



CENTRALE BANK VAN ARUBA

*Most frequently asked questions received from the public with regard to the CBA Public Announcements of March 17, 2020 and March 27, 2020, in which it was, respectively, announced that the CBA will not grant new foreign exchange licenses that relate to outgoing capital transactions, including dividend declarations and that the Decree Concerning Foreign Exchange Transactions 2013/K.2 (General Foreign Exchange License) has been suspended for all outgoing capital transactions until further notice.*

**Question 1: Loans, loan repayments, and interest payments**

In the Public Announcement of the CBA of March 17, 2020, it is mentioned that the general foreign exchange license 02/K.1 is no longer applicable for outgoing capital transactions as of March 17, 2020.

Can I still repay my foreign loans and pay interest on these loans, including student loans?

**Answer 1:**

If you already have received a special foreign exchange license from the CBA for the foreign loan in question, the repayments and interest payments on the loan can be continued as normal.

If you have a loan with a foreign third party under the amount of Afl. 300,000 (natural person) or Afl. 750,000 (legal entities) which was granted before March 17, 2020 and, thus, fell under the general foreign exchange license 02/K.1, repayments and interest payments on this loan can also be continued as normal. The commercial banks may require relevant documents to proof the date on which the loan was granted to you.

Also the repayment of student loans granted by DUO in The Netherlands or similar bodies abroad can be continued as normal.

**Question 2: Buying a house from a non-resident**

In the Public Announcement of the CBA of March 17, 2020, it is mentioned that the CBA will not grant any new foreign exchange licenses that relate to outgoing capital transactions.

Can I still buy a house from a non-resident?

**Answer 2:**

No, it is not allowed to buy a house from a non-resident for the time being, as all outgoing capital transactions have been suspended.

**Question 3: Which capital transactions are no longer allowed?**

**Answer 3:**

The CBA will not grant any **new** foreign exchange licenses that relate to outgoing capital transactions, as well as dividend declarations for outgoing dividend payments until further notice.

**(Outgoing) Capital transactions** for which a foreign exchange license of the CBA will not be granted for the time being, are:

1. granting of loans to non-residents
2. making investments abroad
3. participating in a foreign company
4. purchasing real estate either in Aruba or abroad from a non-resident
5. transferring to own foreign accounts by a natural person
6. transferring to own foreign accounts by a legal person or other entity
7. transferring to intercompany accounts of affiliated companies by a legal entity, and
8. other outgoing capital transactions such as gifts, donations, and inheritance

**Question 4: Is it possible to pay out dividend or transfer profit to my non-resident shareholders?**

**Answer 4:**

**No**, it is prohibited. As mentioned in the Public Announcement of the CBA of March 17, 2020, outgoing dividend payments and profit transfers are not permitted until further notice. This means that a dividend payout or a profit transfer of an Aruban company to a foreign shareholder is not allowed, unless you are already in the possession of a dividend/profit declaration of the CBA for this transfer.

**Question 5: I want to transfer € 3,000 from my bank account in Aruba to my bank account in The Netherlands, is that possible?**

**Answer 5:**

**No**, this is not permitted for any amount, because a transfer to your own bank account abroad is considered as an outgoing capital transaction.

**Question 6: What if I have debts or loans to pay in The Netherlands, and these are being debited from my bank account in The Netherlands, can I transfer money to my bank account in The Netherlands to pay these loans?**

**Answer 6:**

**No**, you are not permitted to transfer any funds to your own bank account abroad. However, you are allowed to transfer the funds directly to the receiving non-resident party (such as DUO) through a local commercial bank to the creditor's account.

**Question 7: What kind of transactions from or to abroad are still possible?**

**Answer 7<sup>1</sup>:**

1. All **incoming** capital transactions are permitted: Some examples hereof are:
  - the receipt of proceeds from acquired foreign loans
  - the receipt of proceeds (e.g., interest and dividend) from foreign investments
  - the receipt of proceeds related to the participation of a foreign shareholder in an Aruban company
  - the receipt of proceeds of sale of real estate to a non-resident
2. **Current account transactions** with non-residents are allowed; some examples hereof are:
  - payment related to the import and receipt from the export of goods
  - payment of freight and insurance costs for international transport
  - payment and receipts of travel and accommodation expenses to/from non-residents
  - payment and receipt of rentals to/from non-residents
  - payment and receipt of work performed and services provided to/from non-residents

**Question 8: Are all outgoing capital transactions, regardless the amount, of residents to their notified intercompany account prohibited?**

**Answer 8:**

**Yes, all outgoing transfers** related to intercompany accounts (FIA) are prohibited until further notice. Payments related to goods and services purchased from or delivered by non-resident group entities can be made through a local commercial bank, under submission of the supporting agreements/contracts and/or invoices.

**Question 9: Is the general foreign exchange license of the Decree Foreign Exchange Transactions 2013/K.2 still applicable for incoming capital transfers if the foreign accounts have been notified to the CBA?**

**Answer 9:**

**Yes, all incoming capital** transactions are allowed. This means that if a company is included in the “Quarterly list of compliant holders of FBAs and FIAs as of August 17, 2020”, it can make use of the general foreign exchange license 2013/K.2 for incoming capital payments.

**Question 10: Is it currently possible to make payments abroad on invoices from foreign companies for goods and services?**

**Answer 10:**

**Yes, payments to non-residents for goods and services received** are permitted via a local commercial bank, under submission of the agreements/contracts and/or invoices to be paid.

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<sup>1</sup> For pension funds and insurance companies specific rules apply for the payment of fees, pensions etc. to non-residents. Reference is made in this regard to question 20 below.

**Question 11: Credit card**

In the Public Announcement of the CBA of March 17, 2020, it is mentioned that the general foreign exchange license 02/K.1 is no longer applicable for outgoing capital transactions as of March 17, 2020.

- a) Can I still repay my credit card of a foreign bank?
- b) Can I still buy goods and services online in a foreign country with my credit card?

**Answer 11:**

- a) **Yes**, the repayment of your debt on your credit card is allowed under the condition that the transaction is directly made to and on behalf of the issuing foreign bank. A transfer from your local bank account to your foreign bank account is an outgoing capital transaction, which is not permitted for the time being.
- b) **Yes**, residents are allowed to buy goods and services abroad online with their credit card.

**Question 12: Can I transfer management fees to an affiliated company abroad for performed services?**

**Answer 12:**

**No**, it is not allowed to pay management fees to affiliated companies for the time being. Management fees entails, for example, back- and front office support regarding IT, administration, internal audit, compliance, and marketing.

**Question 13: Can I repay my mortgage loan held with a foreign bank?**

**Answer 13:**

The same requirements apply as for loan repayments.

If you already have received a special foreign exchange license from the CBA for the mortgage in question, the repayments and interest payments on the mortgage can be continued as normal. If you have a mortgage with a foreign third party under the amount of Afl. 300,000 (natural person) or Afl. 750,000 (legal entities) which was granted before March 17, 2020 and, thus, fell under the general foreign exchange license 02/K.1, repayments and interest payments on this mortgage can also be continued as normal. The commercial banks may require relevant documents to proof the date on which the mortgage was granted to you.

**Question 14: My child studies abroad. Can I transfer money to my child from my bank account in Aruba to my child's bank account abroad?**

**Answer 14:**

**Yes**, you can transfer money directly from your bank account in Aruba to the bank account of your child abroad for the purpose of study allowances.

For the sake of completeness, it is not permitted to transfer the money from your own bank account in Aruba to your own foreign bank account. If you have an and/or account with your child this is considered as your own (foreign) bank account. For that reason it is not possible to transfer money from your and/or bank account in Aruba to the foreign bank account you have with your child.

**Question 15: I want to send money to my parents who live abroad, because they are in financial need. Is that possible?**

**Answer 15:**

**Yes**, you can, but you have to transfer the money directly from your bank account in Aruba to the bank account of your parents abroad.

**Question 16: Can I still transfer money to family abroad to support them through money transfer companies?**

**Answer 16:**

**Yes.**

**Question 17: I have a foreign personal loan which was granted before March 17, 2020 and I want to repay my personal loan in full. Is that possible?**

**Answer 17:**

**No**, it is not permitted to make early repayments on a foreign personal loan.

**Question 18: I have a foreign mortgage which was granted before March 17, 2020 and I want to repay my mortgage in full. Is that possible?**

**Answer 18:**

**No**, it is not permitted to make early repayments on a foreign mortgage.

**Question 19: I am studying abroad and receive my student loan from the government of Aruba on my Aruban resident bank account. Can I transfer it to my foreign bank account?**

**Answer 19:**

**Yes**, this is possible as an exception is made for this group. Students who received a student loan from the government of Aruba on their Aruban resident bank account may transfer this amount to their foreign bank account. Commercial banks can further assist with this transfer.

**Question 20: As a pension fund or insurance company I have to transfer part of the periodic pension payments and other payments to non-residents. Is that possible?**

**Answer 20:**

**Yes**, this is possible. However, pension funds, and insurance companies must use their own foreign funds or investments abroad to pay for fees, pensions, etc. denominated in foreign currency to non-residents. In case a pension fund or insurance company does not have (sufficient) own foreign funds or investments abroad that can be used to make these payments it can request for a dispensation of this requirement. A request for a dispensation can be submitted via the email address [operations@cbaruba.org](mailto:operations@cbaruba.org).

Any questions you may have on this Q&A can be submitted via the email address [legalservices@cbaruba.org](mailto:legalservices@cbaruba.org).