

## Highlights foreign exchange commission

### General

Foreign exchange commission (hereinafter: FEC) is due when a resident makes a payment abroad. The rate is set at 1.3% of the payment abroad.

### Payment abroad

In the text of the law a payment abroad is defined as:

- A payment with domestic instruments of payment or to the debit of an account denominated in Aruba florins, electronically or not;
- A payment with foreign instruments of payment or to the debit of a foreign currency account, electronically or not;
- A payment made to the debit of an account denominated in foreign currency held abroad, or debiting a current account of a person or company domiciled abroad, electronically or not;

in as far as the payment is made within the framework of one or more of the following acts intended to have legal effect:

- purchase of foreign instruments of payment, foreign monetary instruments; or
- acquisition or control of claims denominated in one or more foreign currencies; or
- deposit in an account in the name of a non-resident held with a foreign exchange bank or with an institution abroad.

### Similar payment

Payments that the Central Bank of Aruba deems similar can be offset, implying only over the balance (if after the offset an outflow of funds remains) FEC is due. A payment can be deemed similar if the nature of the payment regarding which the receipt and payment occur can, in the view of the Central Bank of Aruba, be deemed as similar. If there is doubt about the similarity, it will be reviewed if at the moment of receipt and payment there is a direct relation.

### Intra-island bank transactions

Inter-island bank transactions are exempted from the FEC regarding:

- Purchase of Antillean banknotes by Aruba residents and the purchase of bank checks in Antillean guilders by Aruba residents, drawn from exchange banks situated in the Antilles;
- Transfers in Antillean guilders to residents of the Dutch Antilles by Aruba residents;
- Transactions in Aruba or Antillean banknotes between Aruba and Antillean exchange banks.

### Licenses

Prior to any transfer abroad by a resident legal entity exceeding AWG 750,000 (USD 421,348) per calendar year (for a resident individual AWG 300,000/ USD 168,539), a license of the Central Bank of Aruba is required. For dividends, a statement of approval of the Central Bank of Aruba is required. In special circumstances, a license can be provided afterwards.

### 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.