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Professional, Confidential, Trustworthy and Friendly
 GCSL - We are here to CONSULT and Serve You!



JACK'S CORNER

Over the next few months I plan to discuss briefly some of my "pet peeves" regarding our industry. Many thanks to the good people who wrote and called with positive support for my viewpoints regarding "nominee directors"... I even say thanks to that one person who complained saying my position would cost him money...sorry, but it is what it is ☹️. It is great to know that I am not on my own 😊

Transfer of companies: Alas, the dreaded "Dear Service Provider" letter (nowadays email with a scanned copy of the letter) is delivered to you by the client. It sucks! No one likes to lose a client and revenue, including me. Why does she want to transfer administration of her company to another service provider? Perhaps an employee did something wrong or prices are too high or service is not up to par or the client simply happens to prefer another service provider. The first three reasons merit further investigation by the existing service provider, and it may or may not be able to remedy the situation. The last reason "is what it is"...the other service provider may be better looking, drink better wine or is a world-class tiddly winks player...it doesn't matter! The reasons should not influence the conduct of the service provider. The service provider should act with all due haste to effect the transfer as demanded by the client. Remember, the client is the client and with the exception of asking the service provider to do something illegal or act in a way that may be detrimental to the service provider (I am thinking of a settler, protector or beneficiary of a trust asking the trustee to do something that may be legal, but could result in a breach of trust...and I am not talking about losing revenue!), the service provider should get it done!!! If the service provider incurs significant time or any direct costs, then the service provider should justify the time that will be required, inform the client and charge the client a fair fee. Having said that, if the service provider has very little to do, then the service provider should NOT charge a penny!!! Now, let's turn to my experience over the last twenty years both as a consumer and provider of offshore services. First, I have seen service providers delaying the transfer for all sorts of reasons. One school of thought is you can frustrate the client to the point where they simply stay. Some service providers are just trying to delay the transfer long enough until the renewal fees are due. I recall many years ago a service provider trying to do that to me...it didn't work! Second, I have seen service providers suddenly announce a fee for the transfer. This "transfer fee", almost always, was never disclosed to the client when she signed up for the services and it does not in any way reflect any significant work to be done by the service provider. I have seen charges ranging from US\$50 to US\$750 for what is effectively a secretary's job! Third, I bluntly say to the recalcitrant service provider, please do NOT act this way. You will either retain a very unhappy, pain-in-the-butt-client (one could understand the client's position) or you will earn a bad reputation as, guess what, clients, particularly professional intermediaries, talk to other people. Finally, I turn to the client. Please do not allow a service provider to adversely impact your absolute right to transfer the administration of YOUR company to another service provider. The conduct of your service provider is unfortunate, possibly a breach of the terms of your engagement if you were not notified in advance of the "transfer fee" and certainly something that the industry should not condone and to which other clients or prospective clients should not be subjected. Rather than spending your money on the "transfer fee", I think it would be better to go

forth and inform the world (ain't the Internet great) of the service provider's conduct. I suggest you simply state the facts and do so with the intent to ensure other prospective users of fiduciary services are informed of this situation. At the very least, others may be able to address this situation in advance when seeking professional assistance in forming and administering a company. You may want to take legal advice (nope, I am not giving you advice right now) as a service provider delaying your transfer or seeking to charge for the transfer may issue a writ to sue you for, well, telling the truth. A service provider should not treat a soon-to-be-former client in this manner. **I am putting it in writing that GCSL will NOT charge a client for transferring her companies unless GCSL incurs direct costs and/or GCSL has to do a significant amount of work.**

Off to "school" (what I call work). Thanks for taking the time to read my thoughts for the month.

Onwards and upwards...



GCSL NEWS

HAPPY BIRTHDAY, KIDS!



Susan and Joyce celebrated their birthdays last month and we had a little party to welcome them to yet another year as members of the human race....exceptional members!!! 😊

JACK IN THE NEWS

Shakers & Movers (www.shakers-movers.com), Bangkok's best English-language rag for information about everything Big Mango, had a chat with Jack the other day. Please visit <http://shakers-movers.com/content/view/303/24/> to read more about the Asia Offshore Association, GCSL and Jack's life in general. And do drop a line to our friend Richard (richard@inkitgroup.com), who is the publisher of Shakers & Movers and an all 'round good guy.

OFFSHORE 2006 - ASIA WELCOMES THE WORLD CONFERENCE 27TH TO 29TH SEPTEMBER 2006, BANGKOK

As you know, GCSL recently took over the management of the Asia Offshore Association. Our first AOA conference - Asia Welcomes the World - will be held at The Oriental Hotel, Bangkok from 27th to 29th September 2006. The conference promises to be an excellent event in terms of speakers from around the world and Asia as well as all the great fun one can have in "The Big Mango" also known as Bangkok. Please click here to get more information or contact Ms. Sonia Yiu at sonia@asiaoffshore.org

BOARD ROOM TABLE

Yes, the new GCSL board room table has arrived. By day, it is the lonely, mild-mannered board room table of Clark Kent fame. At 5:45pm, it sheds its hard veneer to become a billiards table of Superman heroics. If only Jack could play...the ladies have thumped him every night with Lois Lane like style 😞

BEIJING 2008 OLYMPICS: VIBRATIONS! IS THE WAY TO GO

Vibrations! is a client of GCSL that provides incredible VIP, sponsor level access to the Olympic Games and the Olympic Winter Games. For clients interested in traveling to Beijing for the 2008 Summer Games or traveling to Vancouver for the 2010 Olympic Winter Games, we would be pleased to put you in touch with Vibrations! Vibrations! provides packages for corporate clients and to a small number of individual clients. Due to the relationship with GCSL, Vibrations! welcomes private inquiries from GCSL clients. For an introduction to Vibrations! please contact Jack at jack@gcsl.info. Jack plans to be in Beijing "vibrating" with his friends at Vibrations!

GCSL IS EXPANDING...YET AGAIN!

ANGUILLA: ANGUILLA: Global Consultants and Services (Anguilla) Limited (licensed as a company manager), Global Trustees (Anguilla) Limited (licensed trustee) and Global Insurance Managers (Anguilla) Limited (licensed insurance manager) were setup and licensed in August/September 2006. The erudite fellow, Mr. Carlyle Rogers, is managing director. Carlyle has seven years experience in financial services having served as Deputy Director of the Anguilla Financial Services Commission and its predecessor body, the Financial Services Department of the Government of Anguilla. He holds Associates of Arts, Bachelors of Arts, Masters of Business Administration, LLB (Hons) and LLM degrees from universities in the United States Virgin Islands and the United Kingdom. Simply stated, Carlyle is very well-educated, intelligent and knows Anguilla and its financial services inside and out. Aside from that, Carlyle is a good guy!!!



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SINGAPORE: GCSL Pte Ltd was setup in early September. The culinary expert of Singapore's "night market haute cuisine", Mr. Lawrence Fong, is managing director. Lawrence K L Fong: Lawrence was called to the Singapore Bar in 1985 and is a member of the Singapore Academy of Law and the Law Society. Prior to joining GCSL Singapore as its Managing Director, he was a corporate lawyer engaged in international transactions, mergers and acquisitions, trust and tax matters, technology ventures and many other areas of corporate practice, representing listed and private companies to conduct business both in Singapore and worldwide. Lawrence sits on the board of directors of several publicly listed companies and advises extensively on corporate governance. He also chairs several local charities. Lawrence has a LLB (Hons) and is fluent in English, Mandarin and Cantonese.

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COOK ISLANDS: Puai T Wichman is a Cook Islands' based Consultant for GCSL. With more than 15 years of trust and company management experience, Puai is a valuable member of the GCSL team. Puai is a qualified solicitor in both the Cook Islands and New Zealand and is the Vice-President of the Cook Islands Law Society. Being a Cook Island native, Puai has taken a keen interest in community service having served as Chairman of the Environment Council and Chairman of the Higher Salaries Commission, both government appointments. Puai has a LLB.

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BELIZE: Our readers already know Carlo Mason is our managing director of **Global Belize Consultants Limited and Global Trustees Services Limited**. In addition to having excellent skills and good taste in woman (there can be and is only one!), Carlo is a man of superior talent. Below, one can see Carlo as the lead in *Fi Me Posse (My Posse)*, a Jamaican play adapted for Belize and part of the Rotary Club of Belize's efforts to sustain its Gift of Life program. It was a hilarious comedy, well attended, depicting street life and humorously highlighting some of the reasons why children take to the street, and the hard life they live. It is again testimony to the fact that at GCSL, we believe in working hard, but also playing hard. That is our position in life, and Carlo has certainly espoused it. Too bad you couldn't be there to see him in drag!!

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USA UPDATE

USA LEGAL DECISIONS IN OFFSHORE ASSET PRESERVATION TRUST PLANNING

1. FTC v. Affordable Media, LLC, et al. ((179 F.3rd 1228 (9th Circuit 1999)) ("The Anderson Case") On June 15, 1999, the US Court of Appeals Ninth Circuit upheld a decision from the District Court of Nevada ruling that Denyse and Michael Anderson were in contempt of court for failing to repatriate assets of their offshore trust in accordance with the lower court's ruling. The facts of the Anderson case are as follows. In 1997, the Andersons became involved in a foreign telemarketing scheme through the Sterling Group ("Sterling"). The Andersons incorporated their own limited liability company to offer to the public the opportunity to buy media units in Sterling. The promised returns on the units were 60% in ninety days. In a short while, the Andersons were unable to generate the promised levels of income necessary to pay the investors the huge returns that they promised and as a result subsequent investors' contributions were utilized by the Andersons to pay the investors. The judge found that the Andersons' business venture was a Ponzi scheme. Years prior to the court's ruling, the Andersons established an offshore asset protection trust ("APT") in the Cook Islands, of which the Andersons were co-trustees, protectors and beneficiaries. The trust document contained an anti-duress clause which provided that the Cook Islands co-trustee was prevented from repatriating any assets of the trust to the US and was also to remove the Andersons as co-trustees in the event of duress.

The duress clause was originally triggered as a result of initial proceedings brought by the Federal Trade Commission ("FTC"). Under the preliminary injunction obtained by the FTC, the Andersons were required to repatriate the trust assets. Accordingly, the Andersons requested the Cook Islands co-trustee to do so. The Cook Islands co-trustee refused on the grounds that the injunction obtained by the FTC was an event of duress. After that, the Andersons were removed as co-trustees by the Cook Islands co-trustee. The District Court judge found the Andersons to be in contempt of court for failing

to repatriate the assets to the US in accordance with the terms of the injunction. The Ninth Circuit affirmed the lower court's findings. From the onset of the case, the judge did not look favorably on the Andersons' actions. He initially commented that the Andersons had acted as a "modern day telephonic Bonnie and Clyde." The court found that it was the proceeds of the Anderson's Ponzi scheme that were transferred to the trust.

2. In re Stephan Jay Lawrence ((227 B.R. 907 (S.D. FL., 1998)). In the Lawrence case, the court blasphemed the debtor for his wanton "hide the ball catch me if you can conduct," and held that despite declarations and trust provisions to the contrary, the debtor's rights and interests in an offshore trust with a situs in the Republic of Mauritius were governed by the laws of Florida and federal bankruptcy laws. The facts of Lawrence are as follows. Stephen Lawrence, a former high stakes options trader, owed US\$20 million dollars as a result of a margin deficit call by Bear Stearns which resulted from Black Monday in the stock market in 1987. At a bankruptcy hearing, Lawrence repeatedly testified that the APT was established for estate planning and retirement purposes. He also told the court that he was no longer a beneficiary of the trust and that he had no knowledge of any actions taken by the Trustee with regard to the trust. Lawrence told the court that he did not know who the present beneficiaries of the trust were and he also told the court that he did not establish the trust in Mauritius for asset protection purposes.

The bankruptcy court stated that while pre-bankruptcy planning is permitted under federal law, it also held that a bankruptcy discharge was a privilege to benefit the honest debtor. Therefore, according to the court, once a bankruptcy petition is filed, it is the duty of the debtor to disclose his finances in an honest and accurate manner. As for Lawrence, the court found the debtor's actions so fraudulent and dishonest, that the judge stated his intention to refer the matter to the US attorney for further investigation. In summation, the court held that public policy dictated that federal and Florida law control the disposition of assets within Lawrence's trust and that this would be true "even if asettlor did not intend to defraud her creditors or was solvent at the time of the creation of the trust." In re Lawrence. The bankruptcy court ordered Lawrence not to contact the trustee without the bankruptcy trustee's or the court's permission.

3. In re B. V. Brooks ((217 B.R.98(D. Conn., 1998)). The Bankruptcy court found that two foreign spendthrift trusts which were established by the Debtor were included in the Debtor's bankruptcy estate. This case referred to Marine Midland v. Portnoy, 201 Bankr. 685 (SDNY Oct. 7, 1996). In the Portnoy case, the Court disallowed debtor's discharge due to Debtor's alleged fraudulent actions of establishing a foreign trust then funding same.

4. Comments: The above examples are brash, offensive and blatant fraudulent asset protection planning which unfortunately paint a negative image of legitimate offshore asset protection planning. With regard to the Anderson case, the debtors were foolish to make themselves co-trustees and protectors of their trust. The Andersons retained too much control over their supposed "discretionary" trust. Consequently, by the Andersons structuring and drafting the APT to enable them to control the trust's assets, it was easy for the court to determine that the Andersons were in fact the alter ego for their trust.

It is imperative when engaging in this type of planning when establishing an offshore trust that the grantor transfer legal ownership of the assets to the trustee who then possesses legal ownership of the trust assets. It is then the trustee's job to manage and administer the trust assets for and on behalf of the beneficiaries. Moreover, the trustee and protector positions should be held solely by reputable foreign trust companies and foreign individuals without a US presence.

Consequently, people contemplating establishing offshore asset protection trusts should take note of the courts' decisions in the above-stated cases and structure (or restructure if applicable) their trusts in a proper fashion to attempt to avoid the consequences set forth above. The Trust planner must not only make certain the client is not insolvent but also exercise due diligence by "getting to know your client" prior to being retained.

Contributed by Josh Bennett, who is an attorney based in Florida specialized in offshore and domestic asset protection and estate planning since 1988. His email address is josh@bridge.net



EUROPE UPDATE

DUTCH CORPORATE INCOME TAX REFORM

On 24 May 2006, the Dutch Ministry of Finance published its bill: "Working on profit". The bill aims to regain the Netherlands' leading position, lost under pressure from the European Code of Conduct (Primarolo). The main reforms, including the amendments published on 23 August 2006, are set out below.

Rate Reductions

The current general corporate income tax rate of 29.6% will be reduced to 25.5%. Profits below € 25,000 will be taxed at 20%, and profits between € 25,000 and € 60,000 at 23.5%. Taxpayers with a non-incorporated business will benefit from an exemption of 10% of business profits.

Inter-Company "Interest Box"

An optional regime will be introduced for 5% taxation on the spread between interest received and interest paid on inter-company loans.

"Patent / Royalty Box"

An optional regime for taxation of royalties is to be introduced. Royalties qualifying will be taxed at a preferential rate of 10%. Not available for trademarks and logos.

Dutch participation exemption

The main features of the participation exemption remain unchanged. The 5% minimum requirement will become the rule, with no exceptions. The 'subject to profit tax' requirement for foreign participations will be replaced by a credit system for 'inactive' subsidiaries in 'tax havens'. The credit system will apply to subsidiaries that are primarily engaged in passive investment, and which profits are subject to an effective tax rate of less than 10%.

Withholding tax on Dividends

The withholding tax on dividends will be reduced from 25% to 15%. This is possibly the forerunner to abolition of dividend withholding tax.

Currently, the Dividend Tax Act includes an exemption for dividends paid to EU-resident parent companies with a minimum participation of 20% in a Dutch subsidiary. This 20%-threshold will be reduced to 5%. The one-year holding period to which the dividend tax exemption is currently subject will be abolished. All EU entities resembling Dutch BVs and Dutch NVs, will be eligible for the dividend tax exemption.

The full refund of Dutch dividend tax will also become available to tax-exempt entities resident in other EC Member States.

Depreciation rules

- Introduction of specific rules regarding depreciation;
- Purchased goodwill may be depreciated over a minimum period of 10 years;
- Limited depreciation of real estate;
- Capital assets other than goodwill and real estate will carry a depreciation term of at least 5 years.

Compensation of losses

The carry back of losses for corporations will be reduced to 1 year (currently 3 years) and carry forward of losses will be limited to 9 years (currently unrestricted in time).

Anti-Abuse rules

The numerous anti-abuse provisions governing the deduction of interest (thin cap rules, rules regarding inter-company loans and rules regarding so-called 'hybrid' loans) will be streamlined into one article. The thin cap rules will be extended to include financial lease in similar situations.

Broader tax base

The majority of these reforms will be financed through a broadening of the tax base, for example limiting the depreciation on immovable property and limiting loss set-off.

*Contributed by Jimmie J. G. van der Zwaan, who is a tax lawyer with Van Mens En Wisselink based in Amsterdam.
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HONG KONG UPDATE

HONG KONG AND CHINA DOUBLE TAXATION AGREEMENT

Hong Kong and the People's Republic of China ("China") signed a double taxation agreement on August 21, 2006 (the "DTA"). The DTA will take effect January 1, 2007 in China and April 1, 2007 Hong Kong, subject to finalization of ratification before December 31, 2006.

It is believed the DTA will make Hong Kong companies and foreign companies investing or doing business in China via Hong Kong more competitive. This reflects the tax exemption for capital gains and the reduced withholding tax on dividends, royalties and interest.

Withholding Taxes: The table below details the withholding tax benefits under the DTA.

	Interest	Royalties	Dividends
DTA Rate	0% / 7%*	7%	5% / 10%*
Hong Kong Non-Treaty Rate	N/A	5.25%	N/A
China Non-Treaty Rate	10%	10%	0% / 20%*

Notes:

a. The 7% rate applies to interest payable from China. The 0% rate applies to interest received by the Hong Kong Government or certain recognized institutions.

b. The 5% rate applies to dividends paid by a China company to a Hong Kong resident, if the Hong Kong resident is a company that holds at least 25% of the capital of the China company. The rate is 10% for other Hong Kong residents.

c. Dividends from foreign investment enterprises with at least 25% registered capital held by foreign investor(s) are exempt under the current China tax law.

Capital Gains: A Hong Kong investor is exempt from capital gains tax if he has a gain on disposal of shares in a China company where the shares sold are less than 25% of the shareholding of the China company and the assets of the China company do not consist mainly of immovable property in China. This exemption is subject to the interpretation of the tax authorities in China. As Hong Kong does not have any capital gains tax, a Hong Kong investor would not suffer any tax on such capital gains.

Exchange of Information: Only information necessary for carrying out the provisions of the DTA or of the domestic laws of China or Hong Kong regarding taxes covered by the DTA can be exchanged. Neither government is obligated to give information to the other government which is not obtainable under the domestic laws or in the normal course of government administration and does not disclose information regarding the company or its business.



CHINA UPDATE

NEW RULES IN CHINA INSURANCE INDUSTRY

New rules about medical and disease insurance policies were passed on June 12, 2006 and came into effect on September 1, 2006. The new rules will forbid China insurance companies to include survival benefits in their medical and disease insurance policies. The new rules aim to segment the health insurance sector. They also stipulate when insurers are selling health policies as an appended product to a main policy (for instance a life policy), the effective term of the health policy shall be at least as long as that of the main policy. Most importantly these new rules are to protect policy holders.

TWO FOLDER POLICY ON INTERNET INDUSTRY

China issued foreign internet service provider investment policies five years ago. Many have followed the rules, but many others learned the other way by leasing or sharing local licenses. In the latest circular following the Google case in February, the China government now prohibits foreign internet service provider to lease, share, buy and use the local internet service license. At the same time, the Ministry of Information Industry issued a press release to welcome qualified foreign companies willing to legally invest in China.

QDII - CITIBANK GETS ITS LICENSE

Citibank has been authorized by the China Banking Regulatory Commission to provide QDII (Qualified Domestic Institutional Investors) services to Chinese citizens. It is the seventh bank and third foreign-financed bank in China to obtain the license.

NEW RULES MERGE AND ACQUISITION IN CHINA

On August 8, 2006, six departments including the Ministry of Commerce, State Own Assets Supervision and Administration Commission, Ministry of Tax, State Administration for Industry and Commerce, Security Regulatory Commission, and State Administration of Foreign Exchange, jointly issued a circular on the rules for foreign investors merging or acquiring China domestic enterprises. The new rule will become effective on September 8, 2006. The Circular details the procedures, reporting authorities, foreign investor qualifications, methods, purposes and timing on how a foreign entity may merge or acquire a China domestic company. The Circular details three important areas:

1. If a foreign investor is seeking to invest in restricted or prohibited industries, by acquiring a domestic licensed China company, they must obtain approval by the China Ministry of Commerce.
2. For a China entity using an offshore vehicle to realize a non-China public listing, the circular makes the route clearer than before. However, implementation remains unclear.
3. To avoid monopolies, if foreign investors have certain percentage of shares in a China domestic company, they need to obtain approval from both the Ministry of Commerce and Administration for Industry and Commerce.



SINGAPORE UPDATE

FOREIGN SOURCED INCOME

Russia and Singapore recently signed a Memorandum of Understanding (MOU) on Economic Cooperation in Special Economic Zones (SEZs). Under the MOU, Singapore will play an advisory role in the development of SEZs in Russia as well as share its expertise and knowledge in the development of industrial parks in Singapore and overseas. This includes the conduct of customized training programs for Russian federal and local officials responsible for the implementation of the SEZs.



THAILAND UPDATE

THE GUIDE TO DOING BUSINESS IN THAILAND

Michael is a Friend of Jack and GCSL, exceptional lawyer (yes, he is the second one to be born in Arkansas...can you name the other?), able to speak, read and write Thai (no easy task), partner of the prestigious Thailand law firm of Seri Manop & Doyle (www.serimanop.com) and great all around guy who has lived in Thailand for more than ten years and has learned how to get things done the legal and practical way in the Land of Smiles. His book entitled Doyle's Practical Guide to Thailand Business Law has won rave reviews from many a CEO of large multinationals and small businesses alike. Below, we provide an excerpt of his chapter on What are the Legal Issues Associated with the Start-up of a Company? If you would like to purchase the book, communicate with Michael about doing business in Thailand or just listen to Michael's yarns about his interesting life in Thailand over the last decade, please contact him at michael@serimanop.com.

What are the Legal Issues Associated with the Start-up of a Company?

There are several legal and practical issues associated with the legal start-up of a private company limited ("company"). The start up process involves registration with the Ministry of Commerce (MOC), obtaining the company's Tax ID card, and VAT Certificate, if required, (from the Revenue Department), as well as obtaining other government licenses and approvals that may be required, depending upon the business activities the company seeks to engage in. Note that shelf companies are not readily available in Thailand so this process must generally be followed each time a new company is formed.



OFFSHORE UPDATE

ANGUILLA: AN UP AND COMING JURISDICTION

Anguilla entered the international financial services sector in 1995 when it enacted legislation covering trust and corporate service providers, offshore banks and corporate legislation providing for the formation of IBCs, domestic companies (same zero tax benefits of the IBC), LLCs and Limited Partnerships. In 1998, it launched its online company formation system known as ACORN, www.anguillafsc.com, which allows companies to be formed online globally within 5 minutes. Then in 2004, it enacted legislation providing for domestic and captive insurance, mutual funds and protected cell companies. In 2006, it will enact legislation covering private foundations which is designed to provide estate planning and tax advantages for clients in civil law jurisdictions.

Today, Anguilla is a low-key but well regulated jurisdiction which is making steady strides in the industry. Anguilla has managed to build a reputation for speed and efficiency not only in terms of the ACORN system, but also responsiveness and openness of the Companies Registry and the Financial Services Commission, www.fsc.org.ai.

Some of the unique features of Anguilla's product offerings include the following:

1. The Anguilla IBC and domestic company (CAC) are both tax effective vehicles because of the jurisdiction's truly zero tax status. The issue of ring-fencing is not relevant since neither company nor local Anguillians pay corporate or personal income tax, estate tax or any of form of direct taxation.
2. The Anguilla IBC does not suffer an increase in government fee based on its par value and the legislation allows for the free redomiciliation into Anguilla from any other jurisdiction even if the jurisdiction from which the IBC is migrating prohibits this in its own legislation.
3. The CAC is a recognized listing vehicle on international stock exchanges including the NASDAQ, Toronto Stock Exchange, NYSE and LSE. Its corporate governance provisions emphasize transparency and are within the expected provisions of a well-regulated jurisdiction.
4. Anguillian trust law is well-designed for asset protection with fraudulent disposition legislation limiting the impact of fraudulent conveyance claims and specific language prohibiting attacks on Anguilla trusts in relation to claims based on divorce, forced heirship, insolvency and the imposition of foreign tax..
5. Anguillian protected cell legislation allows for captives and professional/private mutual funds to be formed within the corporate structure of a protected cell company thus allowing for a more efficient corporate structure.
6. Its mutual funds legislation is simple and designed to make the recognition and registration process streamlined and efficient. It has created a fast-track procedure for recognizing hedge funds formed by service providers who have a track-record of establishing these vehicles. Netting legislation, which was recently enacted, also makes Anguilla an attractive jurisdiction for hedge funds.

7. The captive legislation allows various captive structures to be formed including insurance companies which are compliant with section 501(c)(15) and section 831(b) of the IRS Code.
8. Anguilla's new private foundations legislation will cause the jurisdiction to become a more attractive place for clients in civil law jurisdictions.
9. The jurisdiction's regulatory body and commercial registry are open to suggestions for improving its legislation and licensing procedures and is very accessible at all times.
10. Anguilla's professional infrastructure is growing with more experienced players entering setting up offices with locally skilled professionals at the helm..

Anguilla is growing jurisdiction which has learned from the mistakes of more mature jurisdictions while attracting credible and quality market participants who wish to do serious business in a high end tourism mecca.

*Contributed by Carlyle Rogers, Managing Director, Global Consultants and Services (Anguilla) Limited.
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BELIZE: THE CONTINUED EXPLORATION INTO CENTRAL AMERICA

Belize is no stranger to the world of the offshore industry, but this "Jewel of the Caribbean", as it is called by the locals, is still a well kept secret. It boasts a high number of formed companies, having recently topped 54,000 in August of 2006. Belize entered into the offshore industry in 1990, with the introduction of its International Business Act, and in 1992 supplemented the law with the inclusion of the Trusts Act. These are two main staples of the offshore diet, and these bodies of legislation have allowed Belize to quietly become one of the preferred destinations of service providers and clients alike. The primary (and official) language of the country is English, and although the population is below 300,000, Belize boasts one of the most culturally diverse societies presently found. As a result, there are fluent speakers of German, Mandarin, Cantonese, Spanish, even African languages here.

The International Business Companies Act is based on the traditional concept of the IBC: a registered, credible entity with low reporting requirements for the owner. The features are as follows:

1. Incorporation of a company within a 24 hour period.
2. The low government fee of US\$100.00 for incorporation (for a company whose share capital does not exceed US \$50,000.00).
3. The ability to reserve a company name for three months.
4. No requirement of annual returns to the Registry.
5. No subjection to local taxation, as all Belizean IBCs are exempt from local taxation.

The persons in the Belizean offshore industry are primarily locals, and are testimony to the overall high levels of efficiency and professionalism which one expects of this industry.

The jurisdiction also boasts arguably some of the best trust legislation available today. The Trust Act is a prominent vehicle for asset protection, as classes of certain causes of action are expressly precluded from being brought. The benefits are as follows:

1. There is no incubation period between the transfer of funds from Settlor to Trustee, resulting in immediate settlement of the Trust, upon the said transfer of funds.
2. The Statute of Elizabeth, that defining element of common law jurisprudence, has been codified in Belizean law in the Bankruptcy and Law of Property Acts. However, its application to Trusts settled under the Trust Act has been expressly excluded by Section 7(7), which namely excludes the application of fraudulent conveyance principles which fall under those two pieces of legislation.
3. Section 7(6) expressly excludes the bringing of any action based on divorce or termination of marriage, succession rights (testate or intestate), or creditors' rights upon insolvency.
4. There is no recognition of non-Belizean judgments, as the application of the Reciprocal Enforcement of Judgments Act, the only manner in which non-Belizean judgments may be legally enforced in Belize, is expressly excluded by Section 7(7).
5. In keeping with the non-recognition of foreign judgments is also the fact that foreign law is not recognized by the Trust, according to the Trust Act. Only actions brought in Belize can and will be recognized by the court as binding and applicable upon any Trust settled under the laws of Belize.
6. There is provision for the appointment of a Protector, one who is able to oversee the actions of the Trustee, essentially protecting the rights and desires of the Settlor, once the Settlor hands over custody of the Trust property to the Trustee.
7. The Trust property, once outside the jurisdiction of Belize, is automatically exempt from any taxation, such as Income and Business Tax, Inheritance Tax, and even Stamp Duty, as specified by Section 64.

There is much scope for development of the Belizean offshore offerings. The International Financial Services Commission, mindful of the need to stay current, has a proposal of Belizean LLC legislation, which it is hoped will be passed in the near future, will become a prominent feature of Belizean offshore life.

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TIDBITS

The things that make us smile, frown and generally make life interesting...

OUR MONTHLY QUOTE THAT MADE US SMILE

Governments' view of the economy could be summed up in a few short phrases: If it moves, tax it. If it keeps moving, regulate it. And if it stops moving, subsidize it. - Famously, Ronald Regan

USD5,300 PER DAY TO DANCE...WE SHOULD HAVE SKIPPED LAW SCHOOL ☹️

We read with some dismay at the USD15.4 million a Hong Kong private banker cum socialite apparently agreed to spend on rumba and cha-cha lessons for 8 years. Even though the teachers are world-renowned professionals, we were very jealous. If only we knew one could get paid that kind of money for looking good, staying in excellent shape, dancing and attracting females...we would have skipped law school...silly us!!!

MAYBE THE DANCERS SHOULD HAVE GONE TO LAW SCHOOL...NAH, KEEP DANCING 😊

As we went to press, the student taught the professors a lesson by obtaining a judgment for most of the advance monies she "cha-cha'ed up" in advance. Lesson: stay in school, kids, and study law... nah, keep dancing!!!

WE WONDER...

We read with some surprise (initially) when we learned the Munich police have been fining a lady for repeatedly breaking the public nudity laws for bathing naked in the city's 183 fountains. Shocking from a country that just hosted the Football World Cup where rumor has it more goals were scored in local brothels than on the pitch! We wonder if it had anything to do with the fact the less than bashful bather tips the scales at 135kg...we wonder...

MASTERS OF BOXING ADMINISTRATION...SIGN US UP, BABY!!! 😊

We recently read, with an initial sense of terrible dread, that wannabe Don Kings in the USA are doling out US\$1,995 for three days of instruction on how to become a boxing promoter in the USA. We warmed up to obtaining a second "MBA" when noticing the seminar entitled "the proper way to escort a ring-card girl into the ring". Clearly a breath of fresh air compared to Accounting 101 and all those other riveting courses we suffered during our MBA days...yeah, baby, sign us up...and, please also include a seminar on "the proper way to escort a ring-card girl into...." Readers, let your imagination go wild with that one...after all, this is a family newsletter 😊

SUPER MAIDS&...AND THEY ARE SERIOUS!

We read recently with no surprise, which is very sad, about the Philippines government's plan to re-train maids who have returned from Lebanon to be "super maids". Yes, rather than implementing policies to improve the domestic economy so young Filipinas can remain with their families and work in the Philippines, the government plans to upgrade the ladies' skills in hopes that these "super maids" will command higher salaries from foreign employers. We think it is super sad especially since they are serious!!!

BOG SNORKELING...SPORT? HOBBY? INSANITY? YOU CHOOSE...

We recently viewed the highlights of the annual Wales Bog Snorkeling competition on CNN's sports slot. Yes, it was right after the highlights of the Little League World Series where a group of over-talented Yanks narrowly beat a gallant Japanese team...who were 1/2 their size and, according to some rumors, probably 1/2 their age....serious stuff, these lil kids get into. But, we digress. We remain confused how swimming through a bog of sludge, weeds, etc. ranks as a sport. Could it even be a hobby? Perhaps simple insanity? We imagine the winner who said "incredible feeling" must have been

talking about some odd life-form stuck in his shorts...surely, he wasn't so excited about the actual experience of the swim...can the Welsh readers out there help us understand?

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