

# Newsflash

Recently the Minister of Finance announced three new policies which will go into force January 1, 2026. In this memorandum we will discuss these three new policies.

## Amendments to the Fringe Benefits Regulation

On December 16, 2025, the Minister of Finance announced amendments to the Fringe Benefits Regulation which will apply as of January 1, 2026. Below we outline the most important changes.

### Company Car

Where an employee is provided with a company car, 15% of the book value (previously catalog value) of the car as of January 1 of that year is added to the employee's taxable salary. The taxable benefit is at least 50% of the purchase price of the car. If the car is acquired during the year, the purchase price is used as the basis.

The taxable benefit is reduced to:

- 10% if the car has a hybrid drive system;
- 5% if the car is fully electric.

If a private car is used for business purposes, a tax-free reimbursement of AWG 1.20 (previously AWG 0.60) per business kilometer may be granted, provided the employee keeps a proper and complete mileage administration. Commuting between home and work is deemed to be private use.

### Tax-Free Monthly Allowances

The following monthly allowances may be granted tax-free:

### Meals

Where meals are provided by the employer, the saving of the employee is considered part of the taxable wage and is set at a minimum of :

- **breakfast:** AWG 5 (previously AWG 2.50);
- **lunch:** AWG 5 (previously AWG 2.50);
- **hot meal:** AWG 7.50 (previously AWG 5).

### Relocation / Re-furnishing Allowance

The tax-free allowance for re-furnishing costs is increased to AWG 20,000 (previously AWG 15,000).

### Bonuses

A tax-free signing bonus of up to one month's salary, with a maximum of AWG 10,000, may be granted where an employee is recruited from abroad. The signing bonus must be paid in one lump sum, no later than three months after the start of employment.

Employee position	Car allowance (business use)	Representation allowance	Telephone/internet allowance (new category)
Top management	AWG 350 (previously 250)	AWG 350 (previously 250)	AWG 200
Manager	AWG 300 (previously 200)	AWG 200 (previously 100)	AWG 150
Sales representative	AWG 500 (previously 400)	AWG 200 (previously 100)	AWG 150
Accountant / advisor	AWG 400 (previously 300)	AWG 200 (previously 100)	AWG 150
Other positions	AWG 300 (previously 200)	AWG 100 (previously 0)	AWG 100

## Service Anniversaries

The following amounts may be granted tax-free upon service anniversaries:

Years of service	Tax-free amount
5, 10 or 15 years (previously 10, 12.5)	1 month's salary (previously ½)
20, 25, 30 or 35 years (previously 25,35, 40)	1.5 months' salary (previously 1)
40 or 45 years	2 months' salary

In addition, for each five-year service milestone (lustrum), a maximum of AWG 500 may be granted tax-free. Furthermore, the employer may grant a tax-free annual gift of up to AWG 400 (previously AWG 200) to the employee once per year.

## Company Telephone

If the employer pays all the costs of the employee's telephone, a maximum amount of AWG 480 per year is added to the wage of the employee. If the reimbursed costs are less than AWG 480, this lesser amount is added to the wage of the employee.

## Employee Health and Well-Being (new)

For the promotion of employee health and well-being, an amount of up to AWG 125 per month may be granted tax-free. Examples include:

- gym memberships;
- participation in mindfulness, meditation or yoga classes;
- books, apps or training programs contributing to health and well-being.

## Business Travel

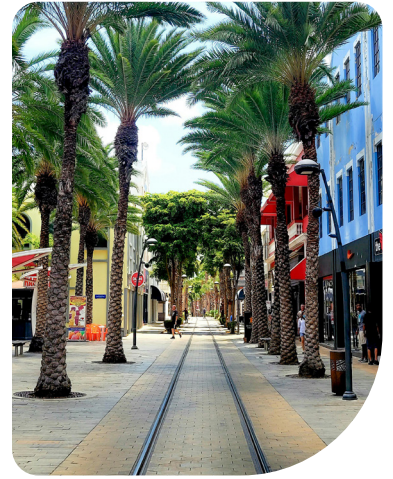
If an employee makes a business trip for the benefit of his employer, the reimbursements for accommodation, travel by car, and the daily allowance are not considered part of the employee's wages. The daily allowance amounts to a maximum of AWG 225 per day and is intended to cover small expenses incurred during the trip, provided these are reasonable

### Expatriate Regime

Finally, amendments are made to the expatriate regime.

Before January 1, 2026, the employee from abroad only qualified for the expatriate regime if the salary was at least AWG 150,000.

As of January 1, 2026, an employee from abroad also qualifies for the expat regulation if the salary is less than AWG 150,000 but he/she has at least higher education (in Dutch: HBO level) and at least 5 years relevant work experience. Furthermore, certain amounts are adjusted in the expat regulation.



## Beneficial Policy for the benefit of the economic development of Oranjestad and San Nicolas

On December 12, 2025, the Government of Aruba published a beneficial fiscal policy aimed at stimulating economic development, urban renewal and investment in the center of Oranjestad and San Nicolas. This policy introduces a package of temporary tax incentives for qualifying redevelopment and investment projects and will enter into force as of January 1, 2026.

As mentioned in the policy, Oranjestad and San Nicolas are cities with a lot of potential in the field of tourism, labor and recreation. Both cities are, however, struggling with outdated infrastructure and vacant buildings, which means that there is a considerable shortage in residential properties, offices, and other commercial spaces. The policy therefore focuses on revitalizing underutilized properties, encouraging private investment and supporting sustainable economic growth in these areas.

### Incentives

The fiscal incentive regards the application of the exempt regime, which entails:

- A temporary exemption of profit tax and dividend withholding tax for a period of 10 years. The exemption applies for a fixed period from January 1, 2026, through December 31, 2035.
- A temporary exemption of transfer tax and BBO/BAZV/BAVP for a period of 2 years (2026 and 2027). This applies to the transfer of qualifying real estate and/or qualifying real estate entities.

These exemptions only apply to income, benefits and transactions directly related to the repurposing and exploitation of real estate in the designated areas in Oranjestad and San Nicolas.

### Conditions

Multiple conditions apply. We have listed a few of the conditions below.

- The exemption is available only to entities that are exclusively engaged in redevelopment and exploitation activities in the designated areas. No other business activities are allowed in this entity.
- A minimum investment/redevelopment requirement applies of AWG 500,000 or 50% of the ground tax value of the property if this is higher.
- If the conditions are no longer met, the exemption will not apply anymore, possibly with retroactive effect.

For taxpayers who are engaged in the redevelopment of real estate within the designated area, but where the above object-based exemption does not apply or cannot be applied, a flexible (willekeurig) depreciation scheme of the redevelopment and renovation costs of a maximum of AWG 500,000 can be applied. This flexible depreciation scheme can be applied for the period from January 1, 2026, through December 31, 2035, and applies to redevelopment and renovation costs incurred during this period for real estate located in the designated area.



## Policy for start-up companies in the profit tax

On December 12, 2025, the Government of Aruba introduced a policy for start-ups as part of its economic policy to stimulate entrepreneurship in promising sectors. The policy aims to reduce fiscal barriers for newly established companies by providing targeted tax relief during the first five (5) years after incorporation. The objective is to strengthen entrepreneurship and innovation, particularly within the designated promising sectors. By easing the financial burden in the start-up phase, the policy seeks to encourage investment, innovation, and sustainable economic growth in Aruba.

### Promising sectors

The policy provides the following definitions for promising sectors.

- Tourism: cultural, sports, adventure and medical tourism;
- Knowledge economy: solar energy, ocean technology, higher education, ICT, and island-based export-oriented solutions;
- Logistics: maritime services, aviation services, port hub activities, storage of high-value goods and tugboat activities;
- Agricultural economy: local organic food production;
- Circular economy: waste-to-energy, deep seawater industries, recycling and reuse of waste;
- Creative industries: art, music, graphic design, photography, web design, art studios, and fashion.

### Incentives

The incentives under this policy moreover include:

- An exemption on profits of up to AWG 50,000 for a maximum of 5 years after incorporation.
- Increased investment allowance of 20% for the first 5 years;
- 50% of the principal amount of new business loans is tax deductible in the year the loan is granted, up to a maximum of AWG 30,000 per financial year.
- The mandatory salary for a substantial shareholder who is also employed by the company is set at the level of the statutory minimum wage.
- The small entrepreneur's regulation for the BBO/BAZV and BAVP will also apply to the start-up company.

### Conditions

Multiple conditions apply. We have listed a few of the conditions below.

- This policy only applies to companies that have been incorporated and established in Aruba on or after January 1, 2026, that meet their legal obligations. Freezone companies cannot apply this policy.
- The company must annually demonstrate that it has invested at least 15% of its gross turnover in business growth.
- The company must have a certain number of employees, depending on its annual gross turnover.
- If the conditions are no longer met, the exemption will lapse, potentially with retroactive effect.
- Anti-abuse regulations apply.



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