

Highlights dividend withholding tax

General

Upon distribution of a dividend, in principle 10% dividend withholding tax is due. The rate is:

- 5% in case the shares of the paying entity are directly, for at least 50% of the shares and voting rights, listed at a qualified stock exchange or all the shares of the paying entity are held – directly or indirectly – by an entity whose shares are, for at least 50% of the shares and voting rights, listed at a qualified stock exchange.
- 0% if the shares form a participation for the shareholder as per the corporate income tax.

Dividend

A dividend is defined as a formal dividend, but also includes e.g. a repayment of capital (in as far as the repayment exceeds the paid in capital), bonus shares, liquidation payments in as far as it exceeds the average paid in capital, purchase of own shares and the imputation payment.

Final payment

As per January 1, 2009, dividend withholding tax will also be levied – as if the entity has been liquidated – in case of a:

- Merger with a foreign entity, where the foreign entity is the remaining entity;
- Conversion into a foreign entity;
- Transfer of the statutory seat abroad as per the State Ordinance Transfer Statutory Seat Entities.

Regulation of the Dutch Kingdom (“belastingregeling voor het koninkrijk”)

The Regulation of the Dutch Kingdom is applicable between the Netherlands, the Netherlands Antilles (consisting of Bonaire, Curacao, Saint Martin, Saint Eustacia and Saba) and Aruba. If the shareholder of the Aruba entity is situated in either the Netherlands or the Netherlands Antilles, based on policy of the Aruba tax authorities, the 10% rate can be reduced to:

- 7.5% if the shareholder holds at least 25% in the paid in capital of the distributing entity.
- 5% if the shareholder holds at least 25% in the paid in capital of the distributing entity and the shareholder is subject to a tax on the dividend of at least 5.5%.

Payable

A dividend is considered as payable (after which date, the tax payer has 15 days to file the return and pay the dividend withholding tax due) if the shareholder can dispose over it. This could be the case if the board of the paying entity does not need any more approvals to pay out the dividend. A dividend is also payable if the debt because of the distribution becomes interest bearing.

License Central Bank of Aruba

A statement of approval of the Central Bank of Aruba is required for all (incoming from abroad and outgoing to abroad) dividend distributions.

Can **WTS** assist you further?

Should you be interested in more information or should you have plans to start a business on Aruba, our team of professionals is there to assist you with any questions you may have. You can reach us via the above mentioned contact information.