



ARUBA

Aruba - Civil Law (Dutch)

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Incorporating a company in Aruba

Aruba taxes

If you want to incorporate in Aruba, this article will educate you on the tax laws for a NV / AAV (LLC) which are the most common company types in Aruba.

Aruba taxes corporate income, whether it is accrued onshore or offshore. The headline tax rate for income earned abroad, from our research, and this is not personal tax advice, is 25%. However, a tax exemption may apply for certain offshore income. Corporate Income Tax standard tax rate is 25%. This ranks Aruba as 100th when compared to corp. taxation rate internationally. NVs under the Imputation payment company regime are subject to a reduced standard tax rate of 10% and exempted of dividends withholding tax.

The Imputation payment company regime (IPC) may be requested by a shareholder, when its company conduct certain activities as exploitation of quality hotels (CIT rates from 10% to 15%), shipping enterprises, aviation enterprises, intellectual and industrial ownerships rights, captive insurance, sustainable energy, holding of shares or participation certificates (provided that no more than 5% of shares are from foreign entities which are taxed at a rate lower than 14%), financing of other companies (not being a financial institution), investing of funds (no real estate). Shareholder must own shares for an uninterrupted period of 1 year.

The Aruba Exempt Companies (AAV) may be exempted from taxes on profits and dividend withholding taxes provided that the income is derived from outside the country and from the holding of shares or participation certificates (provided that no more than 5% of shares are from foreign entities which are taxed at a rate lower than 14%), from financing of other companies (not being a financial institution), investing of funds (no real estate) or licensing of intellectual and industrial ownership rights.

NVs and AAVs may opt for the fiscal transparency regime and be treated as a partnership. Fiscal transparency companies' income accrued outside Aruba is not subject to taxation and they are exempted from dividends withholding tax. The main requirements for this status is that all the company's shares must be registered, and a notification for the application for this status must be filed with the tax authorities within one month after the company has been incorporated.

Aruba does not impose Value-added tax. However the sale of goods and provision of services are subject to a Business Turnover Tax of 1.5% and a Health Tax of 2%, which ranks Aruba as 23rd overall in terms of VAT/Sales tax globally. In terms of other taxation, an employer will contribute 25.05% to the equivalent of a social security fund and an employee will contribute 6.10%.

Thin cap restrictions are not in effect. Thin capitalisation refers to any type of requirements on a business and the debt-to-asset ratios.

Dividends received from foreign entities are usually subject to Corporate Income Tax. A participation exemption may apply if shares are not held as an investment and the foreign entity is subject to a tax on profits, besides profits tax exemptions explained above. Dividends are distributions of company profits, passed y the board of directors, to a class of its shareholders. Dividends can be issued as shares of stock, cash payments, or other property.

Capital Gains are usually considered business ordinary income and subject to tax. If they are received from the disposal of shares of a foreign entity, gains may be exempted provided that shares are not held as an investment and the foreign entity is subject to a tax on profits, besides profits tax exemptions explained above. A capital gains tax is levied on the profits that a corporation or natural person realizes when they sell sells a capital asset for a price that is higher than the purchase price.

If the aforementioned exemptions do not apply, dividends paid to non-residents are subject to a withholding tax of 10%. A reduced rate of 5% may apply if shares are listed on the Stock Exchange or the parent company owns at least 25% of the paid-in capital of the distributor and dividend at the parent company is subject to at least 5.5% tax. A reduced rate of 7.5% may apply if the parent company owns at least 25% of the paid-in capital of the distributor. Aruba does not levy withholding taxes on interest and royalty payments to non-residents.

There is no known tax on wealth in Aruba. There are inheritance, transfer and real property taxes in Aruba. We are aware of

Aruba Legalese

✓ **RND credit**

✗ **Wealth tax**

✓ **Estate tax**

✓ **Transfer taxes**

✗ **Asset taxes**

✗ **Capital duties**

25% **Offshore Tax**

25% **Corp rate**

- **Loss carryback years**

1 **Corporate time**

5.5% **VAT rate**

25% **Capital gains**

2018 **AEOI planned**

When incorporating, you must look at the law in the country, in Aruba is civil law (dutch) law. You will want to get some local advice as to how to best structure a company in Aruba. One is permitted to electronically sign documents.

The letters AW is for Aruba and the most common company type type in Aruba is a .

The time to setup is usually 2 weeks to incorporate an in AW. The types of cash you can use to setup your business is often AFL, USD, and any legal tender.

Yes, one is allowed to re-domicile a from AW. You are usually allowed to change the jurisdiction of the company, pending certain procedures.

There must be at least 1 shareholder. This makes it possible for you to own an in AW by yourself. Corporate Shareholders are permitted, which means you can have a legal entity as a shareholder. Foreign ownership is permitted, up to % of the ownership of the .

An is only required to have one director. Speaking of shareholders, corporate directors are permitted. Directors are disclosed publicly.

A registered legal firm must be retained for an address, paid by the company on an annual basis, for an address which can receive litigation or other legal process on behalf of the business. Moreover, a corporate secretary is not required in AW, which can save the company money if you can perform basic corporate governance internally.

There is an obligation to file yearly tax returns. Consequently, there is oftentimes a requirement to have these accounts audited.

Overall we think Aruba is a good option and have given it a score of 71 as an IO score, using the Incorporations.IO proprietary formula.

✗ **Directors not disclosed in a public registry**

✗ **Shareholders not disclosed in a public registry**

✓ **Redomiciliation permitted**

✓ **Registered office required**

✓ **Corporate director permitted**

✗ **Local Secretary not required**

✗ **Local Director not required**

✓ **Electronic signature**

1 **Shareholders required**

1 **Directors required**

2 weeks **to form**



ARUBA

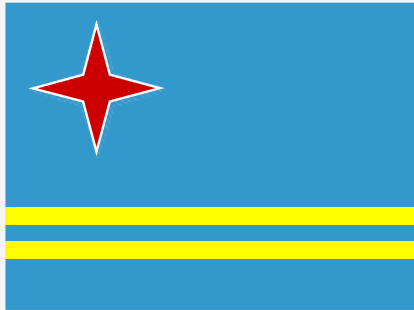
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Country Info



🚩 National Flag of

Aruba (nld)

Aruba (pap)

\$ Currency

AWG

☎ Area Code

+297

🏰 Capital

Oranjestad

✈ Region

Caribbean

🌿 Native Languages

Dutch

Papiamentu