

OFFSHORE COMPANIES

WHAT IS AN OFFSHORE COMPANY ?

Offshore Companies are normally thought of as companies set up in a jurisdiction (usually a country though sometimes a state or province, particularly of the USA) different to that in which the owners of that company reside.

Set up in a "Tax Haven" such as Aruba, British Virgin Islands, Belize, Vanuatu, Panama, or one of the many other places around the world where to a greater or lesser extent, for an International Business Company there is:

- NO CORPORATE TAXATION
- NO PERSONAL TAXATION
- NO CAPITAL GAINS TAX
- NO REPORTING REQUIREMENTS

The main restriction is that the company, being exempt from all local taxes and local restrictions, may not conduct business within the Tax Haven itself.

In reality, whilst many offshore companies fit the above description, lots of Offshore Companies are set up in jurisdictions which do have reporting requirements and which also attract corporation tax; in most cases though these jurisdictions demand a much lower corporation tax rate than, say, the UK and they also have far lesser reporting and audit requirements. Hong Kong and Cyprus might be included in this type of jurisdiction although the rules in Hong Kong are even more beneficial to a company incorporated there and which trades outside Hong Kong.

WHAT USE IS AN OFFSHORE COMPANY ?

1. Set up in the appropriate jurisdiction an International Business company would have:

- No Corporation Tax to pay
- No reporting requirements
- No accountants to appoint
- No audit requirements
- No residency requirements

2. An International Business company can:

- Conduct business as an International entity
- Make investments and own property and other assets
- Own intellectual property rights
- Trade portfolios of stocks and shares
- Act as an Offshore Landlord
- Conduct ANY LEGAL BUSINESS ACTIVITY

3. Confidentiality- an Offshore company can offer absolute confidentiality re:

- Beneficial ownership
- Directors and other Officers of the Company
- Trading performance

4. Maximise Profits

- An offshore corporation can franchise or licence intellectual property rights in other foreign countries whilst allowing profits to accumulate in a tax-free jurisdiction.

5. Set up in an appropriate jurisdiction an International Business Company can:

- Reduce employment costs by not having to pay social security, withholding tax associated expenses of employees working in other foreign countries.
- Contract services of professionals to employers located in high tax locations and allow fees to accumulate in low tax jurisdictions.

6. An International Business company can minimise tax exposure on:

- Buying or leasing products or assets in one country and selling on or leasing to another country so that profits are accumulated in the offshore company jurisdiction where liability to taxation on profits does not arise.

7. An International Business Company can protect Assets:

- From creditors and other interested parties.
- In combination with a Trust, from high levels of income tax, capital gains tax and inheritance taxes that may otherwise apply if the assets were held directly.

8. An International Business company can:

- Own or lease ships or other vessels and pay no taxes on income derived from the vessels.

WHERE TO SET UP AN OFFSHORE COMPANY

We are able to Incorporate almost anywhere in the world although the number of Offshore Jurisdictions which one need seriously consider are relatively few.

Major factors one should consider prior to deciding on location are:

- Purpose of the offshore company?
- If it will trade, where will it trade?
- Is "Image" a consideration (i.e if the company trades will it be of importance to the client where the company is based)?
- Is local legislation onerous?
- Set up cost and annual running costs
- Will nominees or local resident directors or other officers be required?
- How stable is the jurisdiction being recommended?
- Is confidentiality an issue?
- Can I obtain offshore banking for the company?

There may well be other considerations to take into account before finally deciding whether:

- An offshore company is for you; and
- Which jurisdiction is best for you; and
- Which registration agent to use for incorporation

SELECTING AN OFFSHORE AGENT

There are lots of registration agents purporting to offer services at prices ranging from ridiculously low to incredibly high in places many of us have never heard of. To avoid disappointment and possibly being "cheated", here are a few tips to help you in obtaining an Offshore Company which provides exactly what you need.

- Make sure that the agents advertising their services are respectable and trustworthy. A UK firm, particularly a Limited Company or PLC, is likely to be OK but make sure it has been around for a few years and wasn't set up 'yesterday'
- Do not, unless very familiar with the territory, go direct to the jurisdiction and use a local agent. We advise against this for two reasons:

1. The people you are about to spend money with are many thousands of miles away and you have no way of knowing if they will finally deliver.
2. You will find out only about companies in that jurisdiction; you need to be able to compare different jurisdictions to your needs.

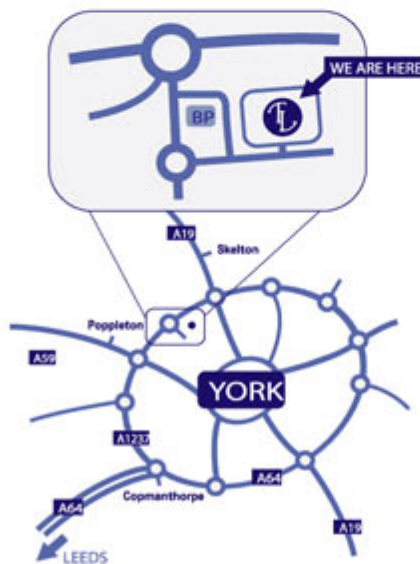
- Talk at length with an expert from a registration Company such as Turner Little Limited. If they limit the length of call or the advice they are prepared to give free of charge walk away and try another one.
- Taxation is often an important factor; make sure the agent has a good understanding of taxation both in the UK and any jurisdiction he recommends
- All offshore companies have annual costs; if the agent doesn't point this out, he is misleading you.
- Be especially cautious if pressed to use nominees, these can be a nuisance at best and a nightmare at worst. If the structure and jurisdiction is right, the need to use nominees is rare. Try another agent.
- Finally, ensure you know what you are buying. Many firms appear to offer very low prices but do not provide all you may need and only later will you realise something essential is missing from the pack which will now cost you more.

Contact us:

- ☎ 0870 750 98 90
- ☎ 0870 750 98 91
- ☎ 01904 783101
- ☎ 01904 783404
- ✉ enquiries@turnerlittle.com
- 🌐 www.turnerlittle.com

Turner Little Limited
 Registered Office:
 Regency House,
 Westminster Place
 York Business Park,
 York YO26 6RW

How to find us...



Visit our website: www.turnerlittle.com

TURNER LITTLE

Company Registration Agents & Bank Intermediaries

