

# Offshore Black Book

An overview of some of the benefits and advantages of “internationalising” your life  
- by making use of various offshore strategies and structures

Published by: <http://www.sovereignlife.com>

## Contents

Page 2	Where Exactly is Offshore?
Page 4	The Sovereign Individual
Page 6	A Coherent Plan for a Healthy, Prosperous & Stress-Free Lifestyle
Page 8	Anonymous Digital Cash
Page 13	The Ultimate Ponzi Scheme
Page 16	How to Make an Offshore Trust Work for You
Page 19	Practical & Profitable Use of an IBC
Page 22	What a Difference a Rate Makes

## Where Exactly is Offshore?

Offshore simply means having a legal entity, in a jurisdiction (country) other than where you live, which has the ability to own assets. This entity can be a trust, a company, or even your own personal bank account. In other words "offshore" simply means somewhere else. It doesn't mean you have to live somewhere else, only that you control such entities that are.

And why would you want to control a legal entity that exists in another country? For the privacy and tax advantages it affords. In that respect, the popular offshore jurisdictions are what are known as "tax havens" - places in which tax is legally not payable. These jurisdictions are all over the world - places like Jersey, the Isle of Man, Belize, Turks & Caicos, The British Virgin Islands, the Cayman Islands, Bermuda, Panama, Malta, Antigua & Barbuda, Costa Rica - and even in the South Pacific in the Cook Islands and Vanuatu.

Since the above description is quite complete, you may wonder why "offshore" is sometimes regarded as "sleazy" or undesirable. The truth is that neither your local banks nor your government want you to know about offshore instruments and the advantages they provide. They don't want you putting your money somewhere else. If you do, the local banks will lose your business, and the government will lose track of what you're up to. It's that simple. They believe you owe them, and they don't like it if you take your business somewhere else!

If you do repatriate your assets in the future, the government will certainly want its share at that time, but they don't want to wait in case you never repatriate them - which is quite possible. The government wants your money now. Credit bureaus want to know all about your financial transactions, so they can sell information about your finances to others - and any other personal data that they have on you. In other words, your financial affairs hold a lot of important information for those in power. If you make your affairs private - because you have instigated an offshore strategy, then this type of personal information will no longer be available.

This is the reason you won't see any advertising about the advantages of structuring yourself offshore. In many countries it is forbidden to advertise the existence of offshore investment funds - even though they perform far better than

the ones you normally have access to. Why? Same reason, they don't want your money to disappear - and they don't want to lose out on financial information about you.

The word "offshore" has often been linked to crime. This is a deliberate strategy of government and other vested interests. Sure, some criminals may bank their ill-gotten gains in an offshore account - but that doesn't negate the benefit of being offshore as a law-abiding citizen. And what they forget to tell you is that many offshore banks have quite stringent controls on who banks with them - and have their own reputation to protect. It's not in any bank's interest to be known as a haven for criminals.

Why would you want to go offshore? Well, it can be a means to legally decrease your tax burden. You may be able to defer, reduce and even eliminate taxes by following a carefully thought out strategy. You may want to do it for retirement planning - in this way your nest-egg will grow without being continually "trimmed" back by various withholding taxes. The power of compound interest works much better when you're not getting tax deductions! You may want to go offshore to protect your assets from forfeiture, litigation or even a particularly vindictive ex-spouse. Maybe you just have no faith in your domestic banks or currency (and why should you?). And one of the greatest advantages of being offshore is the privacy it affords you. No one else need ever know that you have money somewhere else. And unless you tell people, your privacy is complete - because the banks in offshore jurisdictions have strict secrecy laws and will not disclose any information about a client.

Offshore can provide security, privacy, and profit. How many more good reasons to you want?

# The Sovereign Individual

**Excerpts from the book by James Dale Davidson & Lord William Rees-Mogg**

## **The Globalization of Commerce**

"In the Information Age, [for governments,] most jurisdictional advantages will be eroded rapidly by technology. [For you,] new types of advantages will emerge. ... You will be able to hold a voice conversation over the Internet using ...your personal computer. ... Conversations or data transmission anywhere in the world will cost little more than a local call did in most jurisdictions in 1985."

## **Internet Unwired**

"Low-orbit satellites and other approaches to wireless technology will transmit feeds - back and forth - directly to a beeper in your pocket, a portable computer, or a workstation, without interfacing with a local telephone operating or TV cable system at all. In short, the Internet will be unwired."

## **Business Without Borders**

"Continued expansion of computational power will lead to better compression technology, speeding data flow. Widespread adoption of existing public key/private key encryption algorithms will allow providers, such as satellite systems, to incorporate the billing function into the service, lowering costs. Simultaneous with the service, vendors will be able to debit accounts loaded on personal computers in much the way that France Telecom debits the 'smart cards' employed in Paris phone boxes"

## **Your PC, or your PC Phone, Becomes Bank and Broker**

"In the near future, you will be able to earn credits to your account with all manner of transactions ... Your PC will be the branch office of your bank and global money brokerage ... And like the smart-card pay phones that are useless to thieves if broken open with a crowbar, your computer could only be raided by someone capable of breaking or manipulating sophisticated computer code. [This possibility too will soon vastly diminish] ... with proper encryption, nothing in your computer could be deciphered or misused. ... You will be able to speak, transmit data, and journey via virtual reality over borders and boundaries [undetected] at will..."

## **Understanding Chinese**

..."In time, you will be able to shorten a multi-year learning process and converse in Chinese with a factory foreman in Shanghai. It will no longer matter as much that you do not speak his language or dialect. His words may be in Chinese but you will hear them roughly translated into English. He will hear your conversation in Chinese. In time, the capacity to employ instantaneous translation will significantly increase competition in regions where obstacles of language and idiom have heretofore been significant. When that happens, it will matter little or not at all that the Chinese government may not wish the call to be placed."

## **Tax Havens and Cybermoney**

... "You will be able to use cybermoney to make investments as well as pay for services and products. If you live in a jurisdiction like the United States that heavily regulates your investment options, you can choose to domicile your activities in a jurisdiction that permits the freedom to pursue a full range of investment options. Whether you live in Cleveland or Belo Horizonte, you can do your investment business in Bermuda, the Cayman Islands, Rio de Janeiro, or Buenos Aires. Wherever you find yourself, the use of digital resources will widen as the cybereconomy evolves. You will be able to employ expert systems to help select your investments and cyberaccountants and bookkeepers to monitor the progress of your holdings on a real-time basis." ... [Both cyberspace and conventional tax haven jurisdictions will create your international business corporations, on line, within minutes.] When you pick a location ... your instructions will place all the company's liquid assets in a cyberaccount in a cyberbank that may be domiciled simultaneously in Newfoundland, the Cayman Islands, Uruguay, Argentina, and Liechtenstein. If any of the jurisdictions attempt to withdraw operating authority or seize the assets of depositors, the assets will automatically be transferred to another jurisdiction at the speed of light."

# **A Coherent Plan ... for a Stress-Free, Healthy & Prosperous Lifestyle Without Government Interference, Taxes or Coercion**

## **PT The Theory - by WG Hill**

Do you want to escape the control over your life and property now held by modern Big Brother Government? Become a PT and you can break free.

In a nutshell, a PT merely arranges his or her paperwork in such a way that all governments consider him a tourist - a person who is just Passing Through. Government officials look at PTs and consider them to be people who are merely Parked Temporarily. Unlike most citizens or subjects, PTs are not then subject to taxes, military service or lawsuits. Nor are they persecuted for holding outlandish beliefs or pursuing exotic activities.

PT stands for many things. Prior Taxpayer, Perpetual Tourist, Permanent Traveler... PT is a concept and a way of life. The PT theory is simple and elegant. It does not require accountants, attorneys, or complex offshore arrangements. Why let authorities dominate every aspect of your life from cradle to grave? PTs can Protect Themselves. Join this select group of freethinkers and eliminate middle men forever.

## **Untaxed Wealth Without Limit**

At last you can discover the joys of working. Yes. That's right. Find out how you can be paid in full without being subject to the excessive taxation you face now. Remember, it's your money. You should be able to spend it how you want. Many nations pretend to encourage freedom of movement. In practice, however, every government limits travel severely with passport, visa and other restrictions. Countries impose restrictions and others feel pressured into implementing similar or harsher measures. As a PT you will be able to come and go as you please.

## **Disappear From All Computer And Information Banks**

People of intelligence and wealth associate themselves with different countries for different reasons. In PT, you can learn about Dr Hill's Five Flag Theory. Discover why no one with common sense gives all their assets or allegiance to any one flag. The Five Flag Theory will help you conduct all your PT business safely and effectively.

**Flag 1: Business Base**

These are places where you make your money. They must be different from your personal fiscal domicile, the place where you legally reside.

**Flag 2: Passport & Citizenship**

These should be from a country unconcerned about offshore citizens and what they do outside its borders.

**Flag 3: Domicile**

This should be a tax haven with good communications. A place where wealthy, productive people can be creative, live, relax, prosper and enjoy themselves. Such a place should not be threatened by war or revolution and preferably should enjoy good levels of banking secrecy.

**Flag 4: Asset Repository**

This should be a place from which assets, securities and business affairs can be managed anonymously by proxy.

**Flag 5: Playgrounds**

These are places where you would actually physically spend your time.

For an updated version of this "original" version of the "5 Flag Strategy" [click here](#).

# Anonymous Digital Cash

## Money is a Mystery

Does anyone understand it? Do you know where it comes from? Do you know the history of money? Do you know how we got Central Banks that daily manipulate the money supply? Do you care?

Actually, the history of money is fairly simple and fascinating. At one time, many moons ago, people just used to trade with one another. You know, "Jim, I've got a spare goat. How about I give it to you for that spare barrel of cheese you've got!" And so it was how people used to do business with each other.

One day, someone got a smart idea. "Yeah, I'd like your goat, trouble is I don't have any cheese to give you." "I'll tell you what, I've give you an IOU, promising to give you the cheese in a couple of months." "And I'll sign it to give you my word that I'll honour it."

Well, what happened next was easy. The guy with the "cheese" IOU soon found that he could pass it on to other people in exchange for their goods or services. And there you have the very basis of money. It started out as a simple promise to pay.

All sorts of things have been used for money. Tobacco, salt, and of course precious metals. Gold and silver have a long history as a good form of money.

## Banking on It

Enter the earliest bankers. They were goldsmiths and they used to store gold for clients. It soon became practical for the goldsmith to issue a receipt for gold that was stored, and the owner of the actual gold would use this "receipt" to trade in goods and services. Others were willing to accept it in payment, because they knew that they could just go the goldsmith named on the receipt and pick up the actual gold.

Modern banking grew out of this early form of issuing credit notes as done by goldsmiths. And the practice of lending more money than was actually there, also began with the goldsmiths.

It worked like this. The goldsmith realised that most of the gold stayed in his vault. And that most people were quite content to simply use the bits of paper he issued as gold receipts. This was great. Someone came to the goldsmith and asked for a loan. The goldsmith said it would be okay provided he paid back more than he borrowed - in other words "interest" for the advancement of the loan.

The goldsmith simply wrote out a receipt for gold, exactly as he always did when people deposited gold. The difference this time was that there was no gold deposited. Instead he issued a "promise to pay gold on demand" note. In this way the goldsmith issued more gold receipts than there was gold in his vault.

### **Sleight of Hand**

Modern banking practice is essentially the same. However, now governments regulate the creation of money through central banks. And the money itself is actually worthless. It's not a receipt for anything. It can't be redeemed for gold. In fact it can only be exchanged for another note of the same value! Which is great if you want to exchange an old wrinkled dollar for a nice, crisp new one!

This control over the issuance of money has given governments extraordinary power. For example in the two World Wars, governments simply printed extra money in order to finance to war effort. And to do that they had to abandon the gold standard - which had kept money honest up until then.

Well, "the times they are a changing". We're perhaps at the point of turning a full circle. We might be witnessing the death of government money (known as "fiat" money). Because in reality, money is anything that people are willing accept in exchange for goods and services.

### **Enter The Internet**

With the accelerating trend to globalisation, there is a dramatic increase in worldwide commerce. And since the advent of credit cards, people have discovered how easy it is to shop "anywhere". Not just when they're travelling, but also from home - by calling a overseas' number, ordering a product, quoting their card number and waiting for the goods to be delivered.

Now that internet is growing so rapidly, there is increased pressure for a perceived "secure" way of exchanging credit card information over the 'net.

But there's more to it than that. There is also the development of "private" money systems.

The most interesting early developments in this area are the digital gold services, which take money on deposit and convert it into grams of gold. You then have so many grams of gold in your possession. The system allows you to transact your grams of gold with other members in the system. What this means is that you can have money on deposit, nominated in grams of gold (in case of government currency devaluation or worse - collapse), which you can access from your own computer. And the whole thing is conducted in total privacy. No one need ever know you have the gold. No one can tell if you're spending your money. And no one can find out how much money you have.

This has very important consequences for government revenue. For, as you know, governments run their operations by taxing your income - and your spending as well, in many cases.

### **Starving Governments**

What will happen if more and more people "hide" their business activities and earnings in global safe deposits - far away from prying eyes?

You got it. They'll begin to get starved for cash. This will accelerate the already obvious trend in the downsizing of governments. They will have no alternative but to reduce traditional government welfare services as they try to live within their shrinking budgets.

What we may be seeing here is a chain reaction. Technology is making it possible for people to begin to keep what they earn. That, in turn, will make governments give up the welfare mentality that has plagued this century - to the great detriment of the very people who were supposed to be helped by it. People will begin again to accept responsibility for their own lives and those of their loved ones.

### **Freedom Technology**

It's a far cry from the scenario that was envisioned by George Orwell, in his famous novel "1984". In that story, technology was used by a totalitarian government to enslave the population, who effectively became "robots" at the beck and call of the authorities.

The television was not something to be sat in front of and enjoyed, but something that literally kept a watch on you!

Instead, the reality is that technology is liberating people - setting us free from the arbitrary control of others.

For the first time in human history, we are on the brink of an unprecedented new development - the unshackling of the human spirit.

The internet is showing what is possible. Now ordinary people are talking to others from all over the world. And we're discovering that we are truly part of a global village.

No longer is it sensible to think only of your own country. You can now, from the comfort of your own living room, step out into the wide world. You can make friends. You can do business. You can become a citizen of the entire world.

And it all comes back to money.

What would you prefer - money or politics? Well, let me tell you (if you're not sure). Money gives you freedom. Think about it. If you've got money, you can do what you like. It's harder for others to tell you what to do. You can make choices. You can live where you like. You can travel the world. You can be who you want to be. Money is freedom. That's one of the reasons governments have always been keen to take money off you!

### **Your Money or Your Life**

On the other hand, politics is a fool's freedom. Ask yourself this question. Would you rather actually have more money, or would you rather be given some political rights that allow you to lobby or vote or whatever?

The people of Hong Kong discovered the answer to this question long ago. They weren't effectively allowed to vote. But did they care? What use did they have for votes - when they had dollars? You see, Hong Kongers had economic freedom - the freedom that comes from being able to do your own thing, set up your own business, and keep the rewards of your own efforts.

Previous Governor Chris Patton had one hell of a job persuading the people of Hong Kong to go out and vote. They haven't been able to see the use of it! I believe the developed world is heading towards "money" freedom rather than "politics" freedom. We'll see a decline in the importance of politics, as people realise there is a whole world out there and that their life is whatever they want to make of it.

No longer do we have to consider ourselves members of tribes, clans, towns, cities or countries. We are truly on the brink of massive change - when we realise our new identity as members of the global community.

Anonymous Digital Cash is just one more development that will accelerate this pace of change. It will literally enhance real freedom for ordinary people.

It's like Pandora's box has been opened. The surge in international communication has changed the world forever. People are talking to each other from all over the planet. Ideas are travelling a light-speed from one place to the next. Even money is becoming "invisible" and able to zip here and there - at the push of a button.

We are surely entering a completely new era. And I believe that new forms of "money" will have a lot to do with the outcome.

Watch this space, and meanwhile just hang on to your credit card. And if you can, get an offshore one!

# The Ultimate Ponzi Scheme

## Whatza Ponzi?

I guess most of us know what a "ponzi" scheme is - or at least we think we do. The definition is a bit elastic, for if you stretch it too far, then even Amway becomes one! However, there is general agreement on what a ponzi scheme is. Basically, if you get people to invest \$100 and promise them \$1000 back - funding these repayments from the \$100 payments of future clients, then you're running a ponzi scheme.

It's where the so-called returns on an "investment" are actually made possible by future investments. It's also known as a pyramid scheme. If it takes ten new clients to reimburse the return on the first client, then it will take 100 new clients to reimburse the next ten - and so on. If such a scheme grows in a simple exponential manner - 10 to the power of 1, 10 to the power of 2, 10 to the power of 3, etc - then it takes only ten layers to include nearly twice the population of the earth!

Naturally, this can't go on indefinitely - and the ponzi scheme collapses. Witness a recent-times spectacular example in Albania - where the whole population was caught up in various schemes - and ultimately the whole nation went broke! According to PJ O'Rourke ("Eat the Rich" at your local book store or [www.amazon.com](http://www.amazon.com)), the reason so many Albanians got suckered in was, "People did not believe these were real pyramid schemes. They knew so much money could not be made honestly. They thought there was smuggling and money laundering involved to make these great profits. The Albanians didn't believe they were the victims of a scam. They believed they were the perpetrators..."

And here lies a telling "truth". If one doesn't believe one is a victim of a scam - then one will happily go along with it.

## Illegal vs Immoral

As you would expect, ponzi/pyramid schemes are illegal in most countries. Governments in some jurisdictions go to great lengths to crack down on any suspected scheme - witness the US government's court case against Fortuna Alliance a few years ago.

In fact, it's almost as if the government is overly concerned about the existence of these schemes - judging by the amount of energy they expend in trying to expose them.

Now, I'm sure you're a good, upright citizen and would never think of participating in an illegal ponzi scheme. But what about a legal one?

"Not me!" I hear you say. But are you sure? The fact is that just about everyone is participating in one - especially if you have money in various mutual funds.

How is this? It's simple. One of the most "honoured" and secure investments is the Government Bond, the T-Bill (Treasury Bill) - or any other name governments give the bits of paper they issue in return for cash - which they do with individuals, funds and banks.

A government bond is a rock-solid investment right? On the face of it - yes. But take a closer look. A government bond is a promise to pay a greater amount than you put in - after a certain length of time. This is not like purchasing stock in a Company - where the company expects to make profits - where your stock will increase in value if they do make a profit (or decrease if they don't).

No, a government bond is secure, because it is guaranteed to be redeemable at a future date. Governments, unlike most companies, don't make profits. They can only pay you out of the future revenues from future bond issues and tax receipts - i.e. future taxpayers. Get the picture?

### **The National Pyramid**

Think of the whole population (and future generations) as being part of one huge pyramid. You invest \$100 in government bonds and in ten years receive \$1,000 back. The extra \$900 interest is paid for by the government's issuing more bonds. This cycle goes on and on. It's the way the USA got lumbered with its trillions of dollars of indebtedness. Just like in your average ponzi scheme, your government needs a constant flow of new suckers (read taxpayers) to fund the ever increasing cost of redeeming due bonds. And the only way to fund it is for the government to borrow more money by way of the same bonds. And these financial instruments are considered risk-free!?

Even if you don't have your own Bonds - or participate in Mutual Funds that do own them - you are still being "suckered" (to use PJ O'Rourke's phrase). For you are a taxpayer who is funding this scam. No wonder taxes are exorbitant! Your hard earned money is being filched so the government can fund the various welfare schemes that have been in turn funded by borrowed money from people just like you - wanting to make a buck on a secure investment. Owning a government bond, directly or indirectly, is your legal title to part of one of the world's greatest cons - the legal (rather than illegal) ponzi scheme. It wasn't always that way.

### **The Gold Standard**

Such financial shenanigans were not so easy when the developed world was on the gold standard - as this required that all money be backed 100% by an actual commodity - gold in this case.

As Alan Greenspan (Governor of the US Federal Reserve) said many years ago: "Under a gold standard, the amount of credit that an economy can support is determined by the economy's tangible assets, since every credit instrument is ultimately a claim on some tangible asset. But government bonds are not backed by tangible wealth, only by the government's promise to pay out of future tax revenues, and cannot easily be absorbed by the financial markets. A large volume of new government bonds can be sold to the public only at progressively higher interest rates. Thus, government deficit spending under a gold standard is severely limited."

"The abandonment of the gold standard made it possible for the welfare statist to use the banking system as a means to an unlimited expansion of credit. They have created paper reserves in the form of government bonds which -through a complex series of steps -the banks accept in place of tangible assets and treat as if they were an actual deposit, i.e., as the equivalent of what was formerly a deposit of gold. The holder of a government bond or of a bank deposit created by paper reserves believes that he has a valid claim on a real asset. But the fact is that there are now more claims outstanding than real assets."

In other words, it won't be long before the "chickens will come home to roost". And if you morally object to participating in ponzi schemes - then you should also withhold your hard earned cash from the government.

# Making an Offshore Trust Work for You

The use of a Trust for asset protection and estate planning dates back several centuries. Trusts were common in England early in the 11th century. In some form the trust was an instrument for holding property in Roman times. Developed over time, Trusts have become an effective means of minimizing taxes, protecting assets and passing wealth along to heirs in privacy and without devastating tax consequences.

The very wealthy have used the trust approach for many years. Recent developments in the offshore world, where more and more jurisdictions adopt effective laws, means the trust has become an instrument available to people of lesser means. For nominal costs, minimal formalities and on short notice, a trust can come into being.

## **Some Information About A Trust**

In general, a trust involves:

**A Settlor or Grantor:** The person, company or other entity placing property into a trust.

**A Trustee:** The individual, company, another trust or other entity who receives the property to be managed for the benefit of those individuals, companies, trusts, or other entities named as Beneficiaries.

**The Beneficiary or Beneficiaries:** The individual, individuals, company or companies, trust or trusts or other entities named to benefit from the trust property.

**The Trust Document:** The Deed or Declaration of Trust is the written instrument which details the duties of the Trustee, Names the Beneficiaries and Lists the Property in the Trust Corpus or body of assets.

## **Types of Trusts**

While it is possible to establish a trust wherein the settlor or grantor retain absolute direct control of the trust assets by becoming the Trustee or by some other means, it is not usually recommended. If the property is not within the absolute and discretionary control of the Trustee, who is not the grantor or settlor,

and the grantor or settlor retains overt control, little is accomplished as relates to asset protection especially, and to tax avoidance or minimization.

Laws in high tax countries specify that if the tax payer controls the property, then he must pay the taxes on the assets or earnings on the trust property.

If you are uncomfortable with having a Trust company in the picture, an IBC can be formed for the purpose of acting as Trustee.

The Discretionary Trust provides for a party to serve as the Settlor, being himself beyond the jurisdiction of the beneficiaries. The actual property can come from any place and be any thing. With a Discretionary Trust, the Trustee can add to the list of beneficiaries or remove beneficiaries. Certainly, in a Discretionary Trust, the Trustee has control over the property. This type of Trust is almost exclusively used for asset protection and tax and estate planning.

As already referred to, under current tax laws and regulations in the high tax or "sophisticated" countries where the Common Law Trust is known, if the beneficiaries are known, there might be a decision to claim taxes due, even though there has been no distribution. The confidentiality laws of most offshore jurisdictions take this into account. With the confidentiality feature, there is no chance that anyone can get information as to who beneficiaries are.

To fill in the gaps where beneficiaries are not named in the Trust Deed or Trust Instrument, a Letter of Wishes filed with the Trustee to specify the Beneficiaries and their interest in Trust property will suffice. Also, where the Trust Deed does not specify details relative to distributions, a letter of wishes may be filed at any time by the beneficiary. Laws in most jurisdictions allow for this while not revoking the irrevocability feature of the trust.

A Letter of Wishes may be filed at the time of initiating the Trust or at any time thereafter.

### **For Asset Protection**

In litigious countries such as the United States, it has become common practice for individuals to seek offshore Trusts for protection against:

- Malpractice claims in the case of Medical Doctors and other Professionals

- Product liability
- Judgments
- Problematic divorces

The Trust must be Irrevocable to qualify in many cases as a true asset protection device. If the Beneficiary or Settlor have ready access to trust property, claimants or tax authorities can "demand" compliance with local laws and tax regulations of the beneficiaries or Settlor.

A Trust cannot be all things to all people in all situations. Multiple trusts might be called for: One for tax reduction, another for minimizing liability by holding physical assets.

### **Speed Where Speed Is Important**

A trust can be established in minutes, literally. While it might take longer to have property transferred into a Trust, time can be a factor as to the dating of the Deed. Generally, a Trust Deed is not registered with any tax jurisdiction. A Trust is a private arrangement. Normally, there is no requirement for accounting reports to any agency. On the contrary, there is no access provided to the activities of the Trustee except as arranged by the parties or through the courts, and that is not easy.

# Practical and Profitable Use of an IBC

## **Portfolio Management**

Holding equity shares in an offshore company in a jurisdiction where there are no taxes on the company, no reporting, where shareholders may be nominees and management can be provided through Power of Attorney offers many advantages. With communication facilities being what they are today and the ability to trade immediately from just about any point on the Globe, the IBC has become a major tool where efforts to minimize taxes and to maintain confidentiality are important.

## **Trading Companies**

Depending upon the jurisdictions involved in a trade or in trading, a jurisdiction can be selected where taxes can be minimized or completely eliminated. The existence of the VAT, the intrusion of the EU, withholding provisions, reporting requirements, licensing demands, etc., will dictate the jurisdictions. Generally, however, trade between the developed economies and just about any jurisdiction can be conducted through an IBC with great advantage.

## **Intellectual Property**

The simple holding of Intellectual Property in an IBC can account for significant profit increase, tax savings and minimization of reporting and regulatory compliance.

## **Holding Title to Land, Improved Property, and Other Physical Assets**

Precious Metals, Land, Improved Property, Valuable Collections, Shares of Beneficial Interest can be held by an offshore company. This will facilitate transfer of ownership and translation of ownership to heirs if the trust is not in use. Look at the Features of an IBC and see how they apply to you and your financial planning approach. It is always good to consult with professionals in your home jurisdictions. Unfortunately, the so called professionals are limited in their scope of understanding of offshore business or the need to look offshore for solutions.

## **Inter-Company Finances, Borrowing and Lending, Leasing**

An offshore company holding title to machinery and equipment can lease the same to a company in your jurisdiction, where profits for the operation are maintained offshore, unreported and untaxed.

A loan and interest from an offshore company can be collected from a company in your jurisdiction. The earnings can remain offshore.

### **Ship/Boat Owning & Shipping Co. Operation**

Register your ship or boat abroad for minimum tax and liability. Operation costs are minimized when using personnel from developing countries. There are other benefits that accrue. Such benefits become obvious as you review the laws and regulations related to vessel registration in different offshore jurisdictions and the Companies Act and its ramifications for offshore operations.

### **Consultancies & Personal Service Companies**

Setting up your consultant service in an offshore jurisdiction will enhance your visibility and increase your earning potential by minimizing taxes and operating expenses.

### **Personnel Companies/Personnel Management**

If you are operating offshore, or have set up offshore you can provide services worldwide, allowing income to be reported from an offshore company. The ease of operation, minimal accounting and retention of earnings can all work toward maximizing income. The individual is in actuality an employee of the offshore company.

### **Employment for Offshore Contracts**

If you or your company have an offshore contract and must hire people to fulfill the details of the agreement, then it might pay to retain the employees or consultants where there is minimal, or no need for, payroll taxes, insurance, etc. The employee might benefit also from earning offshore.

### **The IBC Can be of Measurable Value**

A good and proper use of an IBC is to serve as Trustee for an offshore trust. Properly structured and through careful use of Power to act for the company, clients can remain in virtual control of the assets while confidentiality, asset protection and tax benefits remain in place.

### **Selecting a Jurisdiction For Your Company And Your Trust is Important**

Assuming that an offshore account is part of a well thought out part of your estate planning, we are happy to make some suggestions. We ask that you keep in mind

that we do not provide advice on tax planning and investment advisory services. We are specifically a service company which works with other professionals to administer offshore investments and provide assistance in establishing trusts and International Business Companies in various jurisdictions around the world.

# What a Difference a Rate Makes

## And How Your Money Can Grow, Given a Chance

If you invest \$1000 for five years at 10% interest - the compounded net result will be \$1645. And if your government takes a 20% withholding tax on the interest earned each month - then the same \$1000 will end up being only \$1490.

This may not look that bad on just \$1000, but how does it impact on a larger amount?

Let's say your investment is \$50,000 - earning the same 10% interest rate. Left untaxed, your investment will grow to \$82,265 in five years. If the interest is taxed 20% at source, then the same \$50,000 will end up being \$74,492.

Now, this time we put the same \$50,000 into a high performing offshore investment, returning 36% (a achievable rate of return). After 5 years your \$50,000 would have grown into the tidy sum of \$294,580 - nearly six times the original investment, and \$220,088 more than the same amount growing much slower onshore!

Here's the interesting thing. Even if it were possible to get 36% onshore, by the time your investment had been taxed along the way, your final payout would be \$207,476 - a difference of \$87,104 lost in taxes, which is a far greater amount than your original investment!

Of course, the returns you get offshore are entirely dependent upon the level of risk involved and what types of investment you are comfortable. Certainly it is possible to gain 20% plus per annum - in a wide range of investments, like Hedge Funds, Forex, Commodities funds etc.

But there is ONE type of "investment" you should definitely stay clear of - that is one promising unheard of returns, like 10%, 20% or even 40% per month (yes, per month, not per year). Because "offshore" offers more privacy - it is also a breeding ground for con-artists - so it's imperative that you carefully check out any investment offering, before parting with your hard-earned cash.