

Highlights limited liability company (LLC or VBA)

General

On January 1, 2009, a new corporate entity was introduced in the Aruba laws, the limited liability company (comparable to the LLC, hereinafter: VBA). The VBA is a very flexible corporate entity that can be shaped according to the wishes of the incorporator.

Some legal aspects

The VBA has the following legal flexibility:

- The VBA can be incorporated by one individual or entity;
- The articles of incorporation can be in Dutch, English or Papiamentu. All other languages can be used as well, if a certified translation is attached to the original Dutch or Papiamentu version.
- The share capital of the company has no minimum.
- Shares have a value equal to the nominal value or, if no nominal value is determined, equal to the consideration.
- Shares can be with or without voting rights or profit rights, as long as one share with both voting and profit rights is issued, or one share with voting rights and one share with profit rights are issued;
- A usufruct can be established on the shares.
- Certain (types of) shareholders can be held responsible for certain specified or all debt of the VBA, if this is included in the articles of association of the VBA.
- The board of directors can have different tiers, e.g. managerial and supervision.
- The VBA can legally merge and divide (a regular NV cannot), either locally or cross-border.
- The VBA can be converted into a regular corporation (NV) or a foreign entity, if the foreign entity is similar to an AVV, NV or VBA.

An Aruba exempt company (AVV), a corporation (NV), or a foreign entity similar to an AVV, NV or VBA, can convert itself in a VBA.

Important to note is that the VBA's financial statements will have to be deposited at the Chamber of Commerce. No person or entity can look into the financial statements without prior permission from the VBA.

Tax regime

The VBA is eligible for:

- The imputation payment regime (we refer to our "highlights imputation payment company");
- The transparency regime (we refer to our "highlights transparency regime");
- The tax exempt regime (we refer to our "highlights tax exempt company");
- The fee zone regime (we refer to our "highlights free zone company");
- Normal tax regime (we refer to our "highlights corporate income tax").

Tax implications of merger, division, conversion, or transfer

- In case a VBA merges or divides (either locally or cross-border), converts into a foreign entity, or transfers its statutory seat abroad as per the State Ordinance Transfer of Statutory Seat Entities, the assets of the VBA will be revaluated to the fair market value, and the gain (hidden reserves, fiscal reserves, and goodwill) will be subject to 28% corporate income tax.
- In case of a conversion of an AVV or NV into a VBA, or a VBA into an NV, no tax implications arise. This would however be different if afterwards the tax regime would be changed.
- In case of a conversion of a foreign entity into a VBA or a transfer of the statutory seat of a foreign entity to Aruba, the VBA will receive a step-up for corporate income tax and dividend withholding tax purposes.

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.