

*a fair tax on flying*



# Overview.

- Curaçao's Government is considering the addition of two different taxes to be imposed on the passengers flying to/from the island:
  - US\$ 9 to fund the transition of the Curaçao Civil Aviation Authority (CCAA) to an independent regulator for the Curaçao's aviation sector;
  - US\$ 15 tourism tax to fund the tourism policy.
- With that scenario, independent studies have been carried in order to quantify:
  - the negative impact of these taxes on the air traffic to/from Curaçao → reduction of transported passengers;
  - the actual economic impact on Curaçao's economy: added revenues due to the new government taxes vs. negative economic impact of a consequent reduced air traffic.
- Results of the impact on air traffic have been taken from the **InterVISTAS Consulting's** report named: "Impact of Passenger Charges: Implications for Air Passenger Traffic at Curaçao of Additional Government Taxes" from 18 February 2015, while the results for the economic impact of such air traffic implications have been taken from calculations conducted by **Curconsult**.
- The next slides present a summary of the results obtained in these studies, which are relevant to show that

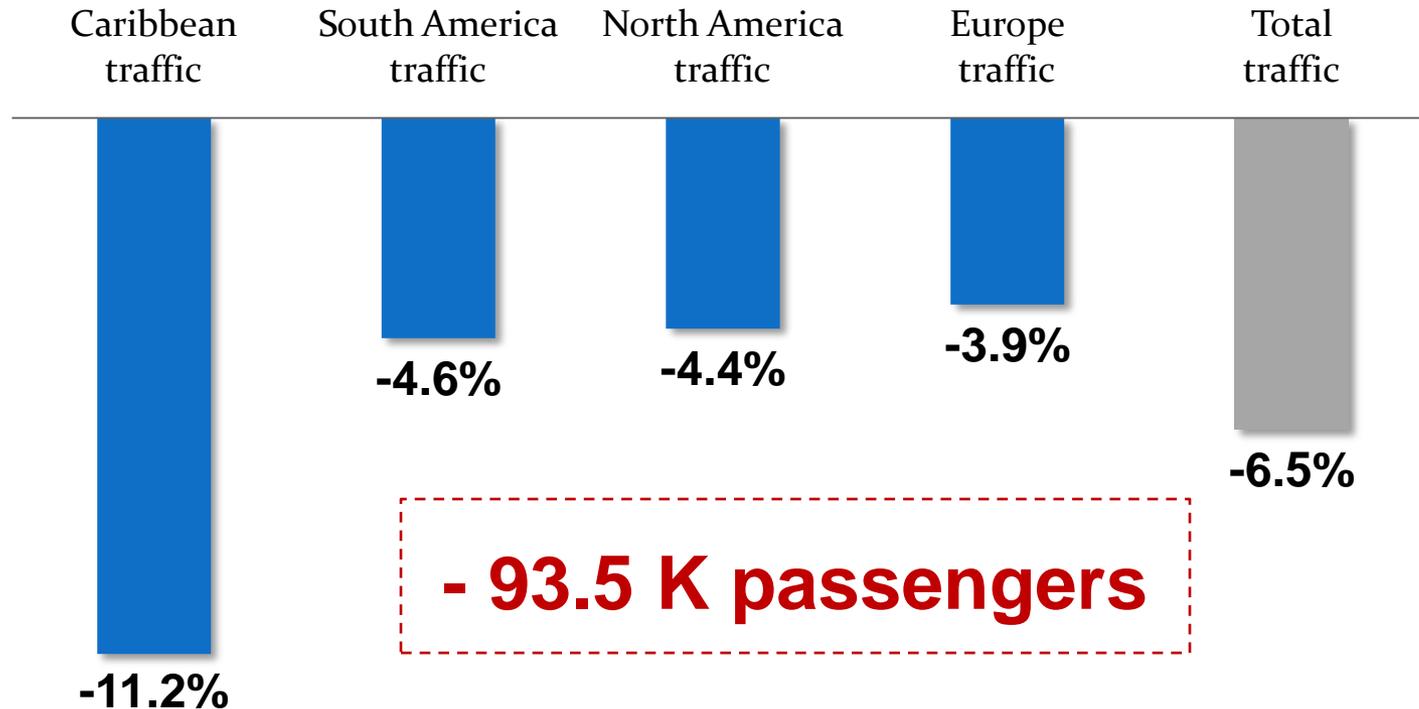
**increasing the cost of travel to the passenger (by the addition of new taxes) will ultimately not only return a negative effect to the entire air transport industry, but also to Curaçao's Government itself.**

# Added cost of travel to passengers is proven to directly impact the air traffic volume.

## Direct combined % reduction of passengers due to added taxes

% reduction to current transported passengers to/from Curaçao

Government taxes: CCAA tax as US\$ 9 / Tourism tax as US\$ 15

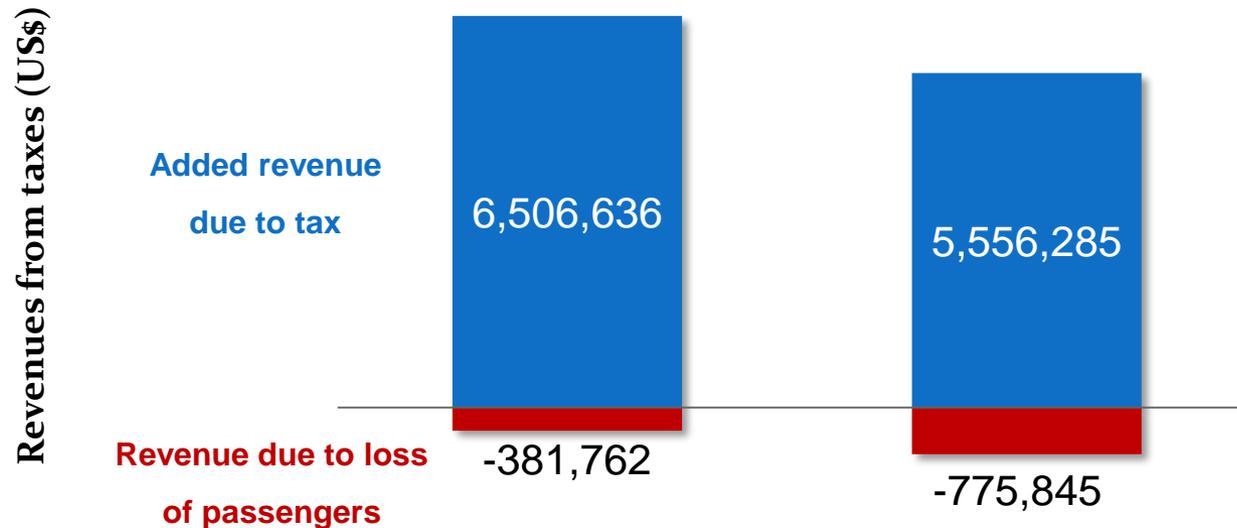


# Although new taxes may add revenue to the Government at the cost of the passenger...

## Total net revenues from the added Government taxes

Net revenues in USD

Government taxes: CCAA tax as US\$ 9 / Tourism tax as US\$ 15

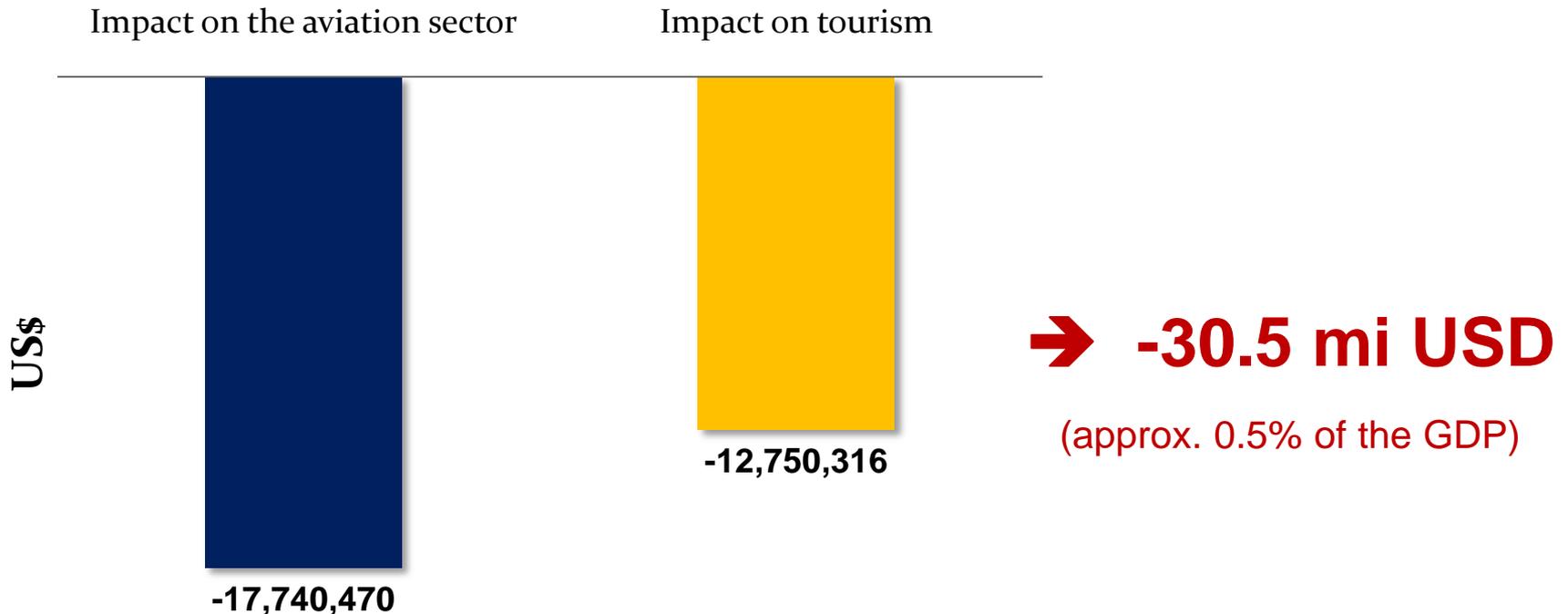


... such gain is by far offset by the negative impact on Curaçao's economy due to the reduction of air travel.

### Impact of the potentially added taxes to Curaçao's GDP

Loss of GDP in USD

Government taxes: CCAA tax as US\$ 9 / Tourism tax as US\$ 15



**At the end, not only the whole air transport industry is negatively impacted, but also the Government itself.**

**COMBINED EFFECT INTRODUCING  
CCAA AND TOURISM TAX:**

**- USD 30.5 mi**

**TOTAL NET REVENUES DUE TO THE  
INTRODUCTION OF THE TAXES:**

**+ USD 10.9 mi**

**- USD 19.6 mi**

(total net loss)