internal audit to the statutory internal auditor of the Governments of Curaçao and Sint Maarten (the Stichting Overheidsaccountantsbureau - SOAB). SOAB is a foundation with full private control, ensuring an independent position. The Chairman of the Supervisory Board is appointed by the Governors of Curaçao and Sint Maarten. SOAB's annual audit plan of the Receiver Office activities comprises internal control checks and operational and revenue performance audits. SOAB auditors are regularly trained. The tax administration lacks a central depository of policies, processes, and procedures. Independent overviews of its audits of the tax system work have not been conducted recently. IT system controls, including audit trails of user access and changes made to the taxpayer data, are in place and included in the audits performed by SOAB. Nonetheless, the Inspectorate and the Receiver lack ownership and see SOAB as an external function. SOAB reports to the Minister of Finance and the directors of the Receiver Office and the Inspectorate.

The tax administration has a code of ethics and professional conduct; however, explicit communication thereof and confirming receipt is not applied routinely. The tax administration has not established a dedicated internal affairs unit. A new Code of Ethics and professional conduct has recently been approved by the Inspectorate and the Receiver, and the human resource departments have started the process of communicating this throughout the organization. Explicit signing of receipt of communication will be applied as well. The Audit Foundation has a code of ethics, which is included in the written personnel regulation (personeelsreglement SBAB), digitally available for all personnel who receive periodic training in one or more aspects of our code of ethics.

P9-30: External oversight of the tax administration

Two measurement dimensions of this indicator assess: (1) the extent of independent external oversight of the tax administration's operations and financial performance; and (2) the investigation process for suspected wrongdoing and maladministration. Assessed scores are shown in Table 31 followed by an explanation of reasons underlying the assessment.

Table 31. P9-30 Assessment

Measurement dimensions	Scoring Method	Score 2024	
P9-30-1. The extent of independent external oversight of the tax administration's operations and financial performance.	M2	D	D

P9-30-2. The investigation process for suspected wrongdoing and maladministration.		D	
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External audits only cover parts of the financial statements and operational performance of the Tax administration and are not performed annually. The government auditor's foundation, the Stichting Overheidsaccountantsbureau - SOAB performed an operational performance audit of the Receivers Office, covering the years 2021 (not repeated in 2022 and 2023). Partial audits of the tax restitution process were conducted in 2020-2021 and 2023/2024. An initial audit of the Inspectorate was put on hold because the Inspectorate informed SOAB that it didn't have staff to support the audit. The Parliament audit organisation (the 'Algemene Rekenkamer') only refers to the SOAB reports in its annual report to the parliament. The financial and operational performance of the Audit Foundation is audited annually by a certified external accountant and the management of SOAB responded to the auditors' findings. The Audit Foundation external audit reports are not published.

The Curacao Ombudsman investigates complaints of taxpayers and reports to the Tax administration, but currently there is no anti-corruption agency investigating incidences of alleged corrupt conduct of tax administration officials. The annual reports 2020 - 2022 by the Ombudsman indicate around 40 complaints from taxpayers regarding their treatment by the Tax administration and Receivers Office. The Ombudsman has discussed the complaints directly with the Tax administration and solved the cases. The annual reports do not explicitly mention systematic issues, although some systematic errors have been discussed with the head of the tax administration and Receivers Office. An anti-corruption agency, funded by the Netherlands, was present in Curacao up to the year 2022. This agency is no longer active, nor replaced by another agency investigating alleged corrupt conduct of tax officials.

P9-31: Public perception of integrity

This indicator examines measures taken to gauge public confidence in the tax administration. The assessed score is shown in Table 32 followed by an explanation of reasons underlying the assessment.

Table 32. P9-31 Assessment

Measurement dimension	Scoring Method	Score 2024
P9-31. The mechanism for monitoring public confidence in the tax administration.	M1	D

Taxpayers' perception of the operations of the Tax Administration in 2019 and 2022 did not address taxpayers' confidence in the tax administration. In addition, the surveys were

not based on statistically valid samples of taxpayers. An independent survey of key taxpayer segments (using a statistically valid methodology) is tendered in 2024 but not contracted yet.

P9-32: Publication of activities, results, and plans

Two measurement dimensions of this indicator assess the extent of: (1) public reporting of financial and operational performance; and (2) publication of future directions and plans. Assessed scores are shown in Table 33 followed by an explanation of reasons underlying the assessment.

Table 33. P9-32 Assessment

Measurement dimensions	Scoring Method	Score 2024	
P9-32-1. The extent to which the financial and operational performance of the tax administration is made public, and the timeliness of publication.	M2	D	D
P9-32-2. The extent to which the tax administration's future directions and plans are made public, and the timeliness of publication.		D	

The tax administration published its 2023 annual report of operational performance in October 2024 and quarterly operational performance reports in 2024. The quarterly and annual reports do not contain the full financial performance of the tax administration, which is reported separately to the Ministry of Finance. The tax administration is stepping up efforts to compile more comprehensive financial and operational reports and aims to have these published within at least nine months following the financial year. Annual reports from the Audit Foundation have not been published.

The tax administration has operational plans in place; however, these plans have not been published, and there is no strategic plan (medium-term) in place yet. As mentioned above, the Tax administration is reporting to the Ministry of Finance along the lines of the operational plans every three months. The operational reports for the periods 2023, January-March 2024 and January-June 2024 are published on the website of the Tax Administration.

Attachment I. TADAT Framework

Performance outcome areas

TADAT assesses the performance of a country's tax administration system by reference to nine outcome areas:

1. **Integrity of the registered taxpayer base:** Registration of taxpayers and maintenance of a complete and accurate taxpayer database is fundamental to effective tax administration.
2. **Effective risk management:** Performance improves when risks to revenue and tax administration operations are identified and systematically managed.
3. **Supporting voluntary compliance:**
Usually, most taxpayers will meet their tax obligations if they are given the necessary information and support to enable them to comply voluntarily.
4. **On-time filing of declarations:** Timely filing is essential because the filing of a tax declaration is a principal means by which a taxpayer's tax liability is established and becomes due and payable.
5. **On-time payment of taxes:** Non-payment and late payment of taxes can have a detrimental effect on government budgets and cash management. Collection of tax arrears is costly and time consuming.
6. **Accurate reporting in declarations:** Tax systems rely heavily on complete and accurate reporting of information in tax declarations. Audit and other verification activities, and proactive initiatives of taxpayer assistance, promote accurate reporting and mitigate tax fraud.
7. **Effective Tax Dispute Resolution:** Independent, accessible, and efficient review mechanisms safeguard a taxpayer's right to challenge a tax assessment and get a fair hearing in a timely manner.
8. **Efficient revenue management:** Tax revenue collections must be fully accounted for, monitored against budget expectations, and analyzed to inform government revenue forecasting. Legitimate tax refunds to individuals and businesses must be paid promptly.



9. **Accountability and transparency:** As public institutions, tax administrations are answerable for the way they use public resources and exercise authority. Community confidence and trust are enhanced when there is open accountability for administrative actions within a framework of responsibility to the minister, legislature, and general community.

Indicators and associated measurement dimensions

A set of 32 high-level indicators critical to tax administration performance are linked to the performance outcome areas. It is these indicators that are scored and reported on. A total of 55 measurement dimensions are taken into account in arriving at the indicator scores. Each indicator has between one and five measurement dimensions.

Repeated assessments will provide information on the extent to which a country's tax administration is improving.

Scoring methodology

The assessment of indicators follows the same approach followed in the Public Expenditure and Financial Accountability (PEFA) diagnostic tool so as to aid comparability where both tools are used.

Each of TADAT's 55 measurement dimensions is assessed separately. The overall score for an indicator is based on the assessment of the individual dimensions of the indicator. Combining the scores for dimensions into an overall score for an indicator is done using one of two methods: Method 1 (M1) or Method 2 (M2). For both M1 and M2, the four-point 'ABCD' scale is used to score each dimension and indicator.

Method M1 is used for all single dimensional indicators and for multi-dimensional indicators where poor performance on one dimension of the indicator is likely to undermine the impact of good performance on other dimensions of the same indicator (in other words, by the weakest link in the connected dimensions of the indicator).

Method M2 is based on averaging the scores for individual dimensions of an indicator. It is used for selected multi-dimensional indicators where a low score on one dimension of the indicator does not necessarily undermine the impact of higher scores on other dimensions for the same indicator.

Attachment II. the Country of Curaçao: Country Snapshot

Geography	<p>The Country of Curaçao (Curaçao) is a Lesser Antilles island in the southern Caribbean Sea, specifically the Dutch Caribbean region, about 65 km (40 mi) north of Venezuela. It is a constituent country of the Kingdom of the Netherlands. Curaçao includes the main island of Curaçao and the much smaller, uninhabited island of Klein Curaçao ("Little Curaçao"). Curaçao has an area of 444 km² (171 sq mi); its capital is Willemstad. Together with Aruba and Bonaire, Curaçao forms the ABC islands. Collectively, Curaçao, Aruba, and other Dutch islands in the Caribbean are often called the Dutch Caribbean. Curaçao is the largest of the ABC islands in terms of area and population and the largest in the Dutch Caribbean.</p> <p>Curaçao lies on the continental shelf of South America, featuring a hilly topography, with its highest point reaching 372 m (1,220 ft) above sea level. Curaçao has diverse beaches, from coastline bays, inlets, lagoons, seasonal lakes, rough seas at its north shore, and spring water. In addition, Curaçao has upwelling, which is an oceanographic phenomenon that involves wind-driven motion of dense, cooler, and nutrient-rich water from the deep ocean moving towards the ocean surface, contributing to the source of natural minerals, thermal conditions, and seawater used in hydrotherapy and mesotherapy, making the island one of many balneoclimateric areas in the region. Furthermore, off the southeast coast of the main island of Curaçao, lies the tiny inhabited Isle of Klein Curaçao. Klein Curaçao boasts a long, stretched beach.</p>
Population	<p>155,823 (2023) https://www.cbs.cw/general-indicators-of-curaçao</p> <p>168,271 as at 4 October 2024 (Source: Worldometer)</p>
Adult literacy rate	<p>96.7 percent (2010) (Source: https://www.countryreports.org/country/NetherlandsAntilles/population.htm)</p>
Gross Domestic Product	5,008,200,000 (2022) (Source: Central Bureau of Statistics Curaçao)
Per capita GDP	36,698 (2022) (Source: Central Bureau of Statistics Curaçao)
Main industries	Tourism and (international) financial services sectors. Shipping, international trade, oil refining, and other activities related to the port of Willemstad (like the Free Trade Zone) also make a significant contribution to the economy. (source: wikipedia)
Communications	<p>130,500 internet users (early 2023) Internet penetration stood at 68.1 percent. 108,800 social media users in January 2023 186,200 cellular mobile connections early 2023 (Source: datareportal.com)</p>
Main taxes	Sales tax ("Omzetbelasting"); Corporate Income Tax ("Vennootschapsbelasting"); Personal Income Tax ("Inkomstenbelasting"); PAYE ("Loonbelasting", including social security contributions) and Import Duties

<i>Tax-to-GDP</i>	FY23 - Total tax revenue collection to GDP, excluding the SSC, is estimated at 27.5 percent. The tax revenue collection estimated at 21 percent and the SSC collection is estimated at 13.9 percent.
<i>Number of taxpayers</i>	Corporate income tax: 43,344 taxpayers; Personal income tax: 210,214 taxpayers; PAYE withholding (# of employers): 43,344 taxpayers; Turnover Tax: 43,344 taxpayers, and taxpayers of other taxes are 47,916.
<i>Main collection agency</i>	Belastingdienst Curaçao (belastingdienst.cw)
<i>Number of staff in the main collection agency</i>	The Inspectorate Department has 136 staff, the Collections Department has 116 staff, and the Audit Function has 100 regular staff (plus 130 temporary staff for stimulating tax compliance).
<i>Financial Year</i>	January to December

Attachment III. Data Tables

A. Tax Revenue Collections

Table 1. Tax Revenue Collections, 2021-23			
	2021	2022	2023
In local currency			
National budgeted tax revenue forecast¹	1,611.2	1,856.8	2,015.5
Total revenue collections (including all items below)	1,888.40	2,138.10	2,181.60
Total tax revenue collections (except Turnover Tax and Excise on imports)	1,671.70	1,899.00	1,939.50
Corporate Income Tax (CIT)	103.7	136.9	128.1
Personal Income Tax (PIT)	0.9	(15.5) ¹⁰	1.6
Pay As You Earn (PAYE) withholding by employers	395.8	401.8	397.9
Turnover Tax (ToT) – domestic collection	434.4	543.1	576.7
Turnover Tax (ToT) – collected on imports	121.1	147.3	152
Excises—collected on imports	95.6	91.8	90.1
Social contribution collections	729.4	770.0	813.6
Other domestic taxes	7.4	62.8	21.5
In percent of total tax revenue collections			
Total revenue collections (including all items below)	100	100	100
Total tax revenue collections (except Turnover Tax and Excise on imports)	88.5	88.8	88.9
Corporate Income Tax (CIT)	5.5	6.4	5.9
Personal Income Tax (PIT)	0.0	-0.7	0.1
Pay As You Earn (PAYE) withholding by employers	21.0	18.8	18.2
Turnover Tax (ToT) – domestic collection	23.0	25.4	26.4
Turnover Tax (ToT) – collected on imports	6.4	6.9	7.0
Excises—collected on imports	5.1	4.3	4.1
Social contribution collections	38.6	36.0	37.3
Other domestic taxes ³	0.4	2.9	1.0
Total revenue collections (including all items below)			
Total revenue collections (including all items below)	38.5	38.8	37.2
Total tax revenue collections (except Turnover Tax and Excise on imports)	34.1	34.5	33.0
Corporate Income Tax (CIT)	2.1	2.5	2.2
Personal Income Tax (PIT)	0.0	-0.3	0.0
Pay As You Earn (PAYE) withholding by employers	8.1	7.3	6.8
Turnover Tax (ToT) – domestic collection	8.9	9.9	9.8
Turnover Tax (ToT) – collected on imports	2.5	2.7	2.6
Excises—collected on imports	1.9	1.7	1.5
Social contribution collections	14.9	14.0	13.9
Other domestic taxes ³	0.2	1.1	0.4
Nominal GDP in local currency	4,903	5,504	5,873
Explanatory notes:			
¹ This forecast is set by the Ministry of Finance with input from the tax administration and, for purposes of this table, should only cover the taxes listed in the table.			

¹⁰ There was a backlog in processing PIT returns, which were processed in 2022, concentrating refunds in that year.

B. Movements in the Taxpayer Register

Table 2. Movements in the Taxpayer Register, 2021-23

(Ref: POA1)

	Registered taxpayers¹ [A]	Taxpayers otherwise not required to file² [B]	Taxpayers Expected to File [C] = [(A) – (B)]³	Memorandum items⁴ [D]	
				New Registrations [D1]	Taxpayers deregistered during year [D2]
2021					
Corporate income tax	41,021	17,829	23,192	1,438	1,846
Personal income tax	174,188	154,836	19,352	4,398	12,262
PAYE withholding (# of employers)	41,021	32,865	8,156	543	914
Turnover Tax	41,021	21,266	19,755	1,717	4,373
Other taxpayers	46,034	46,034	0	2,324	1,444
2022					
Corporate income tax	41,789	19,005	22,784	1,574	1,118
Personal income tax	177,466	165,978	11,488	8,033	7,517
PAYE withholding (# of employers)	41,789	34,004	7,785	524	456
Turnover Tax	41,789	24,690	17,099	1,988	1,145
Other taxpayers	46,976	46,976	0	2,640	1,736
2023					
Corporate income tax	43,344	20,104	23,240	1,784	693
Personal income tax	210,214	198,210	12,004		
PAYE withholding (# of employers)	43,344	35,491	7,853	597	316
Turnover Tax	43,344	25,402	17,942	2,044	927
Other taxpayers	47,916	47,862	0	2,358	1,724

Explanatory Notes:

¹ A registered taxpayer who is in the tax administration's taxpayer database.

² Taxpayers not required to file declarations' means taxpayers who are registered but are currently not required to file by law or regulation and are explicitly flagged in the automated tax administration system.

³ Expected filing calculations should be used in Indicator P4-12. However, the authorities explained the different figures for Tables 2 and 4, 6, and 10 of the Attachment III by the retroactive de deregistration between the end of December and the issuance of the invitation letters to taxpayers who must file (around March or April next year).

⁴ Taxpayer register activity information.

⁵ For purposes of a TADAT assessment, the focus is on those registered domestic excise taxpayers who trade in goods/services that contribute 70 percent of the total domestic excise revenue by value.

C. Telephone Enquiries

(Ref: POA 3)

Table 3. Telephone Enquiry Call Waiting Time (for the most recent 12-month period)			
Month	Total number of telephone enquiry calls received	Telephone enquiry calls answered within 6 minutes' waiting time	
		Number	In percent of total calls
Month 1	Not provided	Not provided	Not provided
Month 2	Not provided	Not provided	Not provided
Month 3	Not provided	Not provided	Not provided
Month 4	Not provided	Not provided	Not provided
Month 5	Not provided	Not provided	Not provided
Month 6	Not provided	Not provided	Not provided
Month 7	Not provided	Not provided	Not provided
Month 8	Not provided	Not provided	Not provided
Month 9	Not provided	Not provided	Not provided
Month 10	Not provided	Not provided	Not provided
Month 11	Not provided	Not provided	Not provided
Month 12	Not provided	Not provided	Not provided
	Not provided	Not provided	Not provided
12-month total	Not provided	Not provided	Not provided

D. Filing of Tax Declarations

(Ref: POA 4)

Table 4. On-time Filing of CIT Declarations for 2022
(Due date for filing 2023 returns is still open - December 31, 2024.)

	Number of declarations filed on-time ¹	Number of declarations expected to be filed ²	On-time filing rate ³ (In percent)
All CIT taxpayers	8,694	22,471	38.7
Large taxpayers only	106	169	62.7

Explanatory notes:

¹ 'On-time' filing means declarations (also known as 'returns') filed by the statutory due date for filing (plus any 'days of grace' applied by the tax administration as a matter of administrative policy).

² 'Expected declarations' means the number of CIT declarations that the tax administration expected to receive from registered CIT taxpayers that were required by law to file declarations.

³ The 'on-time filing rate' is the number of declarations filed by the statutory due date as a percentage of the total number of declarations expected from registered taxpayers, i.e. expressed as a ratio:

$$\frac{\text{Number of CIT declarations filed by the due date}}{\text{Number of declarations expected from active CIT taxpayers}} \times 100$$

Table 5. On-time Filing of PIT Declarations for 2023

Number of declarations filed on-time ¹	Number of declarations expected to be filed ²	On-time filing rate ³ (In percent)
3,775	12,004	31.4

Explanatory notes:

¹ 'On-time' filing means declarations (also known as 'returns') filed by the statutory due date for filing (plus any 'days of grace' applied by the tax administration as a matter of administrative policy).

² 'Expected declarations' means the number of PIT declarations that the tax administration expected to receive from registered PIT taxpayers that were required by law to file declarations.

³ The 'on-time filing rate' is the number of declarations filed by the statutory due date as a percentage of the total number of declarations expected from registered taxpayers, i.e. expressed as a ratio:

$$\frac{\text{Number of PIT declarations filed by the due date}}{\text{Number of PIT declarations expected from active PIT taxpayers}} \times 100$$

Table 6. On-time Filing of Turnover Tax¹¹ Declarations—All Turnover Tax taxpayers
(for the most recent 12-month period)

Month	Number of declarations filed on-time ¹	Number of declarations expected to be filed ²	On-time filing rate ³ (In percent)
2023-08	12,466	15,371	81.0
2023-09	12,542	15,471	81.1
2023-10	12,252	15,606	80.3
2023-11	12,496	15,705	79.6
2023-12	14,511	19,197	75.6
2024-01	12,566	15,820	79.4
2024-02	12,572	15,951	78.8
2024-03	12,596	16,100	78.2
2024-04	12,881	16,281	79.1
2024-05	12,872	16,422	78.4
2024-06	12,738	16,573	76.9
2024-07	12,439	16,686	74.5
12-month total	152,931	195,183	78.4

Explanatory notes:

¹ 'On-time' filing means declarations filed by the statutory due date for filing (plus any 'days of grace' applied by the tax administration as a matter of administrative policy).

² 'Expected declarations' means the number of VAT declarations that the tax administration expected to receive from registered VAT taxpayers that were required by law to file declarations.

³ The 'on-time filing rate' is the number of VAT declarations filed by the statutory due date as a percentage of the total number of declarations expected from registered VAT taxpayers, i.e. expressed as a ratio:

$$\frac{\text{Number of VAT declarations filed by the due date}}{\text{Number of declarations expected from active VAT taxpayers}} \times 100$$

¹¹ GST only applies for 4/5 stars hotels and telecom companies.

Table 7. On-time Filing of Turnover Tax Declarations—Large taxpayers only
(for the most recent 12-month period)

Month	Number of declarations filed on-time ¹	Number of declarations expected to be filed ²	On-time filing rate ³ (In percent)
2023-08	233	246	94.7
2023-09	238	246	96.7
2023-10	240	246	97.6
2023-11	237	246	96.3
2023-12	238	246	96.7
2024-01	237	245	96.7
2024-02	237	245	96.7
2024-03	238	245	97.1
2024-04	237	245	96.7
2024-05	240	245	98.0
2024-06	238	245	97.1
2024-07	235	245	95.9
12-month total	2,848	2,945	96.7

Explanatory notes:

¹ 'On-time' filing means declarations filed by the statutory due date for filing (plus any 'days of grace' applied by the tax administration as a matter of administrative policy).

² 'Expected declarations' means the number of VAT declarations that the tax administration expected to receive from large taxpayers that were required by law to file VAT declarations.

³ The 'on-time filing rate' is the number of VAT declarations filed by large taxpayers by the statutory due date as a percentage of the total number of VAT declarations expected from large taxpayers, i.e. expressed as a ratio:

$$\frac{\text{Number of VAT declarations filed by the due date by large taxpayers}}{\text{Number of VAT declarations expected from active large taxpayers}} \times 100$$

Table 10. On-time Filing of PAYE Withholding Declarations (filed by employers)
(for the most recent 12-month period)

Month	Number of declarations filed on-time ¹	Number of declarations expected to be filed ²	On-time filing rate ³ (In percent)
2023-08	6,743	7,993	84.4
2023-09	6,726	8,011	84.0
2023-10	6,768	8,045	84.1
2023-11	6,692	8,074	82.9
2023-12	6,764	8,092	83.6
2024-01	6,762	8,165	82.8
2024-02	6,864	8,193	83.8
2024-03	6,935	8,218	84.4
2024-04	6,953	8,252	84.3
2024-05	6,977	8,292	84.1
2024-06	7,026	8,317	84.5
2024-07	7,019	8,345	84.1
12-month total	82,229	97,997	83.9

Explanatory notes:

¹ 'On-time' filing means declarations filed by the statutory due date for filing (plus any 'days of grace' applied by the tax administration as a matter of administrative policy).

² 'Expected declarations' means the number of PAYE withholding declarations that the tax administration expected to receive from registered employers with PAYE withholding obligations that were required by law to file declarations.

³ The 'on-time filing rate' is the number of PAYE withholding declarations filed by employers by the statutory due date as a percentage of the total number of PAYE withholding declarations expected from registered employers, i.e. expressed as a ratio:

$$\frac{\text{Number of PAYE withholding declarations filed by the due date}}{\text{Number of PAYE withholding declarations expected from registered employers}} \times 100$$

E. Electronic Services

(Ref: POAs 4 and 5)

Table 11. Use of Electronic Services, 2021-23¹

	2021	2022	2023
	Electronic filing² (In percent of all declarations filed for each tax type)		
CIT	100	100	100
PIT	100	100	100
PAYE (Wage tax - withholding)	100	100	100
VAT	100	100	100
Large taxpayers (all core taxes)	100	100	100
	Electronic payments³ (In percent of total number of payments received for each tax type)		
CIT	97,8	99,8	99,6
PIT	97,1	100,0	99,9
PAYE (Wage tax - withholding)	97,3	99,8	99,8
VAT	95,6	99,8	99,7
Large taxpayers (all core taxes)	>95	>99	>99
	Electronic payments (In percent of total value of payments received for each tax type)		
CIT	99,9	99,7	99,9
PIT	98,6	100,0	100,0
PAYE (Wage tax - withholding)	94,6	99,8	99,8
ToT	98,7	99,1	99,0
CIT	>95	>99	>99

Explanatory notes:

¹ Since 2022, no cash payments are accepted at the tax administration with an exception for the lottery sector since these companies do not have bank accounts due Anti-Money Laundry regulations.

The lottery sector concerns less than 1 percent of total payment transactions and total revenues of both 'total taxpayers' and 'large taxpayers'. Two of the lottery companies are considered 'large' of the total of 420 companies that are considered large for either turnover tax and/or PAYE.

The 420 large taxpayers account for approximately 50 percent of the total tax revenues of Curacao.

The large taxpayers payment data has not been queried separately due to IT resource restrictions but given the online payments percentages of the total taxpayer population, the larger taxpayers cannot fall below the 99 percent in 2022 and 2023..

The revenue amounts in the attached excel file in the evidence folder do not align with the tax revenue data in Table 1, since the it contains the data related to electronic payments received (credit transactions), and does not offset the revenues for e.g. refunds (debit transactions).

F. Payments

(Ref: POA 5)

Table 12. ToT Payments Made During, 2023

	VAT payments made on-time ¹		VAT payments due ²		On-time payment rate ³ (In percent)	
	All VAT payers	Large VAT payers	All VAT payers	Large VAT payers	All VAT payers	Large VAT payers
Number of payments	74,945	2,821	89,233	3,018	84.0	93.5
Value of payments (millions of NAf)	391.9	242.3	433.0	248.7	90.5	97.4

Explanatory notes:

¹ 'On-time' payment means paid on or before the statutory due date for payment (plus any 'days of grace' applied by the tax administration as a matter of administrative policy).

² 'Payments due' include all payments due, whether self-assessed or administratively assessed (including as a result of an audit).

³ The 'on-time payment rate' is the number (or value) of VAT payments made by the statutory due date in percent of the total number (or value) of VAT payments due, i.e. expressed as ratios:

- The on-time payment rate by number is: $\frac{\text{Number of VAT payments made by the due date}}{\text{Total number of VAT payments due}} \times 100$
- The on-time payment rate by value is: $\frac{\text{Value of VAT payments made by the due date}}{\text{Total value of VAT payments due}} \times 100$

G. Domestic Tax Arrears

(Ref: POA 5)

Table 13. Value of Tax Arrears¹

	2021	2022	2023	Average
In millions of NAf				
Total core tax revenue collections (from Table 1) (A)	1,671.70	1,899.10	1,939.50	-
Total core tax arrears at end of fiscal year ² (B)	4,927.7	4,863.1	2,424.0	-
Of which: Collectible ⁴ (C)	4,652.1	4,629.4	2,398.4	-
Of which: More than 12 months' old (D)	3,594.7	3,905.7	1,686.4	-
In percent				
Ratio of (B) to (A) ⁴	294.8	256.1	125.0	225.3
Ratio of (C) to (A) ⁵	278.3	243.8	123.7	215.2
Ratio of (D) to (B) ⁶	72.9	80.3	69.6	74.3

Explanatory notes:

¹ Data in this table will be used in assessing the value of core tax arrears relative to annual collections and examining the extent to which unpaid tax liabilities are significantly overdue (i.e. older than 12 months).

² 'Total core tax arrears' include tax, penalties, and accumulated interest.

³ 'Collectible' core tax arrears is defined as the total amount of domestic tax, including interest and penalties, that is overdue for payment and which is not subject to collection impediments. Collectible core tax arrears therefore generally exclude: (a) amounts formally disputed by the taxpayer and for which collection action has been suspended pending the outcome, (b) amounts that are not legally recoverable (e.g., debt foregone through bankruptcy), and (c) arrears otherwise uncollectible (e.g., the debtor has no funds or other assets).

⁴ i.e. $\frac{\text{Value of total core tax arrears at end of fiscal year (B)}}{\text{Total core tax collected for fiscal year (A)}} \times 100$

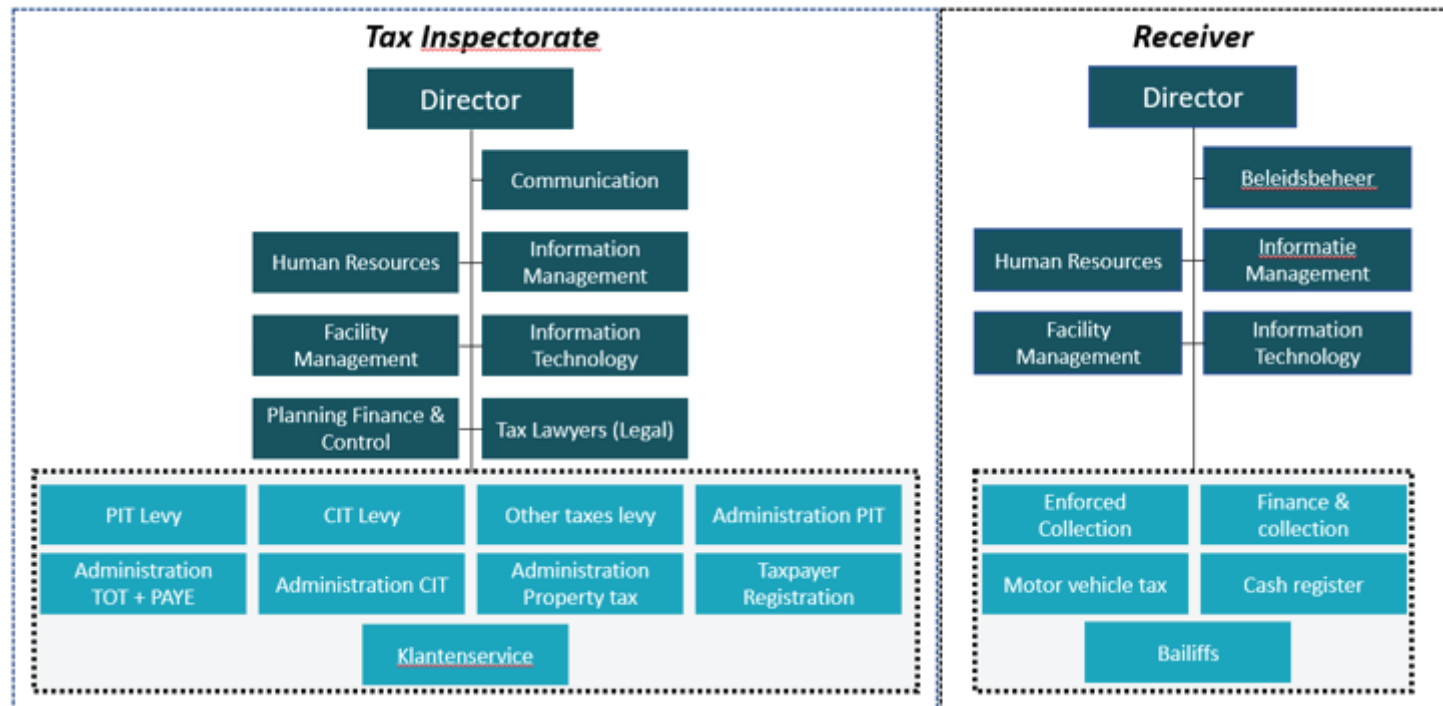
⁵ i.e. $\frac{\text{Value of collectible core tax arrears at end of fiscal year (C)}}{\text{Total core tax collected for fiscal year (A)}} \times 100$

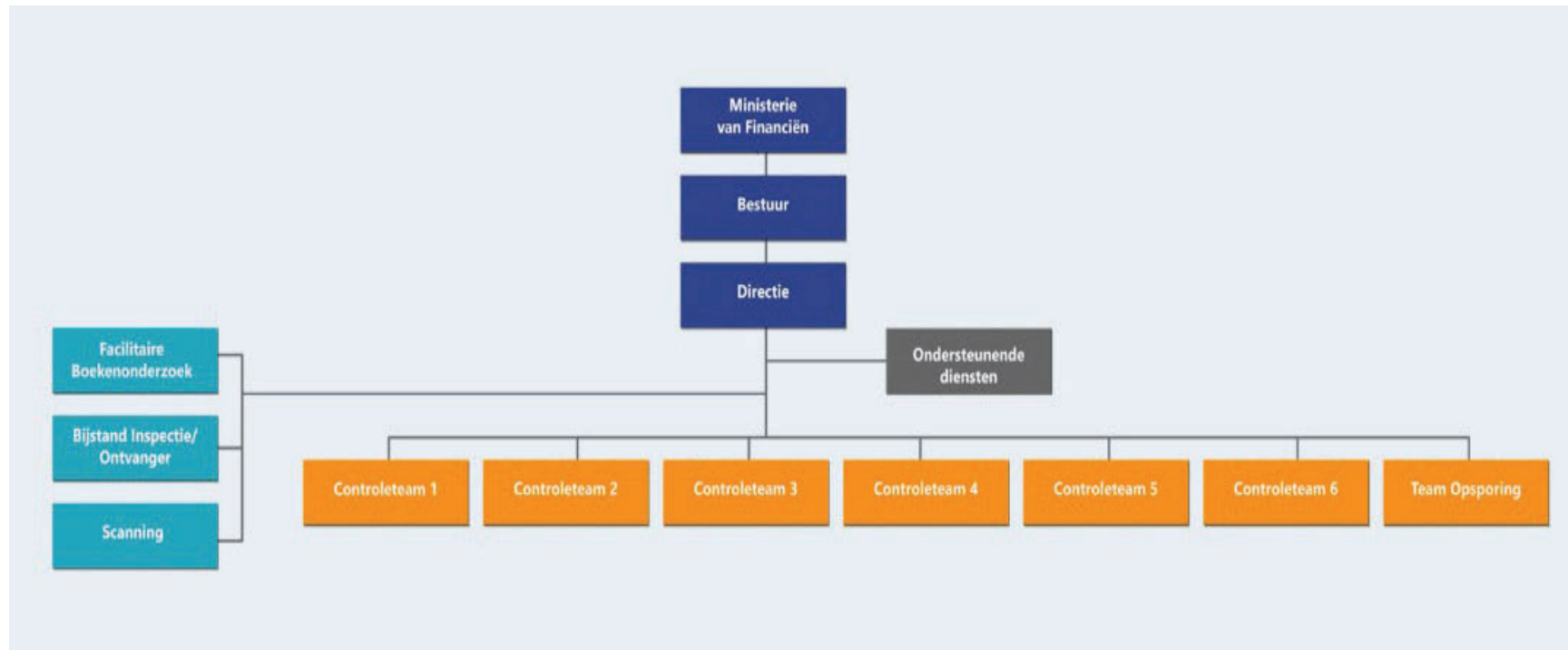
⁶ i.e. $\frac{\text{Value of core tax arrears >12 months' old at end of year (D)}}{\text{Value of total core tax arrears at end of fiscal year (B)}} \times 100$

H. Tax Dispute Resolution
(Ref: POA 7)

Table 14. Finalization of Administrative Reviews (for the most recent 12-month period)										
Month	Number of administrative review cases				Finalized within 30 days		Finalized within 60 days		Finalized within 90 days	
	Stock at beginning of month [A]	Received during the month [B]	Finalized during the month [C]	Stock at end of month [A + B - C]	Number [E]	In percent of total [F] = [E / A+B]	Number [G]	In percent of total [H] = [G /A+B]	Number [I]	In percent of total [J] = [I / A+B]
2023-08	58,390	8,985	15,056	52,319	3,553	6.8	2,021	4	829	2
2023-09	52,319	9,702	8,276	53,745	3,424	6.4	953	2	2,147	4
2023-10	53,745	6,576	1,546	58,775	439	0.7	3,727	6	282	0
2023-11	58,775	7,132	27,432	38,475	2,914	7.6	635	2	337	1
2023-12	38,475	4,871	5,909	37,437	182	0.5	208	1	372	1
2024-01	37,437	3,610	3,147	37,900	235	0.6	463	1	361	1
2024-02	37,900	6,681	2,115	42,466	423	1.0	716	2	1,416	3
2024-03	42,466	7,107	3,492	46,081	199	0.4	575	1	1,580	3
2024-04	46,081	9,666	4,803	50,944	787	1.5	1,841	4	992	2
2024-05	50,944	3,854	12,097	42,701	211	0.5	409	1	31	0
2024-06	42,701	8,311	4,598	46,414	817	1.8	0	0	1732	4
2024-07	46,414	8,197	302	54,309	485	0.9	1,363	3	1,057	2
12-month total					13,669	2.4	12,911	2	11,136	2

Attachment IV. Organizational Chart



Audit Foundation – Organizational Chart

Attachment V. Sources of Evidence

Indicators	Sources of Evidence
P1-1. Accurate and reliable taxpayer information.	<ul style="list-style-type: none"> • Relevant law articles • Discussion with authorities • Observations from the field visit • Documented procedures (registration, deregistration, assigning TIN, ICT procedure) • Registration form + website instructions to register • Evidence of cleansing operations/updating of taxpayer data (following cross checks with other organisations data)
P1-2. Knowledge of the potential taxpayer base.	<ul style="list-style-type: none"> • Evidence that the third-party data use is systematic • Program of inspections of business (from the audit Foundation - SBAB)
P2-3. Identification, assessment, ranking, and quantification of compliance risks.	<ul style="list-style-type: none"> • Discussion with authorities. • Screenshot of data-match between tax and customs information. • E-mail about a follow up related to Customs information • E-mail about data-matching using information on vehicles • E-mail about data-matching using Social Security Bank information (against wage taxes) • E-mail about data-matching using Land Registry information • Risk analysis on additional assessments - MT_en_2022.09.22 Analyse OB en LB plichtigen • 241012_TADAT_CURACAO_POA 1-1-2 and 2-3-1_PPT analyses of late-non filers of Sales and Wage Tax_ deregistration (2022.09.22 Analyse OB en LB plichtigen) • 241012_TADAT_CURACAO_POA 2-30_Data Comparison with Land Registry
P2-4. Mitigation of risks through a compliance improvement plan.	<ul style="list-style-type: none"> • Not available
P2-5. Monitoring and evaluation of compliance risk mitigation activities.	<ul style="list-style-type: none"> • Not available
P2-6. Management of operational (i.e. systems and processes) risks.	<ul style="list-style-type: none"> • Not available
P2-7. Management of human capital risks.	<ul style="list-style-type: none"> • Not available
P3-8. Scope, currency, and accessibility of information.	<ul style="list-style-type: none"> • Discussion with authorities. • Observations from the field visit • Observations from the website (http://www.belastingdienst.cw/) - providing information on all core tax types • Calendar of dates for taxpayer obligations for ToT and Wage Tax and Social Security Contributions

Indicators	Sources of Evidence
	<ul style="list-style-type: none"> • Brochures/Guidelines/news alert (information on filing, applying for refund, how to register a company or individual, registering in the Portal etc.) • Invitation letters for filing • Reminders on social media (filing obligations) • Videos – YouTube links/tutorials • Evidence of the seminars (news, invitations, presentations)
P3-9. Time taken to respond to information requests.	<ul style="list-style-type: none"> • Discussion with the country authorities • Print Screens of call centre performance
P3-10. Scope of initiatives to reduce taxpayer compliance costs.	<ul style="list-style-type: none"> • Legal authority – Art 43 – maintenance of records based on business size • Online forms for the core tax types • Discussion with authorities. • Observations from the field visit • Observations from the website (e.g. shortened PIT form)
P3-11. Obtaining taxpayer feedback on products and services.	<ul style="list-style-type: none"> • Schedules and agenda and notes for the regular meetings with Chamber of Commerce and tax intermediaries • Power Point presentation made to taxpayers at Chamber of Commerce meeting • Report from 2019 survey • Email from intermediary providing feedback to the tax administration • Evidence of taxpayers' involvement in testing the portal and electronic filing of CIT tax return
P4-12. On-time filing rate.	<ul style="list-style-type: none"> • Discussion with the country authorities • Tables 4 to 10 in the Attachment III
P4-13 Management of non-filers.	<ul style="list-style-type: none"> • Discussion with authorities. • Legal requirements for filing • Observations from the field visit • Invitation letters • Documented procedure on management of non-filers • Screenshot of the penalty's calculations • Samples of the notifications (Facebook, newspaper)
P4-14. Use of electronic filing facilities.	<ul style="list-style-type: none"> • Discussion with authorities. • General tax procedure Law • Assistance taxpayer service for taxpayers with no device • Table 11 in the Attachment III
P5-15. Use of electronic payment methods.	<ul style="list-style-type: none"> • Discussion with the country authorities • Table 11 in Attachment III. • Evidence on electronic payment guidance, processes • Electronic payments summary - manual payments • Ministerial decree (abstract) on electronic payment Art. 2.2 (PIT), Article 2.5 (Wage Tax, ToT and CIT)
P5-16. Use of efficient collection systems.	<ul style="list-style-type: none"> • Discussion with the country authorities • Art. 11 of the Wage Tax Act – as indicted in footnote 4
P5-17. Timeliness of payments.	<ul style="list-style-type: none"> • Discussion with the country authorities • Table 12 in Attachment III.

Indicators	Sources of Evidence
P5-18. Stock and flow of tax arrears.	<ul style="list-style-type: none"> • Discussion with the country authorities • Table 13 in Attachment III.
P6-19. Scope of verification actions taken to detect and deter inaccurate reporting.	<ul style="list-style-type: none"> • Discussion with authorities. • Observations from the field visit • Two recent Annual Audit Programs • Statute of the Audit Foundation • Complete Organization Chart of the Audit Foundation • Audit manual • Screenshots of regular updates of the audit manual • Screenshots of the subsystem for managing audit cases (Team mate software) • Analysis of a court case, evidencing SOAB is monitoring the quality of audit cases • Checklists used by the Internal Control Department • Evidence of training for auditors and mentoring new auditors • Two recent reports from the internal control • Evidence that actions are taken based on the internal control reports • Two recent annual evaluation reports on the results of the audit program • Evidence about monitoring the time of audits
P6-20. Use of large-scale data-matching systems to detect inaccurate reporting.	<ul style="list-style-type: none"> • Discussion with authorities. • Observations from the field visit • 241012_TADAT_CURACAO_POA 6-20_email_print screen of analysis custom data • 241012_TADAT_CURACAO_POA 6-20_email_follow-up on custom data for subsequent periods • 241012_TADAT_CURACAO_POA 6-20_email_data packs of information checks to the tax returns • E-mail about data-matching using Social Security Bank information • 241012_TADAT_CURACAO_POA 6-20_email_indicating data received from the land register • Clean up register - MT_en_2022.08.17 Opschoning adhv NNP-KVK analyse
P6-21. Initiatives undertaken to encourage accurate reporting.	<ul style="list-style-type: none"> • Example of rulings • Discussions with country authorities
P6-22. Monitoring the tax gap to assess inaccuracy of reporting levels.	<ul style="list-style-type: none"> • Not available
P7-23. Existence of an independent, workable, and graduated dispute resolution process.	<ul style="list-style-type: none"> • Discussion with the country authorities • Observations during the field visits • Tax Administration website • Abstract from the website of the Joint Court of Justice (http://www.gemhofvanjustitie.org/index.php?eid=554) • Organisation chart of the Joint Court of Justice (indicating the special tax chamber) • Field observations (print screens) • audit reports and assessment letters indicating the taxpayer rights

Indicators	Sources of Evidence
	<ul style="list-style-type: none"> Overview of numbers of appeals and higher appeals for 2021-2024
P7-24. Time taken to resolve disputes.	<ul style="list-style-type: none"> Table 14 in the Attachment III
P7-25. Degree to which dispute outcomes are acted upon.	<ul style="list-style-type: none"> Discussion with the country authorities Email correspondence on changes of process of imputing penalties for late filing following a court decision Report of the Audit Foundation showing analysis of various court cases and the impact on the audit procedures
P8-26. Contribution to government tax revenue forecasting process.	<ul style="list-style-type: none"> Organizational structure showing evidence of unit responsible for revenue forecasting n monitoring Field visit observation of revenue reports from the tax administration at the Financial Department at the Ministry of Finance Screenshot of revenue dashboard (in Box 8 MS TEAMS) Reports outlining the revenue collection against budgeted revenue forecasts to the MoF (management reports) (Excel) reports showing forecast vs actual collections
P8-27. Adequacy of the tax revenue accounting system.	<ul style="list-style-type: none"> Field visits (observations of accounting systems at tax administrations and at MoF). Copy of reports of the SOAB on the audit of the financial accounting system and operations of the Belastingdienst (not available, only for 2021 of the Receivers Office)
P8-28. Adequacy of tax refund processing.	<ul style="list-style-type: none"> Not applicable
P9-29. Internal assurance mechanisms.	<ul style="list-style-type: none"> Discussion with the country authorities Staff profiles including internal audit functions (Audit Foundation – SBAB) 2017 ethics and professional conduct code 2024 Ethics and professional conduct code (draft) Civil servant regulations (Law)
P9-30. External oversight of the tax	<ul style="list-style-type: none"> Discussions with representatives of SOAB and Algemene Rekenkamer Discussion with the Ombudsman Outline by SOAB of its audit function regarding the Receivers Office 2021-2023 Audit Foundation audit reports, letters and responses Audit Foundation management 2021 SOAB audit report of the Receivers Office 2022 Annual report of the parliament auditors (Algemene Rekenkamer) 2023/2024 SOAB audit report (Receivers Office) 2021, 2022, 2023 Ombudsman annual reports (indicating taxpayer complaints handled by the Ombudsman)

Indicators	Sources of Evidence
	<ul style="list-style-type: none"> • Ombudsman letter re: systematic errors in objections handling + recommendations for the tax administration • 2020 quality review Report of Samenwerking Kwaliteitsonderzoek Overheidsauditors (KOA)
P9-31. Public perception of integrity.	<ul style="list-style-type: none"> • Discussion with the Ombudsman and Tax administration • Ombudsman 2022 survey of taxpayers' perception • 2019 taxpayers' perception survey • 2024 Tax Administration tender for taxpayer perception survey + university response • Ombudsman 2024 – proposal for new taxpayers' perception survey
P9-32. Publication of activities, results, and plans.	<ul style="list-style-type: none"> • Discussion with country authorities • 2023 annual (operational) management report to the government • 2022 - 2024 quarterly (operational) management reports to the government • 2022 – 2024 operational plans Tax administration • Website of the Tax administration (Over ons - Belastingdienst)

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