



General Audit Chamber

Algemene Rekenkamer



# Mini Audit:

Implementation of  
personalized license plates

**MAY 2021**



This document is an English translation of the original Dutch language report entitled: "*Mini Audit: Mogelijkheden naar persoonlijke kentekenplaten*". In the event of textual contradictions or any other differences, the original Dutch text will prevail.

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

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## 1. THE AUDIT

Personalized license plates are vehicle number plates that have a distinctive and custom style chosen by the vehicle owner. The owner of the vehicle pays a fee, additional to the standard road tax and license plate fees, to have their own choice of a combination of letters or numbers. It is a common way in many countries to increase revenue. The objective of this [focus audit](#) is to highlight if Sint Maarten can implement personalized license plates and therefore benefit from the additional revenue stream.

With the impact of COVID-19 on economies worldwide, it is now more imperative than ever to find structural and efficient ways to sustain operations. Personalized license plates give the consumer the choice to pay an additional fee for a specialty license plate. In this Mini audit we use Aruba as a benchmark island for personalized license plates and investigate the structure in which they implemented this.

Aruba made amendments to their legislation to facilitate issuing personalized license plates. In 2020, Aruba generated revenue of over a half a million Aruban Florin (Afl.) in personalized plates. Currently Sint Maarten's legislation does not facilitate the issuance of personalized license plates. Amending the [legislation](#) would be the first step in facilitating this. Another main and significant difference identified is that personalized license plates are produced locally in Aruba, with the same material as the main license plates. This allows them to produce personalized plates upon request, further reducing risks associated with cost and timeliness of production.

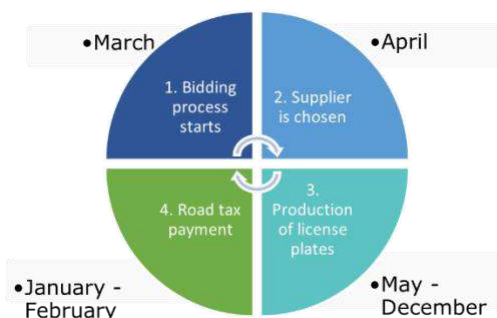
This focus audit seeks to outline the possibility of implementing personalized license plates on Sint Maarten without issuing conclusions or making recommendations, but rather observations into the possibilities of implementing an additional revenue stream.

## 2. FINDINGS

The process of acquiring license plates commences with a public tendure.<sup>1</sup> The process takes approximately a year from acquiring license plates to receiving and distributing them. By April, the supplier is selected, and the license plates are further manufactured in China. Based on the [Number plate regulation](#), vehicles are assigned identification letters (example M and P for personal vehicles) followed by numbers from a specific series. For personal vehicles this is M-1 to M- 15000 or P-1 to P-9999.

The system is adapted to facilitate production of numerical series. The [Terms of Reference](#) (ToR) for the license plates have the description of the exact identification letters followed by the number series. The production of the license plates is automatic since the license plates are numerical.

Figure 1: Acquiring license plates by Government

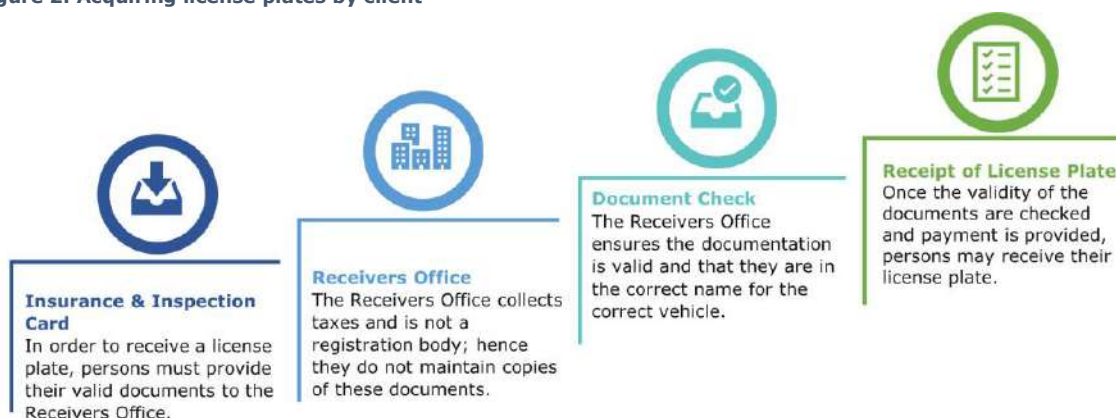


New license plates are produced every year and its details are described in the Number plate regulation which is adopted yearly. The regulation describes the visual outlook of the license plate of that year, the background color, symbols and written texts. These new license plates are produced yearly as a form of ensuring road tax compliance. The legislation also allows for the issuance of control stickers as an option.

During the years that Government used control stickers, revenue declined due to non-compliance. For example, in 2013 there was a decision to not purchase new license plates. Instead, control stickers were preferred. We mentioned a material difference in revenue between stickers and license plates in our [Mini audit on the income from Motor Vehicle Tax](#).

Persons provide the insurance and inspection card to the Receivers Office when picking up their new license plate. The Receivers Office ensures the documentations are in the correct name for the correct vehicle and that it is valid and not expired. The Receivers office does not maintain copies of these documents. The objective of the Receivers office is to collect taxes and does not officially act as a registration body<sup>2</sup>.

Figure 2: Acquiring license plates by client



The cost of license plates production is approximately NAF 300,000 per year<sup>3</sup> and is transferred on to the consumer by incorporating this cost in the number plate fee.<sup>4</sup> Government generated NAF 9.4 million and NAF 10.4 million in road tax (including number plate fees) in 2018 and 2019, respectively.<sup>5</sup>

<sup>1</sup> Interview with the Receiver dated February 15, 2021

<sup>2</sup> Idem.

<sup>3</sup> Idem.

<sup>4</sup> For motor vehicles the fee is NAF 12.50 per number plate; or for motorcycles: NAF 7.50 per number plate.

<sup>5</sup> Q4 Implementation report Government of Sint Maarten.

## 3. ARUBA AS BENCHMARK ISLAND

### 3.1 Aruba vs St. Maarten law on motor vehicle tax

The [Motorrijtuigbelastingverordening](#) governs (amongst others) the tax on the different types of vehicles, how and when the tax is levied and the penalties when not adhering to the law. The Minister of Finance determines the fee payable for the number plates and the characteristics of the plates for each tax year (colors, dimensions, background etc.).<sup>6</sup>

Aruba mentions similar topics in their [legislation](#).<sup>7</sup> However, one of the main differences is that this law creates the possibility for personalized number plates. These number plates can be personalized under certain conditions:

1. It concerns a motor vehicle on more than 3 wheels;
2. Not intended for public transportation<sup>8</sup>;
3. Intended for transport with less than 10 persons;
4. The combination of the number plate consists of a maximum of 6 letters and / or numbers;
5. The combination has not already been issued in that tax year;
6. The letters and/or numbers used do not form a word that, according to the judgment of the Minister of Finance is deemed inappropriate or can create confusion.
7. The characteristics of the personalized number plates remain the same as the regular number plates.

An [application form](#) with requested number plate (letter or number combination series) must be filled out and submitted to the Department of Tax for approval. Plates can contain up to six alphanumeric characters. No special characters are allowed.

Unlike where the motor vehicle tax can be paid in installments, personalized number plates must be paid in full in a single payment.<sup>9</sup>

The costs for personalized number plates in Aruba differs:<sup>10</sup>

1. if propelled by a diesel or gas engine Afl. 1,000.-
2. if propelled by another type of engine Afl. 600.-
3. Hybrid and electrical vehicles are charged Afl. 600.-

In 2020, Aruba generated Afl. 27.8 million in motor vehicle tax. The revenue generated from personalized plates accounted for 2% of the total motor vehicle revenue (Afl. 556,000) while the total personalized plates represented 1% of the total plates.<sup>11</sup>

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*In 2020, Aruba generated Afl. 556,000 from personalized plates. These plates represent 1% of the total plates.*

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In Sint Maarten, where the revenue in 2019 was NAF 10.4 million, 2% of total motor vehicle tax could mean approximately NAF 208,000 in additional revenue per year.<sup>12</sup>

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<sup>6</sup> Article 9 of the ordinance on motor vehicle tax St. Maarten (Motorrijtuigenbelastingverordening).

<sup>7</sup> Article 10, third paragraph, of the Motorrijtuig- en motorbootbelastingverordening Aruba (AB. 1988 no. GT 23, October 16th, 2013).

<sup>8</sup> Article 6, paragraph 6, of the Motorrijtuig- en motorbootbelastingverordening Aruba.

<sup>9</sup> Article 8, third paragraph, of the Motorrijtuig- en motorbootbelastingverordening Aruba.

<sup>10</sup> Article 6, paragraph 6, under a and b of the Motorrijtuig- en motorbootbelastingverordening Aruba.

<sup>11</sup> Correspondence with Department of Tax, Government of Aruba. Interview with the Head of Financial Affairs of the Government of Aruba dated March 8, 2021

<sup>12</sup> Excluding the costs of production of the personalized plates.

The ordinance on motor vehicle tax on St. Maarten currently does not facilitate the issuance of personalized number plates. In order to make this possible, the law would have to be amended. A possibility could be to amend our legislation similar to the content of the articles in the Aruban law, specifically where it mentions the personalized number plates. We note that for the purpose of this Mini audit, we have not studied the possible changes in the Sint Maarten law in depth.

### **3.2 Production of personalized plates in Aruba**

In Aruba, after the personalized plates are requested, approved and registered by the Department of Tax, the client pays for the plates and receives a form which he brings to the local manufacturer.<sup>13</sup> Aruba's personalized plates are manufactured locally and are made of the same material as normal numbered plates. The main plates are manufactured in China, similarly to Sint Maarten.

Although the local manufacturer of personalized plates can produce these plates within minutes, a process must be followed. An appointment between the manufacturer and the client is made where the client presents the form to produce the approved personalized plate and within 2 days the client can pick up the plate at the tax office. In order to collect the plate, the person must show proof of valid insurance papers.

Personalized license plates are not produced upfront, which eliminates any risks associated with additional cost of producing plates in advance.

### **3.3 Aruba registration of vehicles**

On Aruba, there is a real time central registration of all vehicles whose data can be shared with other departments, despite the absence of a DMV. The Tax Department is responsible for filling out a form that contain the make, model and year of the car and the registration number and number plate.

The Tax Department still manually validates the insurance of every vehicle as Aruba has not digitalized this part of the process as yet. In February 2021, a six-month Pilot Project was initiated and signed between the Government of Aruba and private insurance companies with the objective of implementing a digital process for providing proof of vehicle insurance. The aim of this digital proof of car insurance is to provide an easier and efficient way for car owners to show their valid insurance when requested. Even more importantly, "it will make the process of paying and receiving a car tag more efficient but will also help the Police Department when conducting traffic controls".<sup>14</sup>

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<sup>13</sup> Local manufacturer company is Retraco Aruba N.V.

<sup>14</sup> [https://www.government.aw/news/news\\_47033/item/pilot-project-for-digital-proof-of-car-insurance\\_55607.html](https://www.government.aw/news/news_47033/item/pilot-project-for-digital-proof-of-car-insurance_55607.html)

## 4. CHALLENGES

The following list highlights challenges in implementing personalized license plates:

1. *The law does not support the issuance of personalized license plates:* the legislation for [Motor Vehicle Tax](#) would have to be amended to facilitate the issuance of personalized license plate. The content of the articles in the Aruban legislation could be used as a benchmark for Sint Maarten given the many similarities in the current structure of the laws.
2. *The current system does not facilitate production of personalized license plates:* the current template used for production facilitates only number series. Despite this, further investigation into Aruba's system reveal a possible structure that allows for production of personalized license plates.
3. *Exploring local or regional production of personalized license plates:* The General Audit Chamber could not confirm if the topic of Personalized License Plates was discussed by the Council of Ministers and if any action was taken on this in the past. Hence, we could not confirm if opportunities exist in the local market to manufacture these personalized plates. Based on our findings, Aruba produces personalized license plates which provides an opportunity for Government of Sint Maarten to further explore.
4. *Adapt current process:* government would have to adapt their current system and process to include approving applications for personalized license plates. Guidelines on what is allowed would also have to be developed. The Aruban regulation and process could be used as an example, with its existing application form to submit a request.

With an already weakened economy from the impact of Hurricane Irma, further exacerbated by the COVID-19 pandemic, the road to recovery and solving liquidity issues stand at the forefront. The findings of this report highlight an avenue worth further exploring where Government may benefit from a structural approach to increasing revenue during this time.

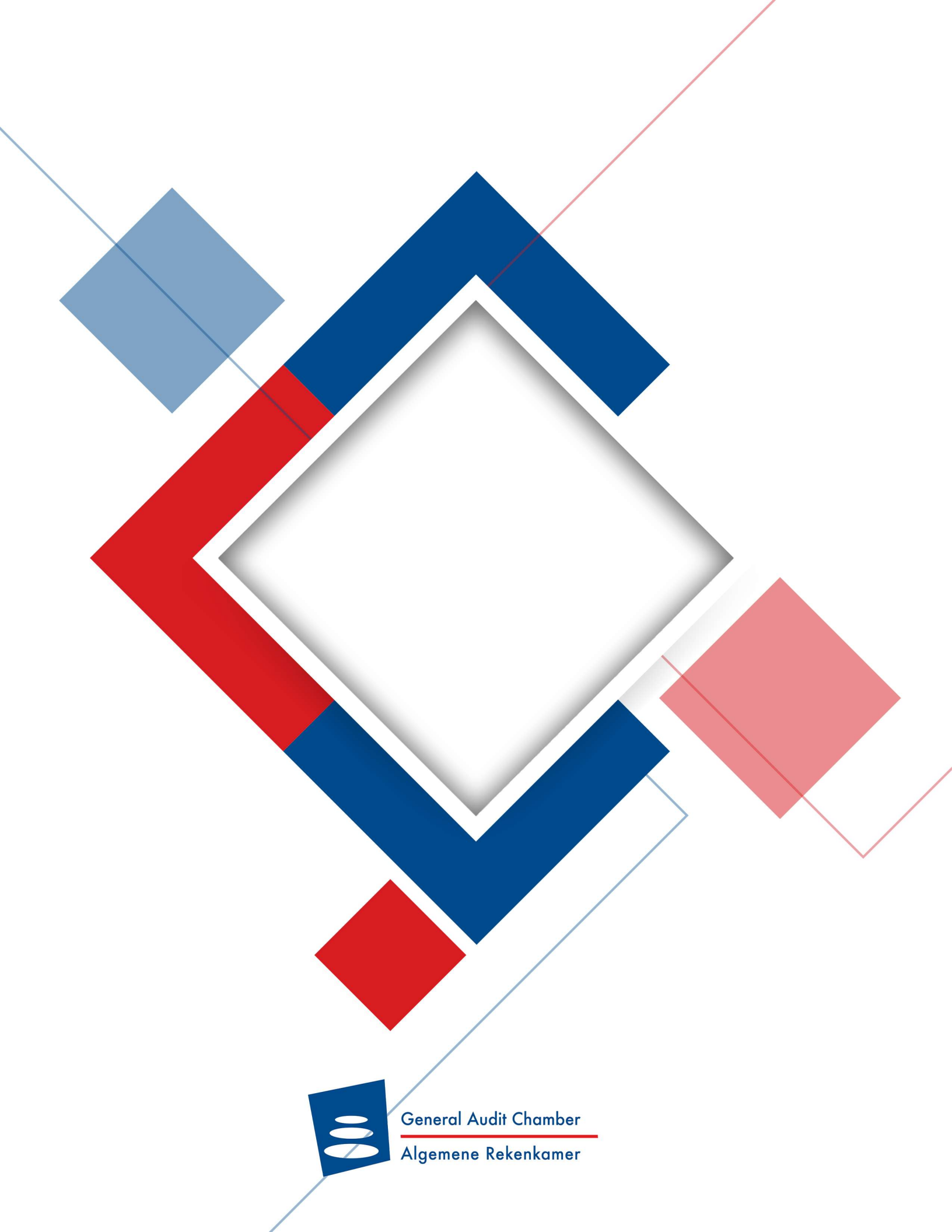
Figure 4: Significant differences in Aruba

- 1 | Legislation**  
The legislation accommodates the issuance of personalized license plates.
- 2 | Manufactured locally**  
Personalized license plates are manufactured locally. Upon request, it takes up to 2 days to receive personalized plates.
- 3 | Vehicle Registration**  
The Tax Office fills out a digital registration form with vehicle information that can be shared with other departments.
- 4 | Digital proof of insurance**  
Government of Aruba and insurance companies are en route to digitalizing validation of car insurance.

Figure 5: Similarities in process

- 1 | Main plates manufactured in China**  
The main license plates in both countries are manufactured in China.
- 2 | Yearly production of license plates**  
Both countries produce new license plates yearly. Aruba allows for payment of regular license plates in installment.
- 3 | Manual validation of vehicle document(s)**  
Aruba has digitalized most of its processes, except for the insurance which they still must validate manually. Sint Maarten's entire process is manual.
- 4 | Tax Office deviates from core function**  
Vehicle registration and DMV is not the core function of the Tax Office.





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