

Stichting Particulier Fonds (SPF) in Curaçao

Strategic Insight

Introduction

The Curaçao Private Foundation, commonly referred to as “Stichting Particulier Fonds (SPF)” is a distinctive legal structure in Curaçao, widely recognized for its versatility, tax efficiency, and robust asset protection features. Below is a comprehensive overview tailored for individuals and families considering its implementation.

1. Overview of the Stichting Particulier Fonds (SPF)

The SPF is a private foundation established under Curaçao law. Unlike traditional foundations, which are often linked to charitable purposes, the SPF is designed for asset management and wealth preservation for designated individuals, families, or groups. It operates under Curaçao’s Civil Code, specifically the National Ordinance on Private Foundations (1998), providing substantial flexibility for various uses.

2. Key Features of the SPF

- Legal Entity: The SPF is a separate legal entity, able to own assets, enter contracts, and conduct legal actions independently.
- No Shareholders: It does not have capital divided into share (shareholders) but is governed by a board of directors that manages its assets.
- Non-Commercial Purpose: While the SPF cannot engage in direct commercial activities, it can hold income-generating assets, such as shares in corporations, real estate, or intellectual property.
- Privacy: Beneficiary details are not publicly disclosed, ensuring confidentiality.

3. Establishment Process

To incorporate an SPF, the following steps are required:

1. Execution of Notarial Deed: The foundation’s name, purpose, address, and governance structure are outlined in a deed executed before a Curaçao notary.
2. Registration: Registration with the Curaçao Chamber of Commerce is mandatory, though only basic details, such as the name and purpose, are made public.
3. Capital Requirements: No minimum capital is required.
4. Governance: The board of directors, which may include individuals or legal entities, oversees the SPF. At least one director must be a Curaçao resident.

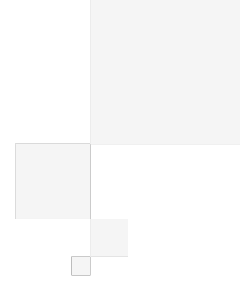
4. Favorable Tax Regime

One of the primary appeals of the SPF is its favorable tax regime:

- Exemption from Profit Tax: The SPF is not subject to profit tax on its gains or income in Curaçao.
- No Gift or Inheritance Taxes: Transfers into the SPF by non-residents and distributions to non-resident beneficiaries are generally exempt from these taxes.
- No Withholding Tax: Distributions to beneficiaries are not subject to withholding taxes, enhancing its international appeal.

5. Asset Protection and Privacy

- Separation of Control: Assets placed in an SPF are protected from creditors of both founders and beneficiaries while maintaining control and reduce risk.
- Confidentiality: Beneficiaries are not disclosed publicly, ensuring a high degree of privacy.



6. Governance and Operations

- Governing Documents: The SPF operates under its articles of incorporation and optional internal regulations, defining its purpose, director appointments, and distribution rules.
- Distributions: Distributions to beneficiaries, determined at the board's discretion, can include monetary payouts or asset transfers.
- Asset Holdings: An SPF can hold various assets, including:
 - Real estate.
 - Shares in corporations.
 - Investment portfolios.
 - Intellectual property.

7. Specific Advantages for Real Estate Investments

The SPF is particularly advantageous for holding and managing rental properties. Benefits include:

- Centralized ownership under a single entity, simplifying management and personal liability.
- Rental income generated by properties held in the SPF is exempt from Curaçao income tax, provided the SPF meets its compliance and non-commercial purpose requirements.
- Distributions of rental income to non-resident beneficiaries are free of withholding taxes.
- Asset protection mechanisms shield properties from creditors or legal claims.
- Confidentiality ensures the privacy of ultimate ownership.
- Simplified transfer of properties within the SPF framework without triggering gift or inheritance taxes.

8. Uses of an SPF

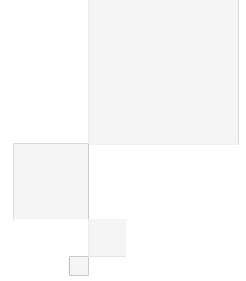
The SPF is versatile and can be tailored for:

- Wealth Management: Centralizing investments and family assets.
- Estate Planning: Facilitating seamless intergenerational transfers without probate.
- Asset Protection: Shielding personal and family wealth from creditors and separation and control of transferred assets.
- International Investments: Leveraging Curaçao's tax advantages for global portfolios.
- Real Estate Management: Holding and managing rental or commercial properties efficiently.
- Philanthropy: Although not a charitable foundation, an SPF can allocate funds for philanthropic purposes when aligned with its stated purpose.

9. Compliance Obligations

To maintain its benefits, an SPF must adhere to:

- Annual Filing: Submission of profit tax returns and financial report to the Curaçao tax authorities, although the details are not publicly disclosed.
- Economic Substance Requirements: Maintaining a local presence, such as a resident director or office.
- Anti-Money Laundering (AML) Compliance: Disclosure of beneficial ownership to authorities in specific circumstances.



10. Conclusion

The Stichting Particulier Fonds (SPF) provides a robust, flexible structure for managing wealth, optimizing taxation, and protecting assets. With proper legal and tax advice, it is an excellent vehicle for:

- High-net-worth individuals seeking asset protection and estate planning.
- Families looking to centralize and manage intergenerational wealth.
- Real estate investors aiming for confidentiality and streamlined management.

Its combination of legal protection, tax advantages, and confidentiality makes the SPF a cornerstone of modern financial planning.

Download our exclusive SPF Real Estate Guide to learn how you can optimize your investments with an SPF.

Contact us

We would be happy to discuss your specific needs and how we can help you achieve your financial goals.

Feel free to contact:

Charmie Sobers
charmie.sobers@pygg.cw