

COVID-19 Aruba

News bulletin #8



Update Wage Subsidy

The Government of Aruba (GoA) recently announced that it will provide financial support to local companies that are dealing with the impact of the COVID-19 pandemic by means of a Wage Subsidy. The Wage Subsidy will go into effect for the payroll of **May 2020**. Going forward this Wage Subsidy initiative is to be approved by The Netherlands on a month to month basis. The financial support is granted as a subsidy, **not a loan**.

Who is eligible and under what conditions?

1. A company/organization who is considered to be vulnerable with a revenue loss of **at least 25%**.
2. There are no employment terminations for socio-economic reasons.
3. The company must pay their employees a gross amount of at least 60% of their SVb wages subject to the SVb wage limit.
4. The employer must be registered with the SVb and the Tax Department and have a Tax ID number (persoonsnummer).
5. The employer shall be in compliance with all of its payment obligations for taxes and social security premiums for the month in which it is claiming the subsidy.

Note: Employers that applied a “no work, no pay” arrangement in April (in part or in full), with their employees possibly drawing allowances from FASE, may restart paying wages in May (in accordance with the third condition) and so apply for the Wage Subsidy.

The Wage Subsidy consists of two elements:

1. **60%** of the SVb-wages subject to the SVb wage limit (Afl. 5,850), will be paid out to the employer.
2. **11.6%** of the qualifying SVb wages, subject to the SVb wage limit (Afl. 5,850) will be paid out to the employer as partial compensation for the employer’s other employee costs (including the employer’s share in the social security premiums).

These percentages are then multiplied by the **percentage** of the decline in revenue. Therefore, if your company has a revenue decline of 100% the **maximum total** Wage Subsidy is **71.6%** of the SVb wages, which amounts to a maximum of Afl. 4,188.60 (71.6% of Afl. 5,850).

What is the process?

1. Eligible companies who are registered at SVb will receive an email, from SVb, to register online for the subsidy. It is important that SVb has the correct email address for your company. You can verify this email address on <https://misvb.svbaruba.org>
2. The employer shall submit an application every month for the subsidy within the deadline, which is **May 12, 2020**. Fill in the form completely and then click OPSLAAN (“Save”).
3. The employer must indicate the **expected** percentage of revenue loss for the month (compared to the same month in the prior year).
4. The Wage Subsidy will be **advanced** to the employer based on the expected decline in the company’s revenue. The percentage provided will be evaluated accordingly. If necessary, the Wage Subsidy will then be adjusted.
5. If the estimate revenue loss was **overstated** for the month, the difference will be settled at a later date.
6. The advance for the subsidy for **May 2020** will be transferred to your bank account (registered at SVb) next week. You will receive an email when the transfer has been made.
7. SVb has introduced a **services center** specifically for the Wage Subsidy initiative. Questions can be sent via email loonsubsidie@svbaruba.org or via WhatsApp +297 527-2801.

Note: Remember to grant permission to the SVb to use your company and employee data for the Wage Subsidy scheme. To avoid any delays in payment, employers should make sure that all their company and employee data in the MiSVb portal are up to date.

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*The list of companies/organizations which are excluded:

- Government.
- AZV and SVB.
- Educational institutions subsidized by Government.
- Companies and Foundations that receive Government subsidy (such as Serlimar, Arubus).
- State-owned companies and Sui Generis (except those that have tourism-dependent revenue).
- Healthcare organizations that receive financial support from AZV.
- Banks, Life Insurance companies, and Pension Funds.
- Elderly care organizations.
- Private companies that are natural monopolies.
- Notaries.
- Agriculture.
- Supermarkets and mini markets. Note: exceptions will be made for mini markets that are not able to open.
- Funeral Homes.



Calculation example

Please find below an example as to the calculation of the Wage Subsidy in case of a revenue loss of 25%.

Please do note that these calculations are based on our interpretations of the publication of the SVb. Official calculations have not yet been published.

Starting point	
Wage SVB	4,000.00
Wage reduction	0%
Revenue loss	25%
Subsidy (= Revenue loss % x 71.6)	17.9%
Calculations	
Wage paid by employer concerning month	4,000.00
AOV/AWW (10.5%)	420.00
AZV (8.9%)	356.00
Pension employer's contribution (3%)	120.00
Employer's costs (without subsidy)	4,896.00
Wage subsidy (15% x 4,000)	600.00
AOV/AWW subsidy 1.575% (25% x 6.3)	63.00
AZV subsidy 1.325% (25% x 5.3)	53.00
Total subsidy (17.9%)	716.00
Employer's costs (with subsidy)	4,180.00

Starting point	
Wage SVB	7,000.00
Wage reduction	0%
Revenue loss	25%
Subsidy (= Revenue loss % x 71.6)	17.9%
Calculations	
Wage paid by employer concerning month	7,000.00
AOV/AWW (10.5%)	735.00
AZV (8.9%)	623.00
Pension employer's contribution (3%)	210.00
Employer's costs (without subsidy)	8,568.00
Wage subsidy (15% of 5,850)	877.50
AOV/AWW subsidy 1.575% (25% x 6.3)	92.14
AZV subsidy 1.325% (25% x 5.3)	77.51
Total subsidy (17.9%)	1,047.15
Employer's costs (with subsidy)	7,520.85

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How can we support you?

We hope you have found the information in this news bulletin useful. Now more than ever the need for clients and their auditor, accountant and (tax) advisor to work closely together is essential, so if you would like to discuss any of the points raised, please contact us:

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