



SURINAME TAX & LEGAL NEWS

June 2011

Introduction

We present you with a new edition of our tax & legal newsletter with an update on developments on tax, legal and financial matters in Suriname that might influence your business.

In this issue we pay attention to the offset of losses against taxable profits in the income tax. We also give you an insight in the daily practice of our legal department by highlighting some issues regarding the establishment of new business in Suriname.

Loss compensation: opportunities and risks

The Income Tax Act 1922 has two facilities to offset losses against taxable profits, thus resulting in a lower tax base.

First, it is possible that the losses occurred in the first three years after the business operations have started, called start-up losses, can be offset indefinitely with future profits.

Secondly, it is possible that losses of any year can be offset against profits in the following seven years. The elapse of seven years without the loss being deducted fully, will result in the expiring of the deductible loss.

Tax planning, like amongst others taking awareness of allowable tax provisions, can prevent the expiring of deductible losses and too much income tax to be paid.

It is also good to realize that losses never can be off set against profits of preceding years. Therefore in-depth analysis of the annual accounts, discussion with the accountant and proper tax planning are very important.

We advise all our clients to keep the above in mind during the year.

Contents

- Introduction
- Loss compensation
- Did you know that...
- News highlights
- Seven steps to establish a business in Suriname

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Did you know that...

➤...the salary tax discount of SRD 50 for each employee per month is already being applied by many private companies and also by the government itself, even though the proposed amendment of the Income Tax Act and Wage Tax Act has not been passed by the Parliament yet?

➤...in the period between 2005 and 2010 more than 200 internationally based companies started up a branch in Suriname?

➤...as all countries, Suriname has its own regulations when it comes to setting up a business. In BDO's legal practice we deal with these regulations on a weekly if not daily basis, especially when advising our international clients.

Based on our experience we have created a (non-exhaustive) checklists of formalities that foreign investors need to consider when setting up a business in Suriname.

Seven steps to establish a business in Suriname

1. Register the company/branch at the Trade Register of the Suriname Chamber of Commerce and Industry;
2. Register the company/branch at the Suriname Tax Office;
3. For certain business activities: apply for a permit at the relevant Surinamese authorities;
4. Take out the necessary insurances and register your trademark and intellectual property;
5. Assure compliance with local employment regulations;
6. Arrange visa permits and residential requirements for foreign (temporary) personnel;
and last but not least...
7. Contact BDO for professional assistance in these matters!

BDO can provide you with the relevant support and advice and, if necessary, refer you to the right authorities so you can set up a compliant business in Suriname within an acceptable period of time. For more information please contact one of our lawyers: renate.burgrust@bdo.sr or suzanne.pesak@bdo.sr.

News highlights

- Salary wage tax discount is already being applied unofficially
- Other measures as announced by the VP in January 2011 are still not in effect till date
- New VAT expected to be implemented not earlier than 2013
- Effective May 27, 2011 the business permit regulations have been liberalized so that for less activities a permit is required

For further information on the tax issues in this newsletter and the possible impact on your organization, please contact one of our tax advisors in Suriname:

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