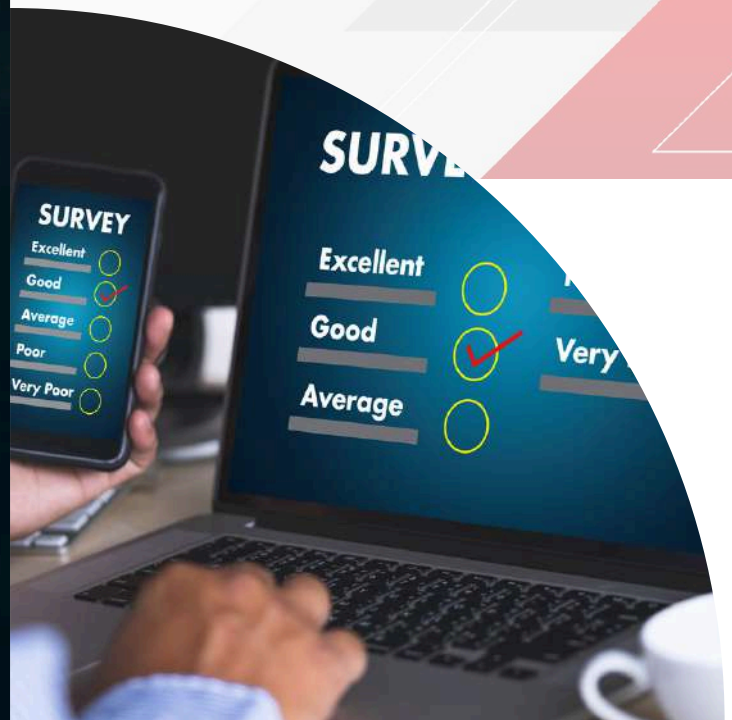




General Audit Chamber
Algemene Rekenkamer



FOCUS AUDIT: EXPERIENCES WITH THE TAX SYSTEM

January 2025



December 2024

General Audit Chamber, Juancho Yrausquin Blvd #10, unit 4 & 5

FOREWORD

The powers afforded to government, independent councils and public officials are all supported and backed by public funds. Each tax payment is a contribution to the services necessary for governing. However, when accountability, efficiency and frequent checks of processes become low, arbitrariness and opacity engross the system. Thus, the allocation and expenditure of funds should be done in the most efficient way possible. The St. Maarten Tax Administration is the premiere gateway for the flow of funds into government coffers. Every person and every business legally established on the island must register themselves for the sustainable administration of public service.

In its mission the Tax Administration states:

The Sint Maarten Tax Administration will implement the laws and regulations for the levying, collection and auditing of taxes with the aim of attaining stable and growing tax revenues in an extremely efficient, effective, customer-oriented and honest manner. We want to achieve this by optimizing work processes, procedures and systems. We want to invest in our employees and communicate proactively, reliably and transparently with taxpayers.

This mission faces bottlenecks that impact the levying, collection and auditing of taxes. Hence, we decided to conduct a survey on the taxpayers' experience.

The purpose of this survey is to gather insights from willing respondents about their experiences with the tax system to gain a preliminary understanding of its perceived convenience. The results are not statistically representative nor provide a comprehensive overview; we received 562 responses, and we were unable to ascertain the total amount of taxable entities and persons.

We were, however, able to see corroboration between findings from previous reports, with the real-world experiences of the respondents. We believe that these findings deserve the attention of the Tax Administration, Government and Parliament.

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SUMMARY

Several reports have reviewed the effectiveness and performance of the Tax Administration, particularly its back-office management. We explored how the back-office influences taxpayers' experiences and tax compliance. An inconvenient tax system creates obstacles to collection. Problems such as poor communication, unclear assessments, and inadequate customer service harm the system's reputation, making trust difficult to restore. A well-established reputation, developed over time, helps maintain taxpayer confidence and support.

This audit includes the results of a comprehensive survey, to measure the respondents' experiences (a total of 562) dealing with the St. Maarten tax system.

We believe that a customer-focused approach can lead to improvements, for both the Tax Administration and the taxpayer. The responses, though not comprehensive of all taxpaying citizens, can serve as a roadmap towards such an approach. The results of this survey indicate areas in need of improvement.

While reforms are actively being implemented in the background, the day-to-day experience of taxpayers should be given high attention. Customer service remains a noteworthy item, with 199 citing poor service and 185 experiencing unresolved issues due to being redirected. A notable 72% reported difficulties with the tax office, particularly with unclear assessments (269 respondents) and communication issues (200 respondents). The reliance on professional help (73%) suggests that according to the respondents, the tax filing process remains complex, with 22% finding forms easy to use and 38% rating them as difficult.

We believe that the Tax Administration should take stock of these replies and measure their performance against their vision and mission statement. It should then ask itself, do our efforts positively impact the day-to-day experience of the taxpayer?

1. THE AUDIT

In Chapter 1, we explain our audit methodology. We describe the basis, our objective, and the main and sub-questions we are addressing. Finally, we outline our audit framework and the topics covered in each chapter.

1.1 The basis

This audit is conducted on the basis of article 39 of the National Ordinance General Audit Chamber which provides grounds to issue notifications and grounds to advise the minister(s) concerned on important matters in relation to the revenues and expenditures and for the improvement or simplification of the financial management of the Country.

The audit is a [focus audit](#); it provides insight into a specific topic, without providing recommendations. The purpose is to show management of the Tax Administration, the Minister of Finance, Government, Parliament and the general public, about the current state and functioning of the tax system.

1.2 Audit Objective

The objective of the audit:

- To assess the number of responses and evaluate their feedback;
- To explore possible improvements of bottlenecks faced by the public that hamper improved tax convenience;
- To gain a snapshot of factors that can lead to higher tax compliance from respondents

1.3 Audit Questions

In this report, we answer the following primary questions:

1. How do respondents perceive the convenience and accessibility of the current tax payment system?
2. How do respondents experience customer service, (clear communication)?
3. Are, according to the respondents, the mission and vision statement of the Tax office being met?
4. Is information readily available according to the respondent, such as online forms / hard copies, knowledge of processes and availability to speak to someone either in person or on the phone.

1.4 Reading Guide

Chapter 2 mentions the objectives of the Tax Administration.

Chapter 3 shows the findings of our public survey on tax experience

Chapter 4 contains our epilogue.

2. THE TAX ADMINISTRATION

The Tax Administration's objectives include promoting and increasing taxpayer compliance, ensuring an honest, professional, reliable, business-oriented, and customer-focused Tax Administration, and fostering stakeholder satisfaction.¹

The government imposes taxes to have adequate financial resources to undertake expenditures. A distinction is made between taxation by assessment², remittance, and payment on declaration.³ Income tax⁴, profit tax,⁵ and transfer tax are examples of taxation by assessment. Examples of taxation by declaration are payroll tax⁶ and business turnover tax (BBO or TOT).⁷

2.1 Core values of the Tax Administration

Based on the Tax Administration's mission, it implements laws and regulations for assessing, collecting, and inspecting taxes. Similarly, the Administration pursues a stable and expanding tax income through an efficient, effective, customer-oriented, honest working method.⁸

Objectives of the Tax Administration include:⁹



Honesty, professional and trustworthy



Promoting and improving compliance



Business-like and customer-oriented



Collaboration

2.2 Promotion of Tax Compliance

In 2024, the Tax Administration used traditional and digital media to encourage tax compliance.¹⁰ These efforts aimed to inform the public of their responsibilities, improve revenue collection, and enhance transparency. By prioritizing clear communication, the administration sought to reduce misunderstandings and improve public engagement. In the first half of the year, these initiatives reflected a deliberate effort to address taxpayer needs and improve accessibility.

Regular posts on Facebook and in print media reminded taxpayers of deadlines, digital payment options, senior assistance, and the launch of a new website, tax.sx.¹¹ The website contains multilingual information (English, Dutch, French, Spanish) on personal and business taxes, along with tax laws and a chat portal. The Tax Office encouraged online payments to improve convenience, providing instructions to increase participation.

Figure 1: example of encouraging tax compliance using digital media



¹ <http://www.sintmaartengov.org/government/FIN/Pages/Tax-Administration.aspx>

² National Ordinance containing general provisions of formal tax law. Section 2, AB 2013, GT no. 416.

³ National Ordinance containing general provisions of formal tax law. Section 3, AB 2013, GT no. 416.

⁴ National Income Tax Ordinance, AB 2010, GT no. 787.

⁵ National Profit Tax Ordinance, AB 2013, GT no. 674.

⁶ National Ordinance on Payroll Tax AB 2013, GT no. 78.

⁷ National Ordinance on Business Turnover Tax, AB 2010, no. 30.

⁸ <http://www.sintmaartengov.org/government/FIN/Pages/Tax-Administration.aspx>

⁹ Idem.

¹⁰ [Sint Maarten Tax Administration | Philipsburg Sint Maarten | Facebook](#)

¹¹ [Sint Maarten Tax Administration Unveils New Website: Tax.sx](#)

2.3 Importance of Tax compliance

Taxpayers are at the core of the tax system, contributing to its stability and output. However, external factors such as economic trends, government priorities, and external market conditions can disrupt its balance. The survey results will highlight how respondents are affected and how reforms are necessary for sustaining a healthy, equitable system that meets its obligations effectively.

A misaligned system can strain taxpayers and hinder the provision of public goods, creating a cycle of inefficiency and dissatisfaction. By identifying areas where support is most needed, reforms can restore balance and efficiency to the system. This approach will strengthen trust between taxpayers and governing bodies while ensuring sustainable development. Without proactive adjustments, the tax system may falter, leading to broader socioeconomic challenges.

A previous report by the General Audit Chamber on the [ex officio tax process](#) highlighted existing risks of non-compliance and distrust in the Tax Administration. As mentioned in that report, “While ex officio assessments are a powerful tool for enforcing compliance and collecting taxes, they raise important questions regarding fairness, proportionality, and transparency.” It is valuable to examine how these elements of the system have an impact.



2.4 Tax Reform

During the COVID-19 pandemic, the Dutch government provided St. Maarten with a liquidity loan tied to the ‘Country Package,’ which required tax reforms to modernize the system, clear backlogs, update ICT, and streamline administration. The former Minister of Finance highlighted these reforms as steps toward a new tax organization with improved processes.

The Implementation Agenda¹² report notes progress, including the purchase of a new IT system with an online portal and drafted legal reforms to update outdated legislation, though parliamentary approval is pending. We believe that effective implementation and communication of these reforms could improve compliance but should also address taxpayer concerns. Our survey responses mention challenges in customer service, particularly in clarity and efficiency, which align with the Tax Administration’s mission to serve the public effectively.

2.4.1 Learning from successful models

Denmark demonstrates how a society built on trust, accessibility, fairness, and transparency can achieve high tax compliance and public satisfaction¹³—principles St. Maarten should aspire to emulate. In Denmark¹⁴, citizens view taxes as contributions toward universal benefits like healthcare, education, and social services, which strengthens trust and accountability.¹⁵

Taxpayers deserve clear communication, accurate assessments, and visible benefits to increase confidence. Given St. Maarten’s diverse, multilingual population, we recommend that the Tax Administration increase its services and messaging considering local realities. As reforms progress, creating a fair, transparent, and efficient system will be crucial for improving compliance and trust in public institutions.

¹² Country package Sint Maarten Implementation agenda 1 April – 31 August 2024

¹³ [\(PDF\) Danish Exceptionalism: Explaining the Unique Increase in Social Trust Over the Past 30 Years](#) (page 1, 2, 4)

¹⁴ [The Danish welfare state | Read why in Denmark the support for the Danish welfare state and welfare system has always been strong.](#)

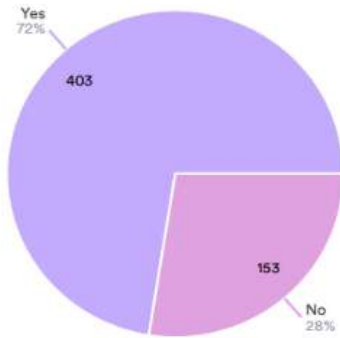
¹⁵ [Why Danes Happily Pay High Rates of Taxes](#)

3. FINDINGS OF THE TAX EXPERIENCE SURVEY

3.1 Results of the survey

This chapter reports our findings from the survey and analysis of the data. Though not based on a statistically representative sample, this survey sheds light on the respondents' views of the convenience of St. Maarten's tax system. The survey received a total of 562 responses. A mix of online and in-person registration was conducted to gather the views of the public. Below are the most notable results.

Have you ever had challenges with the Tax Office?

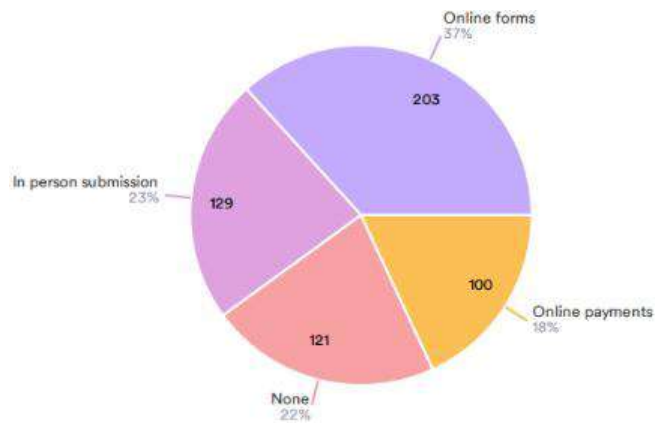


From this sample size, transparent, simple and convenient accessibility proves important. A total of 72% respondents experienced challenges with the tax office while 28% have not.

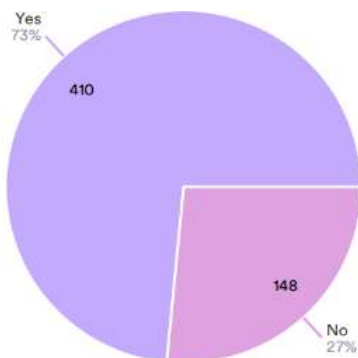
The main challenges include unclear assessments (269 respondents), difficulty contacting the tax department (200), poor customer service (199), repeated redirections (185), and missing mail (150). These challenges suggest a need for better customer support.

Respondents found online forms convenient, indicating a digital gap that requires improvement to serve more people effectively.

What aspects, if any, of the tax filing process do you find convenient?



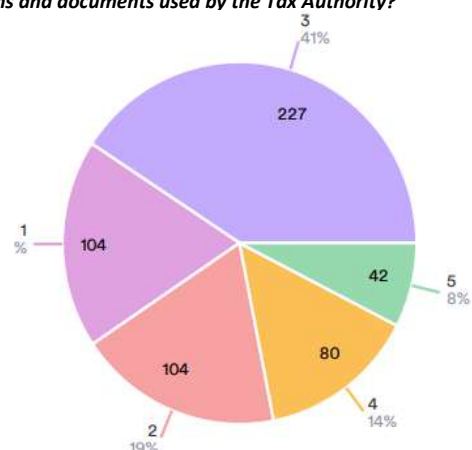
Do you use, or have you ever used professional help or online resources when preparing and filing taxes?



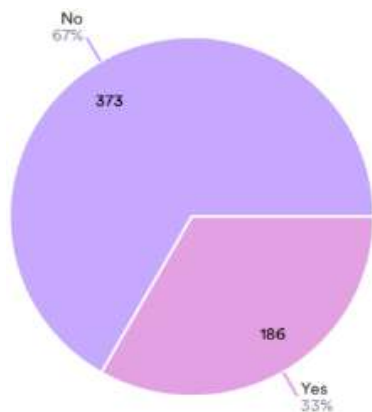
The survey shows that many of the respondents rely on external help to file their taxes. This reliance adds costs for taxpayers and suggests the process could potentially be simplified.

Regarding understanding tax forms, opinions are mixed: 22% find them understandable and 38% complex, while 41% find them to be slightly complex.

On a scale of 1 to 5 where 1 is very difficult and 5 is very easy, how would you rate your understanding of tax reforms and documents used by the Tax Authority?



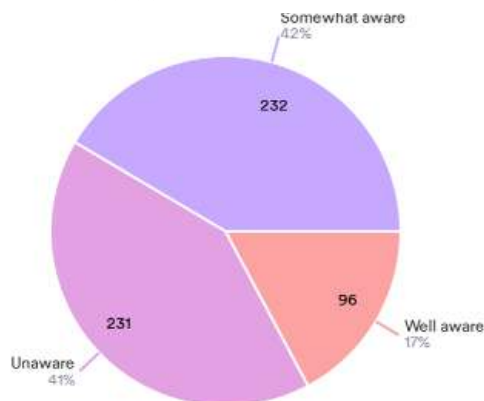
Do you face challenges with gathering the necessary documentation for tax filing?



A measure of convenience is acknowledged in the process of gathering documentation. A third of respondents (33%) expressed difficulty in the process.

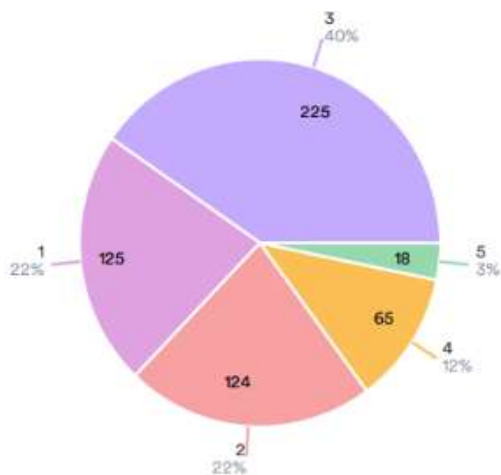
Although a minority faced challenges, they indicated stakeholders like the Receivers Office, SZV, Civil Registry, and banks as influences on the convenience. 67% faced no difficulty.

How aware are you of the Tax Office promoting tax compliance and procedures in St. Maarten (how to pay your taxes?)



When questioned about their awareness of the tax administration's promotion of tax compliance and procedures 17% were aware, 42% were somewhat aware showing a moderate awareness level and 41% were unaware.

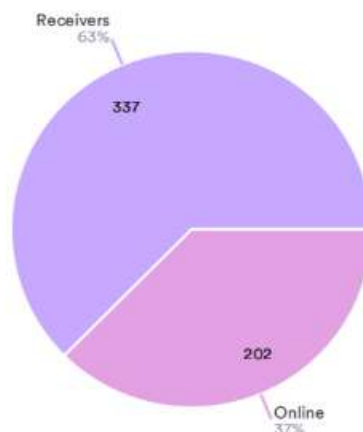
On a scale of 1 to 5, where 1 is very low and five very high: How do you rate the level of customer service provided by the Tax Office?



Customer service is important in taxpayers' convenience. A total of 249 respondents (44%) finds the level of service to be (very) low, while 83 respondents (15%) are (very) satisfied with the level of service.

Regarding road tax, 63% prefer paying motor vehicle tax at the Receivers Office, while 37% choose online payment. Reasons include needing a physical copy (32%), trusting the in-person process to avoid errors (30%), and picking up a QR code on the spot (16%). Others cited preferences for cash or card payments (8%) and limited online banking access (2%).

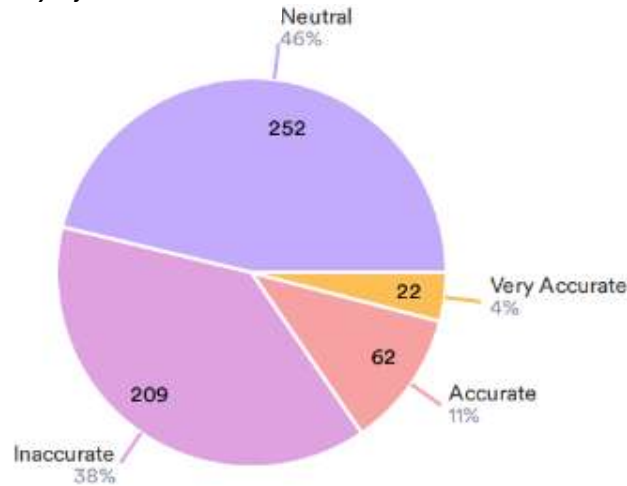
How do you pay your road tax?



The mission of the Tax Administration is:

"The St. Maarten Tax Administration will implement the laws and regulations by levying, collection, and auditing of taxes with the aim of retaining stable and growing tax revenues in an extremely efficient, effective, customer oriented, and honest manner. We want to achieve this by optimizing work processes, procedures and systems. We want to invest in our employees and communicate proactively, reliably, and transparently with taxpayers".

How accurate do you find this statement?



Respondents shared views on whether the Tax Office’s mission aligns with its service. The results suggest varied perceptions, influenced by experiences or levels of interaction with the Tax Office. The findings suggest several areas where the tax system could better meet taxpayers' needs. Insights into their experiences point to potential issues of distrust and communication gaps that may affect their perception of convenience. Taxpayers who view the system as inefficient, unclear, or unresponsive might be less inclined to comply or engage fully with the tax authority.

4. OUR EPILOGUE

Benjamin Franklin once said, “Nothing can be said to be certain, except death and taxes”. The certainty of taxes stems from the legal mandate for all citizens to file and pay their taxes. While we currently do not have information on the tax compliance rate on St. Maarten, we’re now provided with a look into the factors that impact taxpayers on the island. Much have been reported on the bottlenecks of the tax administration and the burden placed on taxpayers. The turnaround now lies with the management, government and parliament to take decisions in favour of their only clients, the taxpayers. This report is a guidepost and speaks of the willingness of persons to be open about their civic responsibility. What remains pivotal is that they’re seen as valued. Else as realized we will hit economic growth but realize little contributions to government coffers.

By way of a comprehensive survey the variables that impact compliance on St. Maarten was investigated. The primary objective of this report is to capture and convey the public’s sentiments on the convenience of paying taxes on St. Maarten and the taxpayers’ experience with our tax system. Convenience begins with clear communication. This continues into simple guidelines and easy to access information. It displays transparency, intent on delivery of service and accountability.

On December 23rd 2024, as part of our audit protocol, we offered the Minister of Finance the opportunity to respond to this report. In our correspondence, we stated that if no response was received, it would indicate that the party involved does not wish to make use of this opportunity. The report would then be finalized. We did not receive a response from the Minister.



General Audit Chamber

Algemene Rekenkamer