

TaxNewsFlash

Caribbean

Updates affecting 2023 payroll

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WHY THIS MATTERS

It is important for companies to remain informed of the changes in Tax legislation which may affect their operations.

Background

Several countries in the Caribbean region have announced changes affecting payroll and related withholdings for 2023.

Who does it affect?

Employers, Employees and Self-employed persons.

Antigua and Barbuda

The Antigua and Barbuda Social Security Board (ABSSB) announced that the contribution rates will increase by 0.5% over 2022. The 2023 contribution rates effective from January 1, 2023 are as follows:

	Public sector	Private sector
Employee	5.5%	6.5%
Employer	8.5%	8.5%
Total	14%	15%

There has been no change to the 10% rate for self-employed persons. The pensionable age will increase from 62 to 64.

Aruba

On December 21, 2022, parliament enacted the [2023 Tax Plan](#) introducing a range of measures, included in different acts, as of January 1, 2023 including a reduction in the individual income tax graduated rate scale as follows:

- the first bracket rate (up to AWG 34,930) will be reduced from 12% to 10%;
- the second bracket rate (up to AWG 63,904) will be reduced from 23% to 21%;
- the third bracket rate (up to AWG 135,527) will be reduced from 42% to 40%; and
- the fourth bracket rate (above AWG 135,527) will be reduced from 52% to 50%;

The tax-free threshold is raised from AWG 28,861 to AWG 30,000.

Barbados

Effective January 1, 2023 the National Insurance & Social Security (NIS) maximum insurable earnings limit is increased as follows. Contribution rates remain unchanged.

	Current Limit	Proposed Limit
Monthly paid workers	BBD4,880	BBD5,120
Weekly paid workers	BBD1,126	BBD1,182

Bermuda

On December 10, 2022, the Bermuda Premier's Office in its 2023-2024 pre-budget, announced the following proposed changes to the employee payroll rates as follows:

Income band (BMD)	Current rate (%)	Proposed rate (%)
0-48,000	1.5	0
48,000-96,000	9	10
96,001-235,000	9	11.5
235,001-900,000	9.5	13

- increase in the payroll tax cap from BMD 900,000 to BMD 1,000,000;
- reduction of the payroll tax for small and medium-sized businesses (with a payroll under BMD 1,000,000), hotels, restaurants and retailers;
- elimination of the payroll tax for farmers, fishermen, educational, sport and science institutions and small businesses with an annual payroll of less than BMD 200,000;
- increase in the exempted company payroll tax from 10.25% to 10.75%;
- end of all pandemic-related payroll tax concessions.

Further proposals were announced to change Bermuda's social insurance system from a fixed-rate contribution to one based on a percentage of income.

Further information is expected in the Budget due later in 2023.

Curacao

The Social Security Bank (SVB) of Curacao has published the 2023 threshold amounts for public pensions, allowances, premium rates, wage limits, premium income limits and the contribution for social insurance. The amounts remained the same in comparison to 2022, except for the following:

- the increase of the maximum income threshold from ANG 520,631.59 to ANG 565,926.54 for the general insurance special medical expenses premium (*Algemene Verzekering Bijzondere Ziektekosten, AVBZ*); and
- the increase of the wage threshold for sickness and accident insurance premium (in ANG):

	2022	2023
Per day (6-day work week)	236.05	256.60
Per week (5-day work week)	283.26	307.92
Per week	1,416.30	1,539.60
Per month	6,137.30	6,671.60

Note: The SVB is the National Basic Health Insurance Ordinance implementing body, providing uniform insurance for all residents of Curaçao. It is also the social security authority in Curaçao making payments of benefits under the Basic Health Insurance (BVZ), AVBZ, State Pension Insurance, Widows and Orphans Act, Disability Insurance and Accident (Work-Related) and Unemployment Insurance, among other insurances. As a rule, premiums are withheld from payroll and remitted to the SVB or via the individual income tax return.

The Curacao Minister of Finance published the 2023 individual income tax rates and allowances, effective January 1, 2023 as follows:

Taxable income (ANG)	Tax on lowest amount (ANG)	Rate on excess (%)
Up to - 34,889	0	9.75
34,890 - 46,519	3,402	15.00
46,520 - 69,779	5,146	23.00
69,780 - 98,853	10,496	30.00
98,854 - 145,372	19,218	37.50
Over - 145,372	36,663	46.50

The 2023 individual income tax allowances are as follows:

- All resident and non-resident taxpayers are entitled to a standard credit of ANG 2,601.
- A taxpayer whose spouse has no income is entitled to a single-earner credit of ANG 1,587, which is taken in addition to the standard credit available to all taxpayers.
- Taxpayers with children younger than 28 years old are entitled to a special tax rebate or credit. In the case of a single-parent family, a request may be filed that the tax credit for the single parent be doubled. Depending on the age of the child and whether the child is studying in Curaçao, the credit may amount to ANG 85, ANG 111, ANG 423 or ANG 846.

- Taxpayers who are 60 years or older at the beginning of the calendar year are entitled to a senior citizens' credit of ANG 1,198. This credit can be transferred to a spouse, up to a maximum of ANG 601.

Saint Lucia

On December 21, 2022, the Inland Revenue Department ([IRD](#)) announced the following changes to the individual income tax regime, effective January 1, 2023:

According to the IRD, persons subject to Pay-As-You-Earn ([PAYE](#)) earn more than:

- XCD 2,116.00 per month;
- XCD 976.00 per fortnight;
- XCD 488.46 per week.

Other changes from January 1, 2023 include the following:

- personal allowances and medical expense deductions are not included in the ECD 30,000.00 maximum cap for deductible allowances;
- the XCD18,000.00 cap is lifted on deductible mortgage interest expenses (Section 54 of the ITA); and
- the claim limit of XCD3,000.00 for the deduction for student loan interest (Section 58 of the ITA) is abolished.

St Vincent and the Grenadines

On December 23, 2022, the Saint Vincent and the Grenadines tax administration confirmed that as of January 1, 2023, the minimum tax rate for both corporations and individuals dropped from 30% to 28%.

The standard tax deduction for individuals has been increased from XCD 20,000 to XCD 22,000. The 2023 tax tables have been changed to reflect these changes.

Contact us

For additional information or assistance, please contact your local GMS or People Services professional or one of the following professionals with the KPMG International member firm in Barbados and the Eastern Caribbean*:

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