

# Netherlands to Update Tax Regulation Between Netherlands and Curaçao

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On 28 April 2023, the Dutch State Secretary of Finance, Mr Marnix L.A. van Rij, [detailed](#) proposed changes to the Tax Regulation between the Netherlands and Curaçao (*Belastingregeling Nederland Curaçao* or [BRNC](#)). The proposed changes include measures to adequately combat treaty abuse and improve dispute resolution, as concluded in the Base Erosion and Profit Shifting (BEPS) reports (referred to as the "minimum standard").

The proposed safeguards include a general anti-abuse provision in the form of a principal purposes test (PPT) and access to mutual agreement procedures.

Additionally, the proposed changes include provisions on the application of the BRNC to investment funds and an expansion of the definition of "pension fund".

The suggested changes are based on the 2017 OECD Model Tax Convention and its accompanying commentary.

*Note:* The BRNC was established on 1 December 2015 to harmonize the tax systems of the two nations in accordance with international tax standards outlined in the OECD Model Tax Convention. To avoid double taxation, the BRNC provides rules to determine which country has the right to tax the income of residents of one or both countries, depending on its national legislation. Additionally, the BRNC governs administrative mutual assistance, such as the exchange of tax information and mutual assistance in tax collection, to combat tax evasion and avoidance. The existing BRNC is incompatible with changes in domestic tax rules in both the Netherlands and Curaçao. To address this, the Netherlands and Curaçao agreed to amend certain provisions of the BRNC on 22 May 2019.