

Highlights free zone company

General

The free zone is a special designated area on Aruba for activities abroad (export). In the free zone a company can store, process, adapt, assemble, pack, display and spread out its goods, or it can render services from it. These services include amongst others maintaining or repairing goods in Aruba of non-residents or providing these services abroad, but also include advice and research on behalf of non-residents. Because of EU-regulations, financial services cannot be performed in the free zone.

Taxation

- All profits generated with the activities abroad are subject to 2% corporate income tax (and not the normal 28%). All activities performed for residents are subject to the normal corporate income tax rate of 28%. The free zone company is, in its first two years, allowed to generate 25% of its turnover with activities for residents. After the initial 2 years, each year 4% less turnover can be generated with activities for residents until in year 7 only 5% of the turnover is allowed to be generated with activities for residents.
- No import duties are due if the products are imported, used in the activities on Aruba and exported abroad.
- No turnover tax is due by the free zone company with the supply of goods or the rendering of services abroad.
- The free zone company is subject to the dividend withholding tax (we refer to our “highlights dividend withholding tax”).

Requirements

- Only a limited liability company that is incorporated according to the laws of Aruba (NV) can establish itself in the free zone.
- The NV has to have its place of business in a designated area on Aruba.
- Only qualifying activities are allowed.

Other important information

- Contrary to normal NV's on Aruba, no business establishment license is required.
- No foreign exchange commission is due (we refer to our “highlights foreign exchange tax”).
- 1.1% free zone facility charge is due. The facility charge is due on the turnover of the NV.
- The free zone is FATF-approved.
- There are strict know-your-customer procedures that have to be adhered to.

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.