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Why Companies Exist

By Ralf Wieriks

**Aggravating measures on
property tax as per 1 September
2019**

By Lennart Huijsen

**Leadership in the Dutch
Caribbean**

By Roy Jansen



Contents

02 Assurance:

Why Companies Exist

By Ralf Wieriks

04 Tax:

Aggravating measures on property tax as per 1 September 2019

By Lennart Huijsen

06 Advisory:

Leadership in the Dutch Caribbean

By Roy Jansen

Why Comp

The Corporate Social Responsibilities of Companies

Why is it important to know why companies exist? Companies often try to push ethical and moral limits, and, in some cases, they do cross them. These are situations we are confronted with daily. Recent developments, amongst other things, provide us insight into the way companies conduct business worldwide. Think for example of developments such as time and space compression as a result of technological developments like the internet, the convenience of traveling and other economic activities in general. Unfortunately, the insight we get are not always pretty. As an illustration, here are some examples.

Back in 2011, H&M contracted the American singer Lana del Rey as a model for their campaign. Millions of dollars are spent on these campaigns on an annual basis. In one of the photo shoots, Lana was wearing a beautiful Angora sweater. However, media found out that to produce these sweaters the Angora rabbits were brutally picked. Pictures and videos of this practice appeared on the internet and everyone was in shock. H&M felt the moral pressure and immediately stopped the production of all Angora products. Besides, these sweaters were sold in Europe for the price of €63, while the people producing these sweaters in Bangladesh were only paid €0.66 per day.

Another shocking example is the one of the Canadian fashion house Joe Fresh. Joe Fresh's clothing is also produced in Bangladesh. One of their illegally build factory is in the Rana Plaza building that collapsed in 2013. During this incident, 1,200 workers have lost their lives. People on social media were furious about this and they forced Joe Fresh to provide better working conditions for its personnel. Here are some numbers that will provide you with a better perspective on the situation: Bangladesh has about 5,000

Companies Exist

clothing factories with a total of 3 million workers, of which 85% females, who work under miserable circumstances. Clothing produced in Bangladesh is sold all over the world, including in our local markets. The point here is that we are becoming more and more concerned about how we treat other people, animals and our planet.

The History of Corporate Social Responsibility

Have we always been concerned with these issues? Let's look back at 1916 when the Dodge brothers owned 10% of the Ford motor company shares. Henry Ford, the majority shareholder of the company, expressed his ambition: he wanted to invest the largest part of the company's profit in the housing of his employees and provide them with the possibility to build a living. The Dodge brothers, who did not agree with Henry Ford, initiated a case against Ford. The Supreme Court of Michigan ordered Henry Ford that it was his responsibility to make the company as profitable as possible for the shareholders, disregarding his feeling of obligation towards the society and his own employees.

Years later, this view on corporate social responsibility still holds. Take for

example Milton Friedman's statement. In 1970, he argued in the New York Times Magazine, that the only corporate social responsibility of a company is to increase and maximize its own profits. Short after, the Club of Rome published a report about the dangerous consequences of growth in the world. In 1987, the commission of Brundtland released a report to unite different countries in the pursuit of sustainable developments. Since then, corporate governance has expected from management boards to treat the environment, employees and consumers as significant and legit stakeholders. In the 1990's, the definitions of corporate social responsibility have broadened even more, with terms such as stakeholder theory and business ethics. Post, Preston and Sachs describe the modern corporation as the centre of a network of interdependent interests and constituents, each contributing (voluntary or involuntary) to its performance, and each anticipating benefits (or at least no uncompensated harms) as a result of the corporation's activities. They affirm that many stakeholders can be viewed as principles, since they contribute to the organizational wealth of an organization. This contribution may not be in terms of financial assets, but

it might very well be that they provide the firm with a valuable asset that is less tangible such as human capital, brand loyalty, or a license to operate.

the issue with stakeholder interaction is a common management problem that can be understood from a business or rational economic perspective. Research shows that every organization by its nature has stakeholders and that management needs to interact with them and needs to decide when to take which stakeholders' interest into account. To do so, management should look at itself as agents on behalf of stakeholders who are their principles.



Dr. Ralf H.Y. Wieriks RA

Director Assurance
+599 9 430 0161

ralf.wieriks@cw.gt.com

Aggravating measures on property tax as per 1 September 2019

Next to the raise in excise duties on wine, beer and spirits that entered into force on 1 September 2019, other aggravating measures with respect to property tax also entered into force in Curaçao. Taxpayers are now obliged to declare property tax under penalty of a fine of 100%. It is no longer possible to await a tax assessment notice on property tax, a notice that may not even be imposed at all.

Approximately 16,000 objects are unknown to the tax authorities in Curaçao. These objects have never been assessed before and this is where the government is losing revenue. It's also the reason why it's now obliged to declare tax on property as per 1 September 2019. All properties obtained after 1 September 2019, must be reported within 2 months after purchase. There is no prescribed form for this matter. Declaration can, thus, be done through a letter to the tax authorities in which the so called indicative value of property is specified. This value can be derived from a taxation report or acquisition price as stated in the notary deed.

In addition, changes to property must also be reported in case they result in a change of value of at least ANG 25,000. Think, for instance, of renovations or improvements to properties, but also demolitions and destructions thereof. The problem which arises is that not all renovations result in a value increase of ANG 25,000. Let's say that someone renovates his roof. It's very difficult for that person/taxpayer to determine the value increase of his property. According to legal regulations, no taxation report is required in this case. Tax authorities will determine the value of property via a tax assessment upon declaration, which should be paid within 2 months after imposition. Objections may be submitted by the taxpayer in case of disagreement.

If no assessment on property tax is received within twelve months of the end of the calendar year, then taxpayers are obliged to take action. After these twelve months, taxpayers are obliged to file a declaration. There is a transitional arrangement to eliminate prior malpractices. The reference date is 1 September 2019. It must be established whether a tax assessment has been imposed within the last five years or whether change in value of at least ANG 25,000 has taken place. Should this be the case, then, a declaration should be made within 6 months, before 1 March 2020.

The definition of taxpayers is extended for rented grounds

owned by the land of Curaçao. Tenants of such rented grounds have been taxable already. This has now been expanded to those using buildings on rented grounds. Think for example of illegal buildings on rented grounds of the government. The extended period for imposing additional tax assessments by the Inspector has been prolonged from five to ten years. Those who don't comply with their obligation to declare property tax and those who don't specify changes in value may be fined by 100%. The government expects this measure to generate an amount of approximately 1,8 million guilders in 2019. However, this seems rather unrealistic taking into account that tax assessments can only be imposed after taxpayers have filed their declarations.



Lennart Huijsen

partner and tax consultant

+599 9 430 0006

lennart.huijsen@cw.gt.com



Leadership in the Dutch Caribbean



Today's leaders and business managers face an increasingly changing and complex environment. They cannot build solely on the security of management tools, systems and procedures. They need to step up and take on the daily uncertainty by finding strength in their personal leadership and their personal process of learning and development.

Society is changing significantly. Old securities are disappearing, the era of 'Me' is coming to an end and the provision of meaning, self-direction and interactivity take a central place in it. This means that leadership development and organizational change can no longer be designed in a top-down manner but must be designed based on a community of stakeholders and co-creation. Key words are 'facilitating, serving and value driven' leadership. This involves supporting teams/networks of motivated people who bear the responsibility for organizational development and who (inter)actively shape their own development. Leaders and employees want to make their views known and want to share them. They are looking for common values, as a basis for their contribution.

The objective of our Leadership & Team Development Programs is to provide the participants with:

- Increased self-knowledge and self-insight;
- Growth of their leadership repertoire;
- Awareness of their actual drivers, needs and passion(s);
- Increased self-confidence and resilience;
- Additional flow, inspiration, creativity and meaning.

As we pay attention to both the personal development of the participants of our programs as well as the organizational context we aim to impact the organization as a whole to be stronger and more agile in the current fast-moving business environment.

A holistic & cyclic view on leadership

The Double Helix model is based 'The Hero's Journey' from Joseph Campbell. The twelve phases of The Hero's Journey can be regarded as referring to our lives as a whole, but also to smaller cycles in our personality development. These cycles are passed through repeatedly and, one hopes, at an increasingly higher level of awareness, responsibility, and compassion. The journey represents a helix moving upwards towards wholeness (helix + healing = healix).

"The presentation was great! It was not only informational and entertaining, but you retain the information given. I'm sure all of us will make use of both models in our careers, especially during club projects" according to **Bethannia Peinado, Club Secretary.**



Why Movie Learning?

According to scientific studies, the verbal content of a message can convey less than a quarter of the information of human communication. If you want to truly affect someone or if you want to know what is truly being communicated, it is wise to pay more attention to image and tone. Film provides the full communication, images and language. Visual communication has much more impact than the written word. A well-picked three-minute movie clip often illustrates an issue much better than three thick books. Movie Learning involves head, heart and hands in a mix of perception, experience, being inspired, sharing knowledge, practicing and reflecting.

The advantages of learning to observe in metaphors are countless. Firstly, it encourages us to step beyond our customary boundaries and to discover new possibilities, for instance by empathizing with unprecedented other lives and worlds. Secondly, we train our emotional intelligence because we start to recognize patterns in various situations. Thirdly, it helps us contribute inspiring stories from other areas of life, to explain something to our employees. The power of a good story is unsurpassed in instructing and motivating people. With movie learning programs participants to our programs gain an in-depth insight and overview of the different levels of human development, based on film images and stories from the Double Helix model. As a result, they are able to recognize, predict and, where desired, change (behavioral) patterns within themselves and with others. This is an important element of the personal development component of our program. After completing a movie learning training participants will have:

- An overarching theoretical framework with which they can effectively apply concepts from different development, leadership and change theories.
- They have increased their self-knowledge and insight into the behavior patterns of colleagues and customers.
- They have strengthened their coaching, presentation and intervention skills, with which they can increase the effectiveness of their selves and others.



Our Leadership & Team Development programs are built alongside two proven guidelines:

1 Embedded in the organizational and business environment

The program is a combination of theory and practice. It has been developed to complement the business strategy and integrate with daily practice. It is a continuous learning process rather than a sequence of modules or a parade of experts. Participants will transfer their learning and experience into the organization and visa versa; they will bring their own leadership dilemmas and issues into the program.

2 Personal Development and continuous learning

In line with the emphasis on leadership as a learning process, this program builds on concepts that help participants take responsibility for their own learning and adopt a learning mentality in their daily practice. Participants will benefit from the concepts of learning by doing, learning from each other, learning on different levels, exposure to different perspectives and exploration of how other people and companies learn.

“I really enjoyed the session. I have been to many presentations and workshops before, but this was the first one that used movie snippets as a learning tool. This Leadership and team development program is one I definitely would recommend to others and I’m very grateful that Grant Thornton approached us to give us a taste of it.” - Joram Parabirsing, Club President.

“The leadership & team development program is definitely a program that I would recommend to others. It helped me see how a balance is created between the different dynamics in people, workplaces and yourself in any given situation. This program is not only beneficial to your work life, but also to your personal life.” - Hannah Parabirsing-Petit, Club Member.



Roy Jansen
 Director Advisory
 +599 9 430 0456
 roy.jansen@cw.gt.com



Contact us

For more information, please feel free to contact us:

Grant Thornton in Curaçao

Julianaplein 38
Willemstad
Curaçao

+599 9 430 0000
info@cw.gt.com

Assurance:

Ralf Wieriks | Director
Assurance

+599 9 430 0161
ralf.wieriks@cw.gt.com

Tax:

Lennart Huijsen | Partner Tax
+599 9 430 0006
lennart.huijsen@cw.gt.com

Advisory:

Roy Jansen | Director Advisory

+599 9 430 0456
roy.jansen@cw.gt.com

Corporate Accounting and Outsourcing:

Martin Venloo | Senior Manager

+599 9 430 0192
martin.venloo@cw.gt.com

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