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Tax Newsflash

Aruba beneficial policy for “promising sectors” startups, effective 1 January 2026

Executive summary

- The Government of Aruba has published a targeted fiscal beneficial policy (Besluit begunstigend fiscaal beleid — Startersregeling in de winstbelastingsfeer) to support startups in designated “promising sectors”. The policy is referenced as the “starters’ regulation”.
- The regulation is available to companies incorporated and established in Aruba on or after 1 January 2026 and provides a package of fiscal reliefs for the first five financial years of a qualifying company. Key measures include:
    - An annual profit exemption of Afl. 50,000 (for up to five years) subject to investment and employment conditions.
    - An increased investment allowance from 10% to 20% for qualifying acquisitions in the first five years.
    - A partial immediate tax deduction of 50% of the principal of new bona fide business loans in the year of receipt (capped at Afl. 30,000 per year).
    - Exemption from BBO/BAZV/BAVP (turnover taxes) consistent with the existing small entrepreneurs regulation (in Dutch: the “Kleine ondernemersregeling or KOR”) for entities with Afl. 50k or less in revenue, for the duration of the regulation (5 years).
- The policy is strictly conditional: companies must be new, genuinely active in approved sectors, meet substance and investment thresholds, register promptly, and comply with anti abuse rules. Non compliance triggers retroactive revocation and penalties.



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Scope and eligible sectors

- Scope: eligible companies must be incorporated and resident in Aruba and subject to Aruba's profit tax regime.
- Exclusions: entities in the free zone are ineligible.
- "Promising sectors" (as determined by the Directorate for Economic Affairs, Commerce and Industry — DEZHI) include:
    - Tourism (culture, sport, adventure, medical tourism)
    - Knowledge economy (solar energy, ocean technology, higher education, ICT, export oriented island solutions)
    - Logistics (maritime/aviation services, port hub activities, high value goods storage, tugboat services)
    - Agriculture (local organic food production)
    - Circular economy (waste to energy, deep seawater industries, recycling/reuse)
    - Creative industries (art, music, graphic design, photography, web design, studios, fashion)



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Formal entry conditions and registration
Companies must:

- Be newly formed and registered with the Chamber of Commerce and the Social Insurance Bank (SVB).
- Register with the Departamento di Impuesto and notify use of the starters' regulation within one month of incorporation.
- Possess an establishment permit demonstrating activity in a designated promising sector.
- Not be a continuation, restructuring or restart of a pre-existing business involving the same persons/activities.
- Not be a holding or conduit company, nor function primarily as a passthrough.
- Not develop, for its own account, intellectual property in the context of its service activities (IP development by the company is disallowed under the regulation).
- Not be majority-owned by a related existing company operating in the same sector (no effective continuation via related ownership).

Substance requirements

The startup requires real economic presence in Aruba. The core income generating functions (for service activities) must be performed in Aruba; purely auxiliary tasks do not qualify.

To demonstrate real economic presence, a qualifying company must show:

- Adequate tangible fixed assets in Aruba, appropriate to the activities;
- An adequate number of local, full time qualified employees (the policy sets minimum FTEs scaled to revenue — e.g. 1 FTE for gross turnover < Afl. 250,000; 2 FTEs for turnover Afl. 250,000–750,000; 3 FTE for gross turnover > Afl. 750,000);
- Adequate recurring local operating costs commensurate with the nature and scale of activities.



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Primary tax measures and conditions

1. Profit tax exemption

Qualifying startups receive an annual exemption of Afl. 50,000 from taxable profits for a maximum of five financial years following incorporation, if following conditions are met:

- Investment test: the company must demonstrate each year that it invested at least 15% of gross turnover in business growth. The 15% requirement applies only to a limited list of eligible investments:
    - Purchase of business assets (machinery, ICT, vehicles for business use)
    - Professional training for staff
    - Expansion or improvement of business premises
- Prohibited activities during the regulation: dividend distributions, shareholder loans, acquisition of private assets.
- The company must confirm annually in its tax return that investments meet the criteria.
- Employment test: a minimum number of FTEs must be employed, scaled to the company's turnover band (see substance requirements).
- Minimum (deemed) salary for significant shareholders set at the statutory minimum wage during the 5 year-period:

2. Increased investment allowance

- The investment allowance is raised from 10% to 20% for qualifying new assets acquired in the first five years.
- Applies to new business assets where annual investment exceeds Afl. 5,000.
- If an asset previously benefitting from the 20% allowance is sold, 20% of the arm's length sale price is recognized as taxable income in that year (in line with divestment provision).

3. Partial loan principal deduction

- 50% of the principal of new business loans is tax deductible in the year of receipt, capped at Afl. 30,000 per annum. Conditions:
    - the lender must be a supervised Aruban credit institution or investment fund;
    - loans must be at arm's length and commercially justifiable terms.

4. BBO/BAZV and BAVP treatment

The company benefits from the applicable turnover tax exemption for small entrepreneurs during the starters' regulation (as laid down in article 14a of the turnover tax legislation).

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Anti abuse, enforcement and sanctions

The policy contains specific anti abuse provisions:

- Prohibition on artificial cost inflation among related parties.
- Ban on fragmentation/spin outs created solely to obtain the benefit multiple times.
- Only operational (not holding) companies are eligible for the beneficial policy for promising sector startups .

Sanctions

- If a company fails to meet the conditions, the regulation is terminated retroactively to the start of the year of non compliance.
- The exempted profit is recharacterized and additional tax is assessed by way of a reassessment.
- Penalties for gross negligence (25%), intent (50%), and repeat offences up to 100% apply.

Duration and commencement

- The measures apply for the first five financial years from the date of incorporation.
- This beneficial policy takes effect from 1 January 2026.



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Practical implications and recommended next steps

The starters' regulation is a targeted, conditional package intended to support startups in the so called "promising sectors". To preserve eligibility and maximize benefits, companies should:

- Ensure early compliance: register with the Departamento di Impuesto within one month of incorporation and secure an establishment permit from the Directorate of Economic Affairs confirming activity in an eligible sector.
- Prepare a clear substance plan: document premises, local assets, staffing plans and projected local operating costs aligned with sectoral norms.
- Investment planning: structure capital expenditure and training spending to meet the annual 15% investment test; keep thorough evidence (invoices, contracts, payroll, capex schedules).
- Loan documentation: negotiate loans with supervised Aruban lenders or qualifying investment funds and document arm's length terms to qualify for the 50% principal deduction.
- Payroll and remuneration: ensure any substantial interest shareholder performing services receives at least the statutory minimum salary.
- Avoid prohibited acts: do not distribute dividends, grant shareholder loans, or purchase private assets during the period; avoid related party cost manipulation and split company arrangements.
- Tax reporting: include required confirmations in annual profit tax returns and retain supporting records to withstand review.

Monitoring and further guidance

- This is an administrative policy decision that takes effect on 1 January 2026. Deloitte can guide companies with monitoring formal guidance, procedural rules and any implementation regulations that may be published subsequently.
- For tailored advice on qualification, structuring, and documentation checklists you can consult with Deloitte early in the life cycle of the business.
- For assistance preparing eligibility assessments, investment and hiring plans, loan documentation checklists, or model incorporation and registration workflows, you can contact Deloitte.
- Deloitte can also assist with all compliance requirements for companies interested in applying the beneficial policy and help companies structure their approach to maximize the fiscal incentives during the 5-year period.

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Please contact our office at the email addresses mentioned in this newsflash if you have any questions and/or need additional information. We would be pleased to assist you.

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