

Abolition of Offshore Regime

Between Christmas and New Year's eve 2002, Aruba enacted a major tax reform that became effective as from 1 January 2003: the New Fiscal Framework (NFF). The general corporate income tax rate was converted from a slightly progressive rate into a flat rate of 35%; the low-tax offshore regime was abolished (grandfathering until mid 2008) as well as the tax holiday regime which was mainly used for the hotel business; also a regular dividend withholding tax was enacted (general tax rate of 10%, but 5% for quoted companies) and an imputation regime (IPC-regime) was introduced.