Explanatory notes

Tax return form IB A 2012
Inkomstenbelasting, AOV/AWW
and Zorgverzekering

General

The Tax Office
The Tax Office has the task to execute the fiscal legislation efficiently and with integrity. We try where necessary to assist you in observing your obligations. For specific questions, please contact the information desk of the Tax Office of the island you live on. Besides this, you may consult the website of the Tax Office, www.belastingdienst-cn.nl. Under certain conditions you may approach the Tax Office for assistance with the completion of your tax return form. The dates on which this is possible will be announced via the media.

Filing the tax return form
You have a period of two months after the date of issuance to complete and file your tax return form. If it is not possible to file your tax return form within two months, you will have to submit a written request for postponement to the Inspector, before the prescribed due date. When filing the tax return form, the Tax Office can stamp a copy of your tax return form for receipt.

Penalty
If you do not file the tax return form within the (possibly extended) period, the Inspector will send you a reminder to still submit the tax return. If the date of submission given in this reminder passes without the Inspector receiving your tax return, a fine can be imposed. If you are in default for the first time, the Inspector will not impose a fine. For each subsequent default, you will be fined up to USD 1,400. The inspector will determine the tax assessment at his own discretion, taking into account the data that is available to him.

Classification of tax return form
First, some general questions are asked. Next you may fill in the questions 3 to 9 on the pages 3 to 6. If you have been married throughout the entire year then only the spouse with the lowest personal income (see question 6) should fill in summary statement A. The spouse with the highest personal income should indicate the non-privatized income and the deductions of both of you, by filling in the remaining sections where applicable.

On page 13 there is summary statement A and B. Herewith you may calculate your taxable amount. If you are married outside community of goods and you request separate taxation, you obligated to fill in all sections, where applicable, including summary statement B. If you are unmarried, you have to fill in all sections, where applicable, including summary statement B.

Rounding off to whole dollars
Round off all amounts in the tax return form to whole dollars. You may round off in your favor.

Attaching documents
It is recommended to make a copy of your tax return form. Besides the financial statements as mentioned in question 4, you will need to include your income card, maintenance cost of your own home, study cost, children, evidence of interest, personal loan and mortgage. However you should keep the other evidence, in case we request them to further process.

For more information
During office hours you may contact the Belastingdienst through the following numbers:

Bonaire: 00599 - 715-8585
Saba: 00599 - 416-3941
St. Eustatius: 00599 - 318-3325

> Visiting address

Bonaire: Kaya L.O. Gerharts 12 | Kralendijk | tel. 715-8585
Saba: Matthew Levenstone Street | The Bottom | tel. 416-3941
St. Eustatius: H.M Queen Beatrix Street | Oranjestad | tel. 318-3325/26
Explanatory notes to the questions

1 Personal data

1a Name and address
Fill in your name, residence details, address as well as ID number and CRIB number. Do this in case these are not properly listed on your form.

1b Fill in your telephone numbers.

1c Establishment or departure
This question is only relevant if you have established yourself in Caribisch Nederland after January 1, 2012 or if you have left Caribisch Nederland to establish yourself elsewhere.

Attention! If you have established yourself in or left Caribisch Nederland after January 1, 2012 then the domestic tax obligation has existed only for a part of the calendar year. When calculating your payable inkomstenbelasting, your gross income will be reduced. In addition to some other amounts, such as threshold amounts, will be modified.

1d Marriage and divorce
When referring to being married, it means a couple that is not permanently divorced or separated from bed and board. Being permanently separated means that the spouses no longer live together and that this situation is not temporary. If within six months after living permanently separated, you reunite and live together again, then you are deemed to have always lived together.

1e/f/g Income spouse
If you are married, the spouse with the lowest personal income will solely be taxed for his personal income and his personal reductions after deduction of the loss compensation. See questions 6 and 7 for the calculation of the personal income and the personal reductions. The non-privatized income and tax deductions of both spouses are taxed on the spouse with the highest personal income. That spouse will be taxed on that income. There is one exception hereon, namely in case you are married with a prenuptial agreement. In that case you can request a separate levying. See question 1g. However, the first time that you mention in the form that you want to be charged separately, you will need to attach a copy of the notarial deed in which your marriage conditions are stated.

If you are married outside community of goods and you request a separate levying on the components of the net income - with the exception of the personal income and the personal reductions - the inkomstenbelasting will be calculated proportionately. If you requested a separate levying, both your spouse and you have to fill in summary statement C.

1h Occupational data
Please indicate what work you do. Thus, do not write: employee or businessman, but do write for example: mechanic, secretary or retailer. If you are a public servant do not fill in: public servant but give a description which indicates your occupation, for example, messenger, agent or medical examiner.

2 Other questions

2a Expatriate arrangements
If the expatriate arrangements have been taken into account in your or your spouse’s loonbelasting, you have to mention it here. This arrangement is valid, on request, for a maximum of 5 years and can be extended thereafter for another five years and is applicable if:
• you have lived for at least 5 consecutive years outside the Caribisch Nederland, before your employment in the Caribisch Nederland;
• you have a university or HBO degree and you have a minimum of 5 years of experience;
• you earn a minimum of USD 83,500 a year; and
• your specific expertise is limited in the local labor market.

In case you were considered an expatriate based on:
A the Expatriates Beschikking 1998, in force in the former country Netherlands Antilles or the Expatriates Beschikking Sint Eustatius 2005;
B the Expatriates Beschikking 1998 or the Expatriates Beschikking Sint Eustatius 2005 applicable in the transition period as a ministerial regulation; you will be considered as an expatriate for the application of the arrangement as applicable for the BES since 1-1-2011 by decision of the Inspector.

The period in which based on the ‘old’ Beschikkingen of the country Netherlands Antilles or Sint Eustatius, you were identified as expatriate reduces the 5 years period which would be valid since 1-1-2011. Thus, there will be no new period.

For more information about the expatriate arrangement please contact the Inspector.

2b ‘Penshonado’ (retiree) arrangement (penshonado-regeling)
As of January 1st, 2011 the ‘penshonado’ arrangement is abolished. However there is still a transition period of 4 years for those who were eligible for the ‘penshonado’ arrangement on December 31st, 2010. This transitional arrangement is valid till the fiscal year 2015.
The penshonado-regeling at the rate of 5% no longer exists. Anyone who falls under the transitional arrangement as of January 1st, 2011, will be taxed at 10%. You indicate whether you or your spouse wants to make use of the ‘penshonado’ arrangement.

In case the ‘penshonado’ arrangement is applicable, the following foreign incomes are taxed at 10%, after deduction of expenses:
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- income from employment exercised outside the Caribisch Nederland;
- income from a company operated outside the Caribisch Nederland through a permanent establishment or a permanent representative;
- proceeds of amount receivables, including bank deposits;
- income of life annuity payments or return on capital from life insurance, which you receive from a natural or a legal person who does not reside, or is not established, in the Caribisch Nederland;
- gains from disposal of shares or from dividend right share, which belongs to a substantial participation of a company, which is factually and legally registered and established outside the Caribisch Nederland. See section 14 below.
- Your domestic income is always taxed at the normal rate.

Attention! The income of a ‘penshonado’ up to USD 26,396 is always taxed at a rate of 30.4%. This is due to the levy of premiums.

Attention! In case you do not own a house for more than six months, you will lose your ‘penshonado’ status.

Attention! You may chose as well to set your taxable sum at an amount of USD 243,934,-, which will be taxed at the normal rate.

Attention! The ‘penshonado’ is not entitled to deduction of the extraordinary and personal expenses. You are entitled though, to the tax allowance (tax free sum), the child allowance and the old age allowance. You are not allowed either to reduce to full year income.

2d Loonbelasting reduction

Loonbelasting is withheld on your salary, benefits or pension. Your employer or benefits agency does not take your deductions into consideration, such as mortgage interests and study expenses. If you have deductions, this means that actually too much loonbelasting is being withheld. This will be reimbursed to you only with your inkomstenbelasting assessment. At the end of the calendar year, the final statement of account will take place for the inkomstenbelasting assessment. This assessment will be imposed after you have filed your tax return. You can avoid too much loonbelasting being withheld by submitting a request for the reduction of loonbelasting. If you received a reduction in loonbelasting, you will automatically receive a tax return form for inkomstenbelasting. Based on your tax return form, the Inspector evaluates whether the amount reduced was correct.

2e Deduction to avoid double taxation

You may be entitled for deduction to avoid double taxation in case you received an income on which another country has also imposed tax. You should mention the income itself in model A. It is very important for you to indicate in model A, on the section ‘aard bestanddeel’ (nature of component) which income this entails. Indicate at least whether it is interest, dividend or royalties on the one hand and income on the other hand.

2f Income from undivided estate

An undivided estate can originate from death (among heirs in the estate), in divorce cases, in separations of bed and board, upon termination of a registered (notarized) partnership between (ex) spouses with respect to their joint (marital) assets. The joint ownership remains until the partition of the community, followed by conveyance of the allocated to each, have taken place.

If you are a sole heir in an estate, then there is no case of an undivided estate. Neither is there a case of undivided estate if by will of a parent, an estate partition has taken place whereby the total estate of the parent is designated to the surviving spouse and the children only obtain a claim on the older spouse for the size of the portion of the heritage of each.

The portion of income undivided estate needs to be filed every year, even if this share has not been received. For the deduction of your share in all the expenses related to incomes from undivided estate such as management and interest, charges and depreciation, the same rules apply as for the income from this source, which is not part of the undivided estate.

Each year you must declare the income from undivided estate, even if you have not received your portion yet. For the deduction of your portion in all expenses that are associated with the income from the undivided estate, such as management expenses and interest, charges and depreciations, the same rules apply as would be the case for the income from this source, which does not form part of an undivided estate.

You have to divide the income from undivided estate by source type, thus from business (profit), movable capital, real estate and other income, and then fill in the concerning question (source) in the tax return form. The rules of the concerning source also apply for the portion in the income from undivided estate.

With regard to minor children who have the right on incomes from undivided estate, which do not belong to the personal income, this income is taxed on the parent who has the custody of the minor child.

3 Income from employment, pensions and benefits

3a This question gives you a total of all incomes on which loonbelasting is withheld such as your gross income from current employment (wages, gratifications, bonuses, etc) and AOV/AWW benefits. Also your income from previous employment, such as your pension are indicated here. Normally you would find this information on your loonbelasting card, which you received from your employer or benefits agency.

Attention! Fill the name and address information of each employer or benefits agency, the withheld loonbelasting and the premium amounts and the gross salary amount. The withheld loonbelasting and premiums will be settled with the total payable inkomstenbelasting and premiums.

3b Company car

If you have a passenger car from your employer at your disposal and you also use it for private matters, - including commuting between home and work - you have to add 15% of the new value of the car, including ABB and customs value to your income. In principle this amount should be included in the gross salary. Ask your employer if this is the case. If the addition is included in your gross salary, you do not have to do the addition once again.
Occupational expenses are expenses you incur in order to properly exercise your profession or to obtain your income. The expenses associated with these incomes may be deducted (model B page 12 of your tax return form). For further explanation about the occupational expenses you are referred to section 3g below.

Attention! The following professional expenses are not deductible:

- bribes.
- costs to avoid criminal prosecution;
- costs associated with the conviction of a crime;
- fines;
- personal care;
- food, beverages and stimulants, entertainment, receptions, festive gatherings, excursions, study tours, including travel and accommodation costs;
- donations and gifts;
- work wear if it is provided with one or more clearly visible logos, associated with the employer, which jointly cover (for instance a trainings suit for a sports teacher or the black suit for a manager). Clothing can also be considered work wear if it is provided with one or more clearly visible logos, associated with the employer, which jointly cover (for instance a trainings suit for a sports teacher or the black suit for a manager).

Attention! Commuting between home and work means traveling back and forth between the home address and the location of your work.

Even in cases where the employee takes the vehicle home on request of the employer to avoid for instance theft or destruction, it is considered to have been provided and the fiscal addition will have to take place.

In case the car is given to you during the year, then the addition should be calculated time depending. Suppose the fiscal addition due to private use of the vehicle during the whole year is USD 5,000, but you can only use the car for private matters for three months, your private use is then 3/12-part of the USD 5,000, thus USD 1,250. If the employee has to pay the employer a compensation in order to use the vehicle, then the paid compensation will be deducted from the aforementioned 15%. Only the expenses directly paid by the employee to the employer, can be deducted on the addition. If the employee pays more than the 15%, the benefit will be set to 0. The eventual extra is not deductible as occupational expenses.

Jeeps and pick-ups are categorized as passenger cars as well, both the versions with double cabins as the versions with a single cabin. If a vehicle, other than mentioned above, is made available, the actual advantage that the employee receives by the non-business use should be taxed.

3c Other income
Here you must specify amongst others the other income you have obtained by means of labor, such as:
- carrying out chores;
- teaching (for example tutoring or giving driving lessons);
- providing accounting, administration services, and so on;
- drawing building plans;
- the purchase of goods - in the Caribisch Nederland as well as abroad - and the resale of these goods to third parties.

The expenses associated with these incomes may be deducted (model B page 12 of your tax return form). For further explanation about the occupational expenses you are referred to section 3g below.

3g Occupational expenses
Occupational expenses are expenses you incur in order to properly exercise your profession or to obtain your income. In income from current employment and other income from employment such as extra earnings, you are entitled to a fixed amount (expense forfait) of USD 280. If your actual professional expenses are higher than USD 280 per year, you may deduct the actual expenses as far as they exceed USD 560. If you deduct the actual professional expenses, you have to attach the evidence thereof and a specification to the tax return.

Deduction of the actual professional expenses is only more profitable than the lump sum of USD 280 if the actual expenses are more than USD 840.

Example 1
If your actual expenses are USD 750, you may deduct USD 190 (750-560) as actual expenses. The fixed deduction is however USD 280. Therefore USD 280 will be taken into account as professional expenses.

Example 2
If your actual expenses are USD 1,500, you may deduct USD 660 as actual expenses. The fixed deduction is USD 280. It is more profitable to deduct the actual professional expenses instead of the fixed amount.

Attention! The following professional expenses are not deductible:

a) the workspace, including the interior, in your home if:
   1) you have a workspace outside your home and you earn the total amount of your income from employment, business and profession for less than two-thirds (2/3) in the workspace from your home or;
   2) you do not have a workspace outside your home at your disposal and you earn the total amount of your income from employment, business and profession for less than two-thirds (2/3) in or from the workspace in your home;

b) commuting between home and work;

c) boats used for representational purposes;

d) clothing, except for work wear. See below;

e) literature, except for professional literature. See below;

f) private telephone and internet connections on the name of the taxpayer. See below;

g) personal care;

h) food, beverages and stimulants, entertainment, receptions, festive gatherings, excursions, study tours, including travel and accommodation costs;

i) donations and gifts;

j) fines;

k) costs associated with the conviction of a crime;

l) costs to avoid criminal prosecution;

m) bribes.

Workwear
Only the costs for workwear are deductible. Workwear can be defined as clothing that is suitable to wear almost exclusively when exercising the profession. It entails for instance uniforms and professional wear such as a firefighter uniform, a police uniform or a nurse’s uniform. Clothing which can also be worn in private life is not deductible (for instance a trainings suit for a sports teacher or the black suit for a manager). Clothing can also be considered workwear if it is provided with one or more clearly visible logos, associated with the employer, which jointly cover a surface of at least 70 square centimeters, and the logos are inextricably bound to the clothing.

Also clothing that is not directly considered as work clothing, such as jeans, is categorized as such only when its use causes it to be unsuitable for private use (such as dockworkers).

Literatuur
Only the costs of professional literature are deductible. Professional literature entails: publications that are generally recognized as important to your profession such as a subject-specific journals and specific professional encyclopedia.
In general, the cost of general literature is not deductible, for instance a newspaper, novels, and a general encyclopedia. These expenses are deductible only if such literature can be considered as professional literature for your work (such as the additional costs of novels for a Dutch teacher or additional newspapers for a journalist).

**Telephone**

The costs of business calls of the employee on his home telephone are deductible. Yet, the subscription fees are not deductible.

**Attention!** Deductions from the following expenses are limited.

a. Costs of personal computers and software, disks, printers, plotters, typewriters, word processors, calculators, copiers, fax machines, modems, monitors, audio equipment, video and telephone equipment, tools, musical instruments. This includes the cost of maintenance, repair and insurance.

In order to determine the costs you have to add up the depreciation of all equipments and all additional costs. The expenses are deductible to the extent they exceed USD 419. The amortization period is 36 months. You do not have to take into account the residual value.

Example 1

Purchase on January 1; USD 2,100
Depreciation per calendar year in 3 years USD 2,100 : 3 = USD 700 - USD 419 = USD 281.
You can increase the expenses for three years with USD 281 per year.

Example 2

If you bought in the course of the year, you must calculate the depreciation proportionally in time.

Purchase July 1, USD 2,100
Depreciation per calendar year USD 700,- in 36 months
Depreciation first year (after 6 months) USD 700 : 12 X 6 = USD 350,- USD 419 = USD 0. Depreciation second year (after 12 months) USD 700 : 12 X 6 = USD 350,- USD 419 = USD 210. Depreciation third year (after 18 months) USD 700 : 12 X 6 = USD 350,- USD 419 = USD 210. You may increase the expenses for two years with USD 210 per year. In the first and the fourth year the costs are not higher than USD 419, thus, there is no deduction.

b. The costs incurred by the employee in connection with the attendance of courses and participation in conferences, seminars, symposiums and similar events in order to stay up-to-date on his profession are deductible for 75% up to a maximum of USD 1,397. These costs also include travel and accommodation costs. Car costs are deductible within the given maximum of USD 0,20 per kilometer. In order for the car costs to be acceptable, it is in this case sufficient to attach a class schedule and a mileage records to the tax return. See below.

**Attention!** The costs of food, beverages, stimulants and similar others are not deductible. The employee therefore needs a specified bill where these costs are listed separately.

**Attention!** This does not cover the costs that the employee has made to follow a vocational training. These costs must be included with the extraordinary expenses as expenses for study. See section 15j.

**Car**

If the employee or a tax payer who earns other income from labor uses his personal car for business trips (other than commuting), then he can deduct a fixed amount of USD 0,20 per kilometer. Other costs (such as cost of repair, car wash, insurance, and other similar costs) are not deductible. The employee must prove the number of kilometers driven with a comprehensive mileage administration. A comprehensive mileage administration is kept through a day-to-day administration in which the employee indicates:

- the start and end position of the odometer and
- the destination of the trips made.

The Inspector shall determine the reliability of the administration, for example by using the calendar or the fuel bills.

Here below follows an example of a trip status that can be used for the administration.

Car:
Number plate:
Date initial status:
Date final status:
From / to Address:
Purpose of journey:

**Attention!** With commuting is meant to travel back and forth between your home address and the location of your work.

**Attention!** If the employee has a company car, he may deduct the fuel costs that he himself has paid. Other costs such as those for car washing, etc. are not deductible.

**Attention!** In case you receive a reimbursement from your employer to cover costs, you must deduct this compensation from the costs.

**Attention!** For an overview of the costs that may or may not be deductible, you are referred to the table on page 12 of the explanatory notes.
4  

Proceeds from business or profession

Here you specify the profit from business activities by submitting a balance and a profit and loss account. If you own a business or you practice a profession independently, you are obligated to keep a proper administration of your revenues and expenditures. You are referred to page 12 for an overview of the expenses that are not, or that are limitedly deductible. When calculating the profit you must at least consider the following points:

**Company car**  
If the car belongs to your business assets and the costs are deducted from the profit, you still have to consider the private use. Therefore you have to add to the profit 15% of the new value of the car, including sales tax and import duties; considering that the maximum actual costs minus 15% of the original purchase price of the car, including sales tax and import duties can be charged to the profit.

If the car is a private belonging, then the costs for business trips, with the exception of home-work commute, can be booked as business costs up to an amount of USD 0.20 per kilometer. You must enclose a comprehensive kilometer administration.

**Immovable assets**  
If the immovable asset belongs to the business assets, the following situations can be distinguished:
1. the immovable asset is available as principal residence of the owner/entrepreneur (own home);
2. the owner/entrepreneur rents the immovable asset to third parties or makes it available to third parties;
3. the immovable asset is used by the company.

**Own house**  
If a house belongs to your business assets and this house is your principal residence you must add up the rental value of the house to the profit. You may deduct the maintenance expenses of the house from the profit. Costs of improvements are not deductible.

**Attention!** Depreciation costs are deductible.

**Attention!** Mortgage interest is limitless deductible.

**Attention!** Other costs, such as fire insurance, land tax, long lease and ground rent are not deductible.

**Rent immovable asset**  
If you rent an immovable asset that belongs to your business assets, the rental incomes are fully taxed and the costs such as maintenance, fire insurance, land tax, ground rent, long lease and depreciation are fully deductible.

**Housing made available**  
If as an entrepreneur you make a house that belongs to your business assets available to an employee, the cost deduction is maximized. You cannot deduct more costs than the amount that is charged to the income as taxable rental value (income in kind), which is 4.8% of the selling price of the house plus 2% of the value of the house (for application of the land tax) up to a maximum of USD 1,676.

**qb** Deduction on investment  
In the case in a calendar year an amount of over USD 2,794 is invested in business assets, 8% of the investment amount will be subtracted from the profit from both the year of the investment as the subsequent year. If this is an investment in new buildings or an upgrade of existing buildings, 12% of the investment amount will be subtracted from the profits.

**qd** Disinvestment addition  
Upon disposal of an asset on which deduction on investment has been received, a disinvestment addition must take place for both the year of disposal as for the subsequent year. The amount of the addition consists of a percentage of the transfer price, but is not higher than the investment amount. This percentage is dependent on the percentages applied (8 or 12%) with the investment. There is a disinvestment when a business asset is sold within 6 years (for buildings 15 years) after the start year in which the investment took place. If you have made investments for which you have claimed investment deduction, you must add to your annual documents a statement of depreciation, on which each business asset is specified separately.

4b  

5  

Profits from periodical payments, belonging to the personal income

Disability benefits include also payments received in case of sickness or an accident. The benefit associated with the cessation of the company is a periodic payment which is stipulated in the sale of the company.

**Alimony allowance between spouses**  
Alimony allowance includes the amount that you have received from your ex-spouse (or the spouse from which you are permanently separated).

Alimony payments between ex-spouses are fully taxed to the receiver. The paying spouse may deduct the payments. See below question 14f of the tax return form. If this alimony is provided in kind, for example, in the form of the free use of the house owned by the ex-spouse who is bound to pay alimony, for living purposes, then this provision should be valued at 4.8% of the market value of the house.

**Alimony allowance for the children**  
Alimony allowance for the children is not taxed to the receiver and are not deductible for the payer. For underprivileged children there is a possibility of deduction. See below question 16a of the tax return form.
6 Calculation personal income

With this question you may calculate your personal income and the income of your spouse.

7 Personal deductions

7a Life insurance, annuities and pension insurance

With this question you may indicate the premiums paid during the year for life insurance, annuities or pension insurance. The deduction of these premiums is limited to 5% of the income, but shall not exceed USD 559. If you have already deducted for the pension premium and/or contributions to savings and provision funds (see section 3 of the tax return form), these amounts must be reduced hereon. Only the balance is deductible.

8 Loss compensation

If your net income was negative in one or more of the preceding five years, you may settle the negative income with your positive income.

9 Tax free sum

**Tax free sum**

You are entitled to the tax free sum. This tax free sum is subtracted from the taxable income. Thus you do not pay tax on the tax free sum. This tax free sum can be increased with the child allowance and the elderly allowance if you comply with the conditions mentioned hereafter.

**Child allowance**

You are entitled to child allowance if a child that belongs to the household has not reached the age of 18 years on January 1st 2012. You are entitled to child allowance for a maximum of 2 children. If the child belongs to the household of both parents, only one parent is entitled to child allowance. The allowance is awarded to the parent with the highest personal income. If the personal incomes are equal, the older parent is entitled to child allowance.

**Elderly allowance**

You are entitled to elderly allowance if you have reached the AOV-entitled age at the start of the calendar year. In 2012, this is set at the age of 60.

**Attention!** The elderly allowance is granted regardless of whether you receive labor income.

**Attention!** See page 13 for an overview of the amounts of the tax free sum and the allowances.

10 Periodical benefits

**A periodical benefit must comply at least with the following conditions:**

- the benefit should take place on a regular basis;
- the debtor is required to meet the periodic payments;
- the benefits should end no later than the death of the beneficiary or of a third party;
- the total amount of the benefit is not fixed;

A common periodic payment is the life annuity. A life annuity can be realized for instance through a life insurance agreement. A life annuity can be obtained with or without compensation.

**Attention!** If you have received a periodic benefit that is a value against compensation, only the amount that you receive in addition to what was paid (the performance) is taxable. Premiums that could have been deducted in the past or amounts on which no tax has been levied, shall not be included to what has been paid, because a periodical benefit has been stipulated for those amounts.

**Attention!** The periodical benefits cannot be connected to the employment of the person who receives the payment. Such payments, such as pensions, are taxed as revenues from labor.

**Attention!** Periodical benefits are not taxed if the benefits are received by persons that are related to the debtor by blood or by marriage (parents, children, grandparents, grandchildren) or in the second degree of kinship (brothers and sisters). Moreover, these payments cannot be a compensation. Therefore, the payments are in principle not deductible. If the revenues are a compensation, the benefits are taxable as soon as the benefits exceed the performance. The payments of the periodical benefits are only deductible, if the benefits exceed the performance. See question 15e of the tax return form.
11 Income of minors

The income of minors (with the exception of income from employment, business and profession, or personal allowances such as scholarships and similar payments: these will be taxed on the child) are charged on the parent that has the custody of the child. The income of the minor is allocated to the parent/spouse with the highest personal income.

12 Interests and dividends

Here it concerns the interests, dividends and the like received in 2012. The interest or dividend is earned if you received it, but also if it became interest bearing, receivable or collectable.

12a Here you may fill in the domestic and foreign interests you received on your savings.

12b Here you may fill in the interest exemption. The interest exemption is up to USD 5,000 and USD 10,000, for married couples, but cannot exceed the amount of interest you have filled in question 12a.

12d In this question you have to specify any other interest, such as bonds and other claims. Thus, for this interest the exemption does not apply.

12f Here you may fill in the costs on the interest income as stated in question 12a and 12d.

12h For this question you have to state the income received from your shares.

12i State the dividend exemption here. The dividend exemption is up to USD 5,000 and USD 10,000 for married couples, but cannot exceed the amount of interest you have filled in question 12h.

12k Here you may fill in the costs on the dividend income as stated under question 12h.

12m Here you may fill in the (interest and dividend) income received from an undivided estate.

12n State the dividend/interest exemption not used in 12b and 12i.

12p Here you may fill in the costs bearing down on income from the undivided estate as stated in question 12m.

12r If the outcome of the calculation is less than 0 (nil), enter the negative amount in the table on page 15 for the year 2012. This loss can be settled over the next five years.

12s If the result of the calculation in question 12r is positive, you can fill in losses from this source of income for the past 5 years that you have not yet settled, in this box. This year then, the deductible costs that you have been unable to deduct in the past five years will be taken into account.

12u Here you may fill in the total amount of bank balances and other receivables.

12w Here you may fill in the amount of cash you had in your possession on December 31, 2012 if it was more than USD 2,794.

12x Here you may enter the withholding tax levied on savings from treaty countries.

13 Other income

13a to 13q Substantial participations

You have a substantial participation if you and your spouse hold (options on) a minimum of 5% of the issued capital in a company of which the capital is divided into shares. Moreover, the shares belong to a substantial participation if you own less than 5%, but your spouse or relative in the direct line hold 5% or more of the issued share capital.

The profits from the substantial participation are taxed at a rate of 5%. The profit proceeding from substantial participation consists of the regular benefits, such as dividend payments and the received gains on disposal of your shares, your dividend right share or your claims.

The following situations are considered as disposal:
• the purchase of shares;
• the surrender and purchase of dividend right share;
• making liquidation surplus payable;
• the payment of debts;
• bringing shares into the capital of a company;
• the substantial participation ceases to exist;
• ceasing to live within Caribisch Nederland.

You calculate the disposal profits by subtracting the disposal price from the purchase price.

If you have established yourself in Caribisch Nederland, the step up arrangement applies for you. The step up arrangement means that at a later sale of shares belonging to a substantial participation, you only pay the difference between the value of the shares at the time of establishment in Caribisch Nederland and the disposal price. On the increase in value which occurred prior to the establishment date, no tax will be levied.
14 Personal expenses

Own home
With an own home is meant a home ownership, not a rental home that is available to you. An own home is also considered if:
• you lease the land on which the house is by means of a long lease;
• you rent the land on which the house is;
• you hold the land on which the house is in usufruct.

Deductible expenses
1.4a You may deduct the maintenance costs (including the garden maintenance) of the own home which is available to you as a principal residence. This deduction may not exceed 2% of the value of the grondbelasting with a maximum of USD 1,676. Maintenance costs are costs you incur to preserve property in the same condition.

1.4b For (mortgage) loans, you may deduct up to USD 15,364 in mortgage rates and premiums for a descending life insurance related to the mortgage.

Attention! Also the premiums for fire and natural disaster insurance are fully deductible for the own home.

Attention! The maintenance costs and the mortgage interest including the premiums of a descending life insurance for a second home or a vacation home for example, are not deductible.

Unmarried cohabitation
If you are cohabiting while being unmarried and your partner and you together own the home, then the following situations may occur:
1. You and your housemate both pay a portion of the mortgage interest. This portion equals your share of the debt. In this case, you may deduct interest you have paid.

2. One of you pay a higher mortgage amount in mortgage interest than corresponds to its share of the debt. You pay for example all the mortgage interest while your share of the debt is only 50%. In this case, you may deduct in principle all mortgage interest you have paid, unless you are only (clearly) doing this to achieve tax benefit. If the portion of the mortgage interest that you paid corresponds to the proportions of incomes of you and your roommate, then the Inspector will accept this at all time.

Attention! Unmarried couples that cohabit may deduct together a maximum amount of USD 15,364.

1.4f Life annuity
Here you may state the payments of annuities, pensions and other periodic allowances that are taxable incomes for the receiver.

Attention! The deductions of paid periodical allowances which are a compensation for their value, are only permitted in case more is paid in periodic allowances than the performance received.

Attention! The deductions of paid periodical allowances which are not a compensation for their value, are not permitted if the expenses were made for example to the following relatives:
• (great) (grand) children
• spouses of these children
• (grand) parents
• (half) brothers and (half) sisters and their spouses. To be clear: if you have paid alimony to your former spouse, you may deduct the payments. The amount you have paid as alimony to your underprivileged children, you may deduct as extraordinary costs. See below question 16a of the tax return form.

1.4g Interest and loan costs
With this question, you may deduct the interest paid by you and costs of loans to a maximum of USD 1,397.

Some examples are:
1. interest on personal loans;
2. interest calculated in payment and rent-to-own installments (e.g. the purchase of a car, furniture, TV, etc.);
3. interest on loans for the purchase of undeveloped land.

Attention! The repayment of the principal is not deductible from your income.

You may deduct a maximum of USD 1,397 as interest on debt. If you are married, the interest deduction is transferred to the spouse with the highest personal income who may then deduct up to USD 2,794.

The relation between the interest rate on a personal loan and the (mortgage) interest deduction:

Example 1
If the interest on a personal loan is USD 1,500 and your mortgage interest is USD 10,000, the unmarried taxpayer may deduct the interest on the personal loan up to a maximum of USD 1,397 and the mortgage interest up to a maximum of USD 10,000. For married couples the interest on the personal loan of USD 1,500 (up to a maximum for married couples of USD 2,794) and the mortgage interest of USD 10,000 is deductible.
Example 2
If the interest on a personal loan is USD 3,000 and the mortgage interest is USD 17,000, the unmarried taxpayer may deduct the interest on the personal loan up to a maximum of USD 1,397 and the mortgage interest up to a maximum of USD 15,364. For married couples the interest on a personal loan of USD 2,794 and the mortgage interest of USD 15,364 is deductible.

Example 3
If the mortgage interest is USD 25,000 and there is no further interest of a personal loan, the unmarried taxpayer may deduct in total USD 16,761 for mortgage interest, namely USD 15,364 and the unused portion USD 2,794 of the consumer interest. For married couples the mortgage interest of USD 18,158 is deductible (USD 15,364 and the unused portion USD 2,794 of the consumer interest).

14i Donations
With this question you may deduct donations made to religious, charitable, cultural, scientific institutions and aid organizations working for the general interest, which are established in the Caribisch Nederland. You are not permitted to deduct the total amount of the donation. Donations are only deductible as far as they are 1% of the income and also exceed USD 56. However, the deductible amount cannot exceed 3% of the income. If you are married, you must take the income of your spouse into account when calculating the thresholds for the combined income. Upon request should the donations be proven with supporting documents.

15 Extraordinary expenses
With extraordinary expenses is meant the expenses for:

a. the support of children of 27 years and older as well as close relatives and sick or underprivileged children up to 26 years;
b. sickness, childbirth, disability and death;
c. training or study of yourself or of your spouse for a profession;
d. study costs of children up to 26 years who are studying on a MBO, HBO, university or equivalent level.

Attention! The extraordinary expenses of married couples are always joined. The extraordinary expenses of the spouse with the lowest personal income are charged to the spouse with the highest personal income. The spouse with the highest personal income may deduct these costs. For the calculation of the threshold, you have to consider the joined income of your spouse and yourself.

15a Living expenses
You may deduct the necessary living expenses of the following family members of you and/or your spouse:

- children and adoptive children of 27 years and older;
- spouses and their children;
- parents (also adoptive parents) and grandparents;
- (half) brothers and (half) sisters and their grandparents.

The living expenses of these family members are deductible if these persons are not able to provide for their own livelihood. The deduction is limited to USD 1,397 per supported person. If you support for instance your father and your mother, the deduction is at most two times USD 1,397 or USD 2,794. In addition, the total amount that you are allowed to deduct is maximized. You may deduct 10% of your income as living expenses.

You may deduct the necessary living expenses of children up to 26 years who are unable to provide for their own livelihood due to sickness or deficiencies, without abovementioned limitations.

You may not deduct expenses for which you are entitled to compensations for instance from your employer, insurance company or support fund, not even if the compensation is received a year later.

15d Expenses for sickness, disability, childbirth and death
Expenses made for sickness, disability, childbirth and death of yourself, your spouse, your own children or children by marriage and foster children and of your relatives by blood and by marriage in the direct line (for example grandparents, parents, and grandchildren) or in the second degree of kinship (for example brothers and sisters) are deductible. These are for instance:

1. premiums for health insurance;
2. costs for doctors, dentists, hospitalization;
3. medications;
4. contributions to home health care societies;
5. glasses and contact lenses;
6. funeral expenses (premiums for funeral funds are only deductible if no payment was received upon death).

Expenses of car trips for example due to sickness (for instance a doctor visit) are limitedly deductible. If you use your own car you may deduct an amount of USD 0,20 per kilometer. If you use the car of someone else you may deduct the fuel costs.

Attention! You may only deduct the portion of your living expenses, sickness costs, disability, childbirth and death that supersedes a certain minimum amount (the threshold). These costs may be deducted if, when combined, they amount to more than 5% of the income with a minimum of USD 838. For the calculation of the level of the threshold for married couples, the combined income of both spouses is taken into account.

15j The study for a profession for yourself or your spouse
The study must have as an objective to improve your social position from a financial and economic point of view. The expenses for a study for a hobby or a study of a general nature are thus not deductible. The study expenses that you make in order to maintain your professional knowledge may be deducted as professional costs.
Attention! Only the following expenses are deductible as study costs:

- school or tuition fees;
- books;
- required learning material;
- airfare and 75% of accommodation costs.

Attention! Costs of personal computers and software, disks, printers, plotters, typewriters, word processors, calculators, copiers, fax machines, modems, monitors, audio equipment, video and telephone equipment, tools and musical instruments are not deductible. This includes also the costs of maintenance, repairs and insurance.

Attention! If you have to stay on another island of the Caribisch Nederland or abroad for your study or training, you may deduct 75% of the accommodation expenses.

Attention! Before deducting the study expenses, the possible payment or contribution of third parties such as the employer must be subtracted from the study expenses.

15m Expenses for study costs of children
The law stipulates that only the expenses bearing down on the parent which are related to the “pure study costs” are qualified for deduction. The deduction is a maximum of USD 5,587 per child. For a married taxpayer the deduction is USD 11,174 per child. “Pure study costs” entails the school or tuition fee, books and other mandatory learning material. Expenses made for computers, printers, audio equipment and similar devices are explicitly excluded from deduction.

The deductible costs also include the costs per year of one return ticket paid for by the parent, in case the child studies in the Netherlands or in another country. As of January 1, 2006 the Inspector stipulates the “pure study costs” as deductible according to the rulings of the ‘Raad van Beroep voor Belastingzaken’ on January 18th, 2006, number 2004/629, 630 and on October 31st, 2008, number 2007/0241 and 0045.

Attention! You may qualify for deduction in case you can prove that your child receives no or only partial study grant and that you have paid the study expenses to be considered or part of these. In case your child receives full study grant you could also qualify for a deduction if you can prove that the study grant is not sufficient to cover the total study expenses and that you have paid a part of it.

Studying in the Netherlands
With regard to those who study in the Netherlands the following position is taken. The annual stipulation of the amount of the Dutch scholarship is based on fixed amounts for the annual school fees, books/learning material.

Studying elsewhere
For students who are studying in for example the United States or elsewhere, you must present if requested, the official proofs of school registration, a specification of the tuition fee and the list of books of the concerning study year together with the corresponding payment receipts. You should therefore save these documents.

Attention! Only the following costs are deductible as study costs:

- school fee or tuition fee;
- books;
- required learning material;
- one airline ticket per child per year.

Attention! You have to present the following supporting documents. A message form of the ‘Informatie Beheer Groep’ in Groningen for a child studying in the Netherlands or in Caribisch Nederland on which the course the child is following and the study grant received is stated. Or a I-20 form for a child studying in the United States and a declaration of the study grant institute that indicates the amount of study grant the child has received. In addition, a proof of school registration must be enclosed for children of 16 years and older.

Furthermore, you have to send the supporting documents and a specification of the expenses made by you, if requested.

Attention! The costs of personal computers and software, disks, printers, plotters, typewriters, word processors, calculators, copiers, fax machines, modems, monitors, audio equipment, video and telephone equipment, tools and musical instruments are not deductible, even if these are considered as required learning materials. This includes the cost of maintenance, repair and insurance.

Calculation net income of minors
When calculating the net income of minors in question 11 in the tax return form, you have to take the following components into account:

- Periodical payments
- Immovable goods
- Interest and dividends
- Other income

The sum of the mentioned components is reduced by the costs related to:

- Personal expenses
- Extraordinary expenses

> Signature
After completing the tax return form, you must sign this. If you are married and your spouse is also co-filing, he/she also have to sign the tax return form.
### Overview deductible costs

<table>
<thead>
<tr>
<th>Costs employee</th>
<th>Costs entrepreneur</th>
</tr>
</thead>
<tbody>
<tr>
<td>Workplace in the home of the taxpayer</td>
<td>Deduction on condition</td>
</tr>
<tr>
<td>Commuting between home and work</td>
<td>No deduction</td>
</tr>
<tr>
<td>Vessels for representative purposes</td>
<td>No deduction</td>
</tr>
<tr>
<td>Work clothing</td>
<td>Deduction</td>
</tr>
<tr>
<td>Normal clothing</td>
<td>No deduction</td>
</tr>
<tr>
<td>Professional literature</td>
<td>Deduction</td>
</tr>
<tr>
<td>Private telephone subscription</td>
<td>No deduction</td>
</tr>
<tr>
<td>Costs criminal activities</td>
<td>No deduction</td>
</tr>
<tr>
<td>Bribes</td>
<td>No deduction</td>
</tr>
<tr>
<td>Audio, video, computer and telecommunication equipment</td>
<td>Deduction, divide expenses over 3 years and threshold of USD 419</td>
</tr>
<tr>
<td>Courses, conferences, seminars, symposiums</td>
<td>Deduction 75%, up to a maximum of USD 1,397</td>
</tr>
<tr>
<td>Personal care</td>
<td>No deduction</td>
</tr>
<tr>
<td>Food, beverages and stimulants</td>
<td>No deduction</td>
</tr>
<tr>
<td>Donations and business gifts</td>
<td>No deduction</td>
</tr>
<tr>
<td>Representation (receptions, festive meetings and entertainment)</td>
<td>No deduction</td>
</tr>
<tr>
<td>Excursion and study trips</td>
<td>No deduction</td>
</tr>
<tr>
<td>Business trips</td>
<td>USD 0.20 per kilometer</td>
</tr>
<tr>
<td>Costs of car made available</td>
<td>Only the costs of fuel (gasoline or diesel)</td>
</tr>
</tbody>
</table>
How do you calculate your tax payable?

1. You calculate your payable sum by completing the summary statement on your tax return form.

2. Using the rate table you calculate how much tax you owe on your payable sum.

   With a payable sum of

<table>
<thead>
<tr>
<th>More than</th>
<th>But not more than</th>
<th>Is the tax the amount shown in column 3, together with the amount calculated by taking the percentage indicated in column 4 of the portion of the taxable sum that exceeds the amount mentioned in column 1.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>_</td>
<td>250,000</td>
<td>76,000</td>
</tr>
<tr>
<td>250,000</td>
<td>_</td>
<td></td>
</tr>
</tbody>
</table>

Example

A taxpayer who lives in Bonaire with 2 children has a taxable sum of USD 49,720. The tax owed is calculated as follows. USD 49,720 minus the tax free sum of USD 10,813 minus the child allowance of USD 2,772 is USD 36,135. USD 36,135 x 30.4% is USD 10,985.

On balance, the amount to be paid to the inkomstenbelasting and premiums is USD 11,289.

From there you have to deduct your "loonheffing!"

3. Overview tax free sum and allowances.

<table>
<thead>
<tr>
<th>Tax free sum</th>
<th>USD 10,813</th>
</tr>
</thead>
<tbody>
<tr>
<td>Child allowance:</td>
<td></td>
</tr>
<tr>
<td>1 child</td>
<td>USD 1,386</td>
</tr>
<tr>
<td>2 children</td>
<td>USD 2,772</td>
</tr>
<tr>
<td>Elderly allowance</td>
<td>USD 1,222</td>
</tr>
</tbody>
</table>

4. The inkomstenbelasting and premiums will be settled with the in advance levy (voorheffing).

   As voorheffing is considered the loonheffing, opbrengstbelasting and in some cases the bronbelasting which has been withheld on foreign income.

   The following situations may apply:
   • You will receive an assessment if you submit a tax return within 18 months.
   • You will receive a nil assessment if the amount to be reimbursed is less than USD 84.
   • The total amount of voorheffing supersedes the payable inkomstenbelasting. Your excess payment will be reimbursed, if you are entitled to an amount exceeding USD 84 and if you have submitted your return on inkomstenbelasting within 18 months after the end of the fiscal year.
   • If you have received a loonbelastingvermindering (hardheid), you will receive a mandatory assessment.

   Amounts of less than USD 28 will not be reimbursed nor collected.

Extraordinary rate

Substantial participations are taxed at the extraordinary rate of 5% (article 24B).