

ARUBA JEWELERS ASSOCIATION

Date: June 8, 2023

To: President of Parliament

L.G. Smith Boulevard 76



Subject: Concerns about Fiscal Reform and Import Duties - OLV # 1001

Your Excellency,

We, the members of the Aruba Jewelers Association, representing 26 retail businesses in Aruba, want to express our concerns regarding the upcoming fiscal reform, specifically the simplification of duties.

As stakeholders in the Aruba economy, we feel that our concerns have not been properly acknowledged. This lack of recognition may lead to negative consequences for our industry, the 500 employees and their families, and the overall Aruba economy.

We recently discovered that our industry will be subjected to double import duties, from 3% to 6%, as a result of the introduction of the BBO at the border, scheduled to take effect on July 1st, 2023. The lack of prior notification is deeply troubling. Over the past 8 years, we have engaged in extensive discussions with various government departments about our unique situation as duty-free retailers, but our voices have not been heard.

For the past 8 years, the main point of discussion has been our status as duty-free retailers, which means our prices are tied to a fixed worldwide duty-free retail price. Consequently, we cannot increase our prices, as our profit margins are determined by the brands. An increase in duties like this will erode our competitive advantage in the Caribbean, US and Canada, resulting in decreased sales and tax revenue.

It is crucial to remember that our businesses cater to 99% tourists who leave the country with their purchases, effectively making our products exports. In our opinion, we must preserve and even grow this industry. Otherwise, other economies in the Caribbean will seize this business and the associated tax revenue. Most of our competitor islands have either a duty or a sales tax, but not both, as shown in the exhibit below. Therefore, we question why we are the only ones burdened with both taxes.

L.G. Smith Blvd 90-92, Oranjestad, Aruba

Tel - +2975884242

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We are left wondering why our industry has been targeted with a doubling of duties to 6% instead of being reduced to 0%. The implementation of the BBO was not supposed to affect our bottom line but to shift the tax burden to the border. Unfortunately, this is not the case for us.

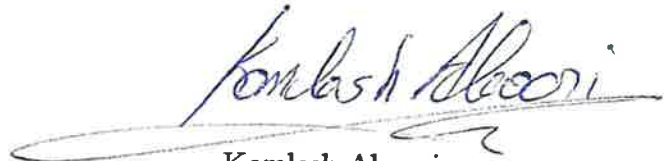
We humbly request that all members of parliament listen to our concerns once again and reconsider the increase in duties for our industry, which will have a negative impact on our businesses and the livelihoods of those who depend on them. As an alternative, we propose a 0% duty rate, which will stimulate growth and increase tax revenue.

Thank you for your attention to this matter. We sincerely hope that all members of parliament will make a conscientious decision in the best interests of Aruba and the 500 employees who rely on our industry.

Best Regards,



Dinesh Mahtani
President AJA



Kamlesh Alwani
Vice- President

NOTE: This is a request for a open meeting with the Parliament.

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Current Snapshot of taxes in the region

Island	Import Duties	Turnover Tax	Description of Tax
Aruba			
Jewelry & Watches	3%	6%	BBO/BAZV/ BAVP
Curaçao			
Jewelry & Watches	0%	9%	OB (4.5% deduct at sale) as of 2019
SXM			
Jewelry & Watches	0%	5%	Sales Tax
St Kitts			
Jewelry & Watches	5%	0%	17% VAT local customers
Tortola			
Jewelry & Watches	0% 5 % if sold to locals.	0%	
Bahamas			
Jewelry & Watches	0	12%	VAT (Refunded) Electronic system credit, for sales to foreigners
St Thomas			
Jewelry & Watches	0%	5%	Gross receipt tax on sales
Grand Cayman			
Jewelry & Watches	12%	0%	
Jamaica			
Jewelry & Watches	5%	0%	