

# Foreign Exchange Commission

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## *Information booklet*



October 2014

**Centrale Bank van Aruba**

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## Preface

This information booklet (the booklet) is aimed to provide information on the regulations issued by the Centrale Bank van Aruba (CBA) pursuant to the State Ordinance Foreign Exchange Commission (SOFEC), as well as the guidelines concerning the reporting and payment of the foreign exchange commission (FEC) for notified foreign account holders of foreign bank accounts (FBA) and / or foreign intercompany accounts (FIA).

For further details regarding this booklet, please contact the Operations Department of the CBA via its e-mail address: [operations@cbaruba.org](mailto:operations@cbaruba.org).

### Abbreviation list

SOFEC	State Ordinance Foreign Exchange Commission
FEC	Foreign Exchange Commission
FBA	Foreign Bank Accounts
FIA	Foreign Intercompany Accounts
GOA	Government of Aruba
ANG	Netherlands Antillean Guilder

## **1. General Information FEC**

### **1.1. Introduction**

Pursuant to article 2, paragraph 1 of the SOFEC, residents shall pay the Government of Aruba (GOA) a commission by the name of “foreign exchange commission” for payments to abroad.

### **1.2. The role of CBA**

Pursuant to article 5 of the SOFEC, the CBA is entrusted with the levy and collection of the FEC in accordance with the provisions of the SOFEC. Residents have to pay the FEC directly to the CBA or through an institution which has been designated pursuant to article 4 of the SOFEC by the CBA.

### **1.3. Payments to abroad**

Payments to abroad are defined as:

- a. -Payments with domestic instruments (e.g. cash Afl.).
  - Payments through debit of an account denominated in Afl.
- b. -Payments with foreign instruments of payment (e.g. USD / EUR).
  - Payments through debit of a foreign currency account (e.g. USD resident account).
- c. -Payments made through debit of an account denominated in foreign currency held abroad (foreign bank account), or through debit of a current account with a person or company domiciled abroad (foreign intercompany account), whether electronically or not.

### **1.4. Rate of the FEC**

Article 3 of the SOFEC states that the rate of the FEC amounts to 1.3 percent of the amount expressed in Aruban florin of the payment to a nonresident. Official selling rates are used for the conversion of foreign currency to Aruban florin (e.g. for USD 1 x Afl. 1.80).

### **1.5. Exemptions payment of FEC**

Based on article 11 of the SOFEC only the Minister of Finance, after having consulted with the CBA, may grant an exemption to certain institutions or groups of persons from their obligation to pay FEC through the issuance of a State Decree containing General Administrative Orders. Certain groups of companies (mainly government-related) are exempted by virtue of the State Decree Exemptions on Foreign Exchange Commission (AB 1995 no. 68).

### **1.6. Netherlands Antillean guilder**

As per January 1, 2012 the exemption of FEC for payments settled in Netherlands Antillean guilder (ANG) has been revoked (AB 2011 No. 76), and as such all transactions in ANG fall under the scope of article 2 of the SOFEC.

## 2. Guidelines Foreign Account Holders

In order to implement article 4, paragraph 2, of the SOFEC, the CBA issued guidelines for the declaration and payment of FEC. These guidelines are applicable for foreign account holders (FA holders) whom have notified FBA and FIA to the CBA. The holders will have to pay the FEC directly to the CBA in accordance to the following guidelines:

1. The FA holder has to pay the FEC to the CBA directly.
2. The FA holder has to calculate the FEC due at the end of each calendar month and has to pay the amount due within fifteen (15) days after the end of each calendar month.
3. The FA holder has to submit a declaration form together with the proof of payment to the CBA within fifteen (15) calendar days after the end of each calendar month (for example, the January declaration form should be submitted by the 15<sup>th</sup> of February), either electronically via e-mail address: [operations@cbaruba.org](mailto:operations@cbaruba.org) or via fax number: 525-2101.
4. On the declaration form the total amount of outgoing payments (by foreign currency) to nonresidents must be summed up. The FEC due is calculated by multiplying the commission rate 1.3 percent with the total of outgoing payments to nonresidents in the reporting period settled through a notified FBA and/or FIA (in accordance with article 2, paragraph 2, section c and article 3 of the SOFEC). In the column “Foreign Exchange Commission” of the declaration form a calculation should be made. The official selling rate, as published by the CBA, should be used for conversion, e.g., from USD to Aruban florin the conversion rate of Afl. 1.80 should be used.
5. If in the reporting month no outgoing transactions have taken place, the declaration form still needs to be submitted to the CBA. In such case, the total of outgoing payments should be reported as zero.
6. Based on the monthly declaration forms received, the quarterly reports, and other supporting documents submitted by the FA holder, the CBA will conduct further review. In carrying out these reviews, the CBA may request the FA holder to submit additional information, e.g., copy of bank statements of the notified FBA, and general ledger summaries. Following these reviews and in the event that a subsequent levy is determined, the CBA will issue an Assessment Notice to pay the amount due. If, on the other hand, the review results in an amount in favor of the FA holder the CBA will settle this amount with the FA holder’s next FEC payment.
7. The FEC due can be paid:

- Via a bank transfer at any local commercial bank for further credit to the CBA, bank routing number 100000285, or SWIFT code CBARAWAW should be used, for further credit to account 25009001 (copy of transfer should be included with the declaration form), or
- At the Cashier of the CBA by means of a check in name of the Centrale Bank van Aruba (opening hours from 8.30 am till 11.45 am and from 1.15 pm till 3.30 pm).

8. Pursuant to article 7a paragraph 1, if the FA holder does not comply with the payment as specified in the Assessment Notice, the CBA will issue a Summons Notice to demand the FA holder to fulfill its obligations within 10 working days. In the event that the FA holder remains in default of payment, the CBA will proceed to collect by way of a writ of execution.

The CBA, pursuant to article 11a paragraph 1 and 2 of the SOFEC, is authorized to designate persons to be entrusted with the supervision and the compliance with the provisions of the SOFEC. The designated persons are, pursuant to article 11, paragraph 2, subsections a, b and c of the SOFEC, authorized to request all information and/or request inspection of business records.

All remaining conditions applicable to FBA and/or FIA as stipulated in the Decree concerning Foreign Exchange Transactions 2013-O.1 (General Exemption) and the Decree concerning General Foreign Exchange Licenses 2013-K.2 (General Foreign Exchange License) issued by the CBA remain in full force, as well as the Decree on Balance of Payment Reporting Instructions 2013 (Decree RI 2013).

### 3. Declaration Form Foreign Exchange Commission

In order to adequately complete and submit the declaration form FEC, the CBA has prepared the following explanatory notes with pertaining examples for each section of the declaration form FEC.

#### 3.1. General information

In this section the general information of the FA holder should be inserted. This information consists of the reporter's code, company name, period, contact person, the e-mail address and the account type.

##### Reporter's code

Fill in the reporter's code assigned by the CBA, which can be requested at the Statistical Department.

##### Company

Fill in the company name as mentioned in the notification form submitted to the CBA.

##### Period

Fill in the reporting month and year.

##### Contact information

Fill in the name, the telephone number and the e-mail address of the person assigned that should be contacted for questions concerning the submitted declaration form.

##### Account type

Check the box which is applicable; in some cases both types of accounts are maintained, as such both need to be reported on a monthly basis.

**Table 1. Example of General Information**

Reporter's code	: X – 001	Company:	ABC Aruba
Period	: Jan / 2013 (month/year)		
Contact person	: first & last name	Phone:	581-2345 e-mail: _____
Account type notified	: Foreign Bank Account(s) (FBA)	<input checked="" type="checkbox"/>	Foreign Intercompany Account(s) (FIA) <input checked="" type="checkbox"/>



### 3.2. Payments to nonresidents via notified foreign accounts

The FEC due is calculated by multiplying the commission rate of 1.3 percent with the total amount of outgoing payments to nonresidents in the reporting period settled through a notified foreign account after conversion in Afl. The reporter should summarize the total commissionable transactions for each account. Below a brief description of the debit and credit transactions of FBA and FIA which are to be included in the calculation of the FEC due.

#### **FBA transactions**

Transactions are derived from the statement of account of the foreign bank.

**Debit transactions** denote:

- Inflows of funds on the FBA, reported as credit transactions in the bank statement.

**Credit transactions** denote:

- Outflows of funds from the FBA, reported as debit transactions in the bank statement.
- [FEC is commissionable on all outgoing transactions for further credit to nonresidents settled via a FBA, pursuant to article 2 sub 2 section c of the SOFEC. Total outflow must be reported in the monthly declaration form.](#)

#### **FIA transactions**

Transactions are commonly derived from the company's general ledger. The resident company may have a claim or liability towards a nonresident affiliated party. FEC on commissionable transactions can be collected either via the commercial banks or directly by the CBA.

**If the resident has a FIA claim on a nonresident company then:**

- **debit transactions** [increase the FIA claim](#)
- [Transactions that increase the FIA claim are for instance: transfers of loans and / or advances granted, payments for goods or services, etc. Transfer of funds in favor of a nonresident fall under the scope of the SOFEC.](#)
- **credit transactions** [decrease the FIA claim](#)
- [Payments settled via FIA for further credit to a nonresident \(affiliated or not\) and that decrease the FIA claim are commissionable. A payment received from a nonresident thru a residents' local bank account \(credit transaction\) to settle a balance is not commissionable \(inflow\).](#)

If the resident has a FIA *liability* to a nonresident company then:

- **debit transactions** *decrease* the *FIA liability*
- Transactions that decrease the FIA liability such as: repayment of loans and/or advances thru residents' local bank accounts (debit transaction) or FBA are commissionable.
- **credit transactions** *increase* the *FIA liability*
- Transactions settled via FIA for further credit to a nonresident (affiliated or not) and increase the FIA liability balance are commissionable.

FIA's, due to their complexity and their usage for various purposes by companies, are judged and studied carefully on an individual basis. The transactions described above are for illustrative purposes only and are not limitative. Upon account notification, the reporter should indicate what type of FIA account it holds as described below:

- Intercompany loan assets (LOA) / Intercompany loan liabilities (LOL)
- Accounts receivable /payable (ARP)
- Trade credit assets (TCA) / Trade credit liabilities (TCL)
- Trade advance assets (TAA) / Trade advance liabilities (TAL)
- Debt security assets (DSA) / Debt security liabilities (DSL)

**Specify bank or company where the FBA or FIA is held**

Fill in the name of the notified foreign accounts with whom accounts are held. In case there are more than one (1) account with the same institution, each account number should be specified separately.

**Currency**

Fill in the abbreviation of the currency of the notified foreign account(s).

**Total payments in foreign currency**

Fill in the total amount paid to non-resident(s) via the notified foreign account(s), either FBA and/or FIA broken down by foreign currency in the reporting period (e.g. January 2013).

**Counter value in Afl.**

The total amount paid to nonresident(s) converted in Afl. Total of foreign currency amount paid to nonresident(s) should be multiplied with the official exchange rate to obtain the counter value in Afl. (e.g. USD 1.00 = Afl. 1.80).

**Foreign exchange commission 1.3 percent in Afl.**

The counter value in Afl. should be multiplied by the commission rate of 1.3 percent.

**Total FEC due on payments to nonresident payable to the CBA**

Sum of the total amount of FEC calculated. This amount should be paid to the CBA not later than fifteen (15) calendar days after the end of each calendar month.

**Table 2. Example of payment to nonresidents FBA and/or FIA, by foreign currency**

A. Specify : - bank name & account - company with whom account is held	Type FBA or/ FIA	Currency	Total payments in foreign currency (FC)  (a)	Counter value of total payments in Afl. (against official exchange rate)  b=(a)*rate	Foreign Exchange Commission  c=(b*1.3%)
USA Bank 12.34.56	FBA	USD	113,000.00	205,200.00	2,667.60
ABC Curacao	FIA	ANG	20,000.00	20,000.00	260.00
B. Total FEC due on payments to nonresidents payable to the Centrale Bank van Aruba:					2,927.60

### 3.3. Transfers to and from notified foreign accounts

The FA holder should report:

1. Total amount transferred in foreign currency from its local account at a local commercial bank (outflow) to a notified foreign account (inflow). **This represents a decrease in the local bank account.**
2. Total amount transferred from a notified foreign account (outflow) to its local account at a local commercial bank (inflow). **This represents an increase in the local bank account.**

**Table 3. Example transfers from and to local commercial banks to and from foreign accounts**

2. A) Total amount transferred from local bank account to the notified FBA or FIA (in foreign currency):

FC	<input type="text" value="USD"/>	Amount	<input type="text" value="100,000.00"/>
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2. B) Total amount transferred to local account from the notified FBA or FIA (in foreign currency):

FC	<input type="text" value="ANG"/>	Amount	<input type="text" value="50,000.00"/>
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An example of the monthly FEC declaration form can be seen on the next page.

**Figure 1. Monthly declaration form foreign exchange commission (FEC) for holders of notified FBA & FIA**

## DECLARATION FORM FOREIGN EXCHANGE COMMISSION (FEC) FOR HOLDERS OF FOREIGN BANK AND FOREIGN INTERCOMPANY ACCOUNT(S)

Reporter's code : X- \_\_\_\_\_ Company : \_\_\_\_\_  
 Period : \_\_\_\_/\_\_\_\_ (month/year)  
 Contact person : \_\_\_\_\_ Phone: \_\_\_\_\_ e-mail: \_\_\_\_\_  
 Account type notified : Foreign Bank Account(s) (FBA) ☐ Foreign Intercompany Account(s) (FIA) ☐

1. Payments to nonresidents via a notified FBA and/or FIA, by foreign currency.

A. Specify : - bank name & account - company with whom account is held	Type FBA or/ FIA	Currency	Total payments in foreign currency (FC)  (a)	Counter value of total payments in Afl. (against official exchange rate)  b=(a)*rate	Foreign Exchange Commission  c=(b*1.3%)
B. Total FEC due on payments to nonresidents payable to the Centrale Bank van Aruba:					

2. A) Total amount transferred from local bank account to the notified FBA or FIA (in foreign currency):

FC  Amount

2. B) Total amount transferred to local bank account from the notified FBA or FIA (in foreign currency):

FC  Amount

Signature: \_\_\_\_\_ Date: \_\_\_\_\_ mmm/dd/yy

By signing this form undersigned certifies that figures reported are true and correct.

Send completed forms to the Centrale Bank van Aruba to the attention of Operations Department  
 e-mail: [operations@cbaruba.org](mailto:operations@cbaruba.org) or Fax nr.: 5252-101

#### 4. Reviews and Assessment Notices

The CBA conducts reviews based on the monthly FEC declaration forms received, the balance of payments reports, and other supporting documents. Subsequent to these reviews an assessment notice will be issued with the FEC amount due or, if on the other hand, these reviews results in an amount in favor of the reporter this amount will be applied towards future FEC payments. Table 4 shows an example of the input sheet for transactions of the balance of payment quarterly report<sup>1</sup>.

**Table 4. Balance of payment quarterly report 'Input sheet for transactions'**

FA Type	AccType	Reporter	Currency	Period	Bank_Company_Name	Transactioncodes	Countrycode	Debit	Credit	Description
FBA	CUA	x001	USD	Mar-13	USA Bank 12.34.56	1460	US	10,000.00		Other business services
FBA	CUA	x001	USD	Mar-13	USA Bank 12.34.56	1010	US		18,500.00	Consumer Goods
FBA	CUA	x001	USD	Mar-13	USA Bank 12.34.56	1122	US		5,000.00	Air transport freight
FBA	CUA	x001	USD	Mar-13	USA Bank 12.34.56	1460	US		90,500.00	Other business services
FBA	CUA	x001	USD	Mar-13	USA Bank 12.34.56	5455	US	100,000.00		Transfer from AUA
FIA	ARP	x001	ANG	Mar-13	ABC Curacao	1460	AN		25,000.00	Other business services
FIA	ARP	x001	ANG	Mar-13	ABC Curacao	5455	AN		50,000.00	Transfer to AUA

The monthly declaration form is a summary of all commissionable transactions in a calendar month, while the quarterly report is an overview by quarter. At the end of each calendar quarter the total sum of transactions of these two reports should match with one another. If this is not the case an assessment notice will be issued for the difference, which could result in a balance due or in favor. Figure 2 and 3 show an example of the assessment notice.

The first page consists of the total foreign exchange commission based on the commissionable transactions reported in the submitted quarterly report, the monthly payments received and the resulting balance due or in favor. The following page contains a summary of all the commissionable transactions included in the calculation of the FEC due.

On all assessment notices you will find a payment due date. If the FA holder does not comply with the payment as specified, the CBA will issue a Summons Notice to demand the FA holder to pay the outstanding FEC obligation without further delay. In the event that the FA holder remains in default of payment, the CBA will proceed to collect by way of writ of execution (article 7a paragraph 1 SOFEC)

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<sup>1</sup> More information on this report can be found in the 'Foreign Bank Accounts and Foreign Intercompany Accounts: Guide for reports', which is available on the CBA's website.

Figure 2. Assessment Notice 1st Page


 <b>CENTRALE BANK VAN ARUBA</b>			
<b>Assessment Notice Foreign Exchange Commission</b> Pursuant to the State Ordinance Foreign Exchange Commission (AB 1990 no. GT 5, as amended by AB 2003 no. 33)			
<b>S U M M A R Y</b>			
<b>Notice date</b>	<b>Due date</b>		
Sep 19, 2013	Oct 22, 2013		
<b>Name</b>		<b>Period</b>	
x001		Quarter 1 - 2013	
ABC Aruba			
Total foreign exchange commission amount due, calculated as 1.3 % of the AWG value of total reported commissionable transactions effected during assessed period.		AWG	2,992.60
<b>Payments received</b>		AWG	0.00
<b>Credits</b>		AWG	0.00
<b>Other payments</b>		AWG	0.00
<b>Amount due</b>		AWG	2,992.60
=====			
Payments in cash or by check in name of Centrale Bank van Aruba can be made at our offices at J.E. Irausquin Blvd. 8 (opening hours from 8.30 am till 11.45 am and from 1.15 pm till 3.30 pm), or via a bank transfer at any local bank, routing number 100000285, or SWIFT code CBARAWAW should be used, for further credit to account number 2500 9001 0000.			
In accordance with article 9 to 11 of the Administrative Decisions Appeal State Ordinance (Landsverordening administratieve rechtspraak AB 1993 no. 45), a written notice of objection can be filed by an interested party against this decision with the CBA, within six (6) weeks, commencing on the day following the date of this notice. For further information, please contact the Operations Department, Mrs. Lili Mejia at telephone 525-2110 or e-mail l.p.mejia@cbaruba.org or Mr. R. Geerman at telephone 525-2113 or r.m.geerman@cbaruba.org.			
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Figure 3. Assessment Notice 2<sup>nd</sup> Page

<b>Name</b>				
x001    ABC Aruba				
<b>Account</b>				
ANG   ABC Curacao				
<b>Period</b>				
Quarter 1 - 2013				
<b>Amount due</b>				
AWG   325.00				
<b>Description</b>	<b>Amount paid in</b>	<b>Exchange rate</b>	<b>AWG countervalue</b>	<b>Foreign</b>
	<b>ANG</b>	<b>ANG</b>		<b>Exchange</b>
(1)	(2)	(3)	(4=2*3)	<b>commission due</b>
				(5= 4*1.3%)
Other business services	25,000.00	1.0000	25,000.00	325.00
	25,000.00		25,000.00	325.00
<b>Totals transactions in ANG</b>	<b>25,000.00</b>		<b>25,000.00</b>	<b>325.00</b>
<b>Account</b>				
USD   USA Bank 12.34.56				
<b>Period</b>				
Quarter 1 - 2013				
<b>Amount due</b>				
AWG   2,667.60				
<b>Description</b>	<b>Amount paid in</b>	<b>Exchange rate</b>	<b>AWG countervalue</b>	<b>Foreign</b>
	<b>USD</b>	<b>USD</b>		<b>Exchange</b>
(1)	(2)	(3)	(4=2*3)	<b>commission due</b>
				(5= 4*1.3%)
Other business services	90,500.00	1.8000	162,900.00	2,117.70
Air transport freight	5,000.00	1.8000	9,000.00	117.00
Consumer Goods	18,500.00	1.8000	33,300.00	432.90
	114,000.00		205,200.00	2,667.60
<b>Totals transactions in USD</b>	<b>114,000.00</b>		<b>205,200.00</b>	<b>2,667.60</b>
<b>Totals for transactions during Quarter 1 - 2013</b>			<b>230,200.00</b>	<b>2,992.60</b>



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All relevant documentation with respect to the foreign exchange commission can be found on our website:  
[www.cbaruba.org](http://www.cbaruba.org)