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Home


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JACK'S CORNER

Merry, Merry and Happy, Happy to you and yours. A few photos from the god people in our 8 offices as they celebrate the holiday season in accordance with their own, unique culture. It is at this time of year that one realizes it is pretty cool to be alive!



In any event, I started writing Jack's Corner in November and here ya go as I moved around the globe this month...

The Bledisloe Cup in Hong Kong...no photos as it simply would look like a traffic jam on a good day in Bangkok...USA Football is slow? Please...we of little Rugby knowledge walked away at half time.

The Sovereign Society Conference (www.sovereignsociety.com) in Cancun was a not-so-unusual event for me as I spoke twice, never left the hotel and never made it to the beach. However, it was quite interesting to meet so many wealthy Yanks seeking either to expatriate or legally move a large portion of their assets outside the USA. Why? A new President and a new Congress. The Yanks might have voted, but it appears to me a lot of wealthy Yanks are now voting again, particularly since the "exit tax" will not bite as much when they "mark to market" their investments, which very likely no longer enjoy large unrealized capital gains.

The International Tax Planning Association Conference (www.itpa.org) in London was, as always, well-done by Elizabeth, Brenda, Milton, Nirav and all the speakers. However, the highlight, at least for me and 34 others, was the Wine Dinner at Berry Bros & Rudd sponsored by GCSL. Photos below speak volumes.



My birthday was quite calm this year, by choice, starting with some chocolate cake with the GCSL Hong Kong and Group staff and followed by Marina and I enjoying two nice bottles at Pierre's for lunch, which deftly flowed into a whole bunch more with a few good friends at home. Photos, yet again...



Congratulations to the Anguilla Companies Registry, which celebrated its 10th anniversary with a one day seminar on the past, present and future of the offshore industry. I flew over from Hong Kong for one day to join the festivities and speak at the seminar. Tiring as I was 76 hours flying for 30 hours in Anguilla...but honored to be asked to speak and 100% supportive of where the Government wants to take Anguilla. A few drinks with the GCSL Anguilla people and government officials, of course, was a fundamental element of the event. Please visit <http://www.anguillafinance.com/> to learn more about the Anguilla Financial Services Association.

While reading about all the trillions of \$ of your children's and grandchildren's \$ being wasted on unraveling the nonsense created by financial wizards aka jerks, I noticed a story highlighting the decency of three UBS officials who are foregoing US\$27 million in compensation after screwing the pooch at Switzerland's large bank. I am confident there is a deal in there somewhere to avoid criminal prosecution or civil litigation, but at least some bankers are stepping up for their poor performance and outrageous conduct.

And then I read the self-serving comments of Mr. Robert Rubin, senior counselor and director, of Citigroup, who took NO blame for the bank's woes and put it all on the "buckling financial system."

Three cheers for those Swiss fellas...perhaps they should send CVs to Citibank because Mr. Rubin is undeserving of ANY ROLE WITH ANY FINANCIAL INSTITUTION OR EVEN A 7-11!!! Heck, GCSL wouldn't even grant him an interview as he obviously is a member of the IRRESPONSIBLE ERA!!!

I finished the month in an airplane reading the USA Federal Grand Jury Indictment of Raoul Weil, who previously was the Head of a major Swiss bank's wealth management business and CEO of a division that supervised USA cross-border business and worldwide private banking. The Grand Jury found that the Swiss bank's USA cross-border business provided banking services to some 20,000 USA persons with assets of approximately US\$20 billion. It also found that 17,000 of these USA persons, with the active assistance of Mr. Weil and his colleagues at the Swiss bank, concealed their identities and the existence of these bank accounts from the USA Internal Revenue Service and equally failed to pay their taxes while the Swiss bank reaped US\$200 million a year in revenue. The foundation of Mr. Weil's sales pitch apparently was the time-honored, world-renowned Swiss banking confidentiality. If the foundation of your offshore plan is cemented together with promises of confidentiality, then fire your advisor, seek professional advice as to how to rework what was done wrong and cross your fingers that some genius has not steered you so wrong for so long that not only you but your family will suffer!!! If you would like a copy of the indictment, please email me at jack@gcsl.info.

Onwards and upwards...nice to be home...for a few weeks...



GCSL NEWS

LEGAL EAGLE HENRY CHEN JOINS GCSL SHANGHAI

GCSL Shanghai is pleased to welcome Legal Eagle, Henry Chen to Johnson's Team! Henry is an attorney licensed in Arizona, USA, and practiced for several years in tax, estate and trust as well as business law before joining GCSL Shanghai. He also is a registered attorney with the USA Tax Court and USA Internal Revenue Service. Henry's experience combined with his strong Greater China business network provides GCSL clients with practical and innovative business solutions on time and within budget. Henry is fluent in English, Mandarin and Taiwanese, and has Bachelor of Arts, Juris Doctor and Master of Laws degrees.

GCSL BELIZE AND GCSL SINGAPORE ON THE MOVE!

Please note the following changes:

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Singapore 059817

Telephone, facsimile and emails all remain the same! C'mon over and visit the kids and see the new digs!!!



AOA

AOA BANGKOK, MARCH 22 – 24, 2009: The stage is set for a most excellent conference – Thai style – at **The Oriental** (www.mandarinoriental.com/bangkok). Our first night extravaganza will be held at the Rim Thai riverside restaurant at The Oriental. Executive Committee Member, **Michael Doyle, Partner, Seri Manop & Doyle** (www.serimanop.com) will update delegates on the latest Thailand business law issues facing foreign investors. Closely following on Mike's comments will be Global Advisory Committee Member, **Gabor Szabo, Partner, Dr. Gabor Szabo & Partners** (www.offshorg.com) discussing some of the cutting edge European tax issues. **Patrick Trainor, General Manager, Asiatic Trust** (www.asiaciti.com) will discuss the new LLC legislation in the Cook Islands and mutual funds legislation in Samoa. Our second night fun will include a riverboat cruise. On Tuesday, we will learn about global intellectual property issues from **Franck Fougere, Director, Vidon & Partners (Thailand)** (www.vidon.com). **Howard Fisher, Partner, The Law Offices of Howard S. Fisher** (www.howardsfisher.com) will parachute into Bangkok from Beverly Hills to enlighten delegates regarding pressing international tax issues. Executive Committee Member, **Peter Tay, Director, Mossack & Fonseca Singapore** (www.mossfon.com) will address the latest developments in private wealth in Malaysia, Singapore and Indonesia. Our last speaker, **Kevin Whitcraft, Director, The RMA Asia Group of Companies** (www.rmasia.net), will offer some unique insights of a foreigner working, doing business in and basically living the life in IndoChina. C'mon over to The Big Mango for a wonderful event at The Oriental.

AOA MUMBAI, OCTOBER 11 - 13, 2009: SORRY, FOLKS, BUT THE RECENT HORRIBLE EVENTS HAS FORCED US TO POSTPONE AN EVENT IN MUMBAI NEXT YEAR. WE WISH ALL THE PEOPLE OF MUMBAI AND INDIA ALL THE BEST DURING THESE DIFFICULT TIMES.

WE WILL ANNOUNCE ANOTHER VENUE SOON!



GREATER CHINA UPDATE

CHINA CAPITAL EXCHANGE REGULATIONS

China imposes foreign exchange controls on all foreign investments, including Representative Offices, and all enterprises operating in China must have two bank accounts. The Capital Account receives foreign currency and is primarily used for registered capital. The Operational Account is for RMB and is used for operating the business. The State Administration of Foreign Exchange ("SAFE") recently announced new procedures for exchanging foreign currency from the Capital Account to the Operational Account, which requires an auditor to issue a report, primarily focused on the source of the funds, i.e. must be from the parent company, prior to the transfer. This new procedure will usually take two weeks. The new procedure also requires documented proof of expense payments from the capital account.

CHINA TAX REFORM

A Value Added Tax, Consumption Tax and Business Tax will come into force on January 1, 2009. Initially, the China Government is seeking to provide benefits to enterprises. This will be followed by benefits for individuals. Both reforms seek to increase domestic spending.

CHINA INTEREST RATES AND RESERVE RATIOS REDUCED

From November 26, 2008, interest rates for mortgages will be reduced by 1.08% while from December 25, 2008 bank reserve ratios will be reduced by 1% for all major state-owned banks.

CHINA & RUSSIA TALKING 25 BIG ONES

China and Russia are discussing a US\$25 billion loan package for cash-poor Russian energy companies in exchange for long-term crude oil deliveries. Disagreements on interest rates and state guarantees have stalled the process.

BANK OF CHINA GOES SWISS

Bank of China has taken its first step into overseas private banking by opening a private bank and institutional asset management arm in Switzerland with the objective of attracting wealthy Chinese who may be looking to move their assets offshore. Chinese law restricts residents from moving more than US\$50,000 out of the country each year.

*Contributed by Johnson Chien, Managing Director, GCSL Shanghai
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CHINA'S US\$4 TRILLION RESCUE PLAN

Recent global financial crisis forced many central banks to take more active steps in terms of saving its own economy while eyeing on US Federal Reserve to see what it will do next after rescuing various famous financial institutions within the US. China, on the other side of the Pacific, is also heavily affected by this crisis as well. China's labor intensive industries are seeing major cutbacks and factory closures among various industrial and economic zones, such as Guangzhou and Shenzhen areas. In order to cope with such economic disaster while trying to preserve the continuing growth of the Chinese economy, the Chinese central government recently announced various plans to deal with these problems. In addition to focus on exporting Chinese-made goods, the policies are beginning to shift towards the meeting the internal needs of China, in another word, the Chinese government intends to use this chance to improve its own infrastructures through creating so called "internal needs" investment

projects.

Chinese Premier Wen Jiabao recently announced steps to deal with the recently global financial crisis. During the meeting within the State Council of the PRC, the central government decided to invest heavily into the internal needs of the China, especially projects involving improvements of the infrastructures of China. Ten particular areas were picked by the State Council to receive priority considerations with such investments, they are:

- Rural housing projects – aims to improve rural housing conditions of the area.
- Rural sanitary improvement projects – aims to add and/or improve existing water treatment facilities, irrigation systems, and rural transportation systems.
- Railways and various airports improvement projects.
- Midwest areas medical facility and schools constructions projects.
- Address environmental concerns in targeted areas.
- Technology & service industries upgrade projects.
- Earthquake rebuilding projects.
- Rural area economic development projects.
- Comprehensive tax reforms with potential income tax & export tax rebates for targeted business.
- Banking institutions rescue packages to aid distressed banks.

The central government plans to invest more than four trillion into above efforts. The initial investment of one trillion will be release during this quarter while the remaining will be gradually invested throughout next year. The central government requests all overseeing agencies to prioritize the needs of the people and such investments must have immediate or short term results. The central government aims to take advantage of this global financial crisis to speed up the improvements of its own infrastructure, and focus on brining on advance technology and highly qualified foreign professionals to achieve its goals.

This might be another great opportunity for foreign enterprises to rethink about their Chinese strategy as well as for those who want to enter China in order to expand their business. "Made in China" has hit several bumps along the road and more Chinese consumers are shifting their buying habits to purchasing foreign products. Traditionally these products can sell for higher value within China when comparing to locally made products. Perhaps now is the time for foreign companies to seize this great opportunities to establish itself in China.

*Henry Chen, General Manager - Fiduciary Services, GCSL Shanghai.
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HONG KONG RUSSIA VISA FREE ARRANGEMENT IN THE WORKS!?

A visa-free arrangement between Russia and Hong Kong could be signed by next spring. The final draft of the agreement was completed in September and is awaiting official approval. Chief Executive Donald Tsang Yam-Kuen announced in his policy address that talks were under way for the signing of a visa-free access agreement with Russia – "the first such agreement signed by Russia with a developed economy". In the recent years, Hong Kong has seen an increase in both imports and tourists from Russia. Hong Kong imports from Russia in the first eight months of the year increased by 47.3% over the same period a year earlier, while last year there was a 26% increase amounting a turnover of USD1.3 billion. This was not a big number compared with that of Hong Kong's major trading partners such as the USA, but it was becoming significant. Meanwhile, the number of Russian tourists visiting Hong Kong increased from 23318 in 2005 to 33607 last year. In the first eight months of 2008 there had already been 23,174 visitors and the holiday season is only just starting for Russians who like to escape the cold winter.

*Contributed by Elie Sfeir, Managing Director, GCSL Hong Kong
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GLOOMY PROSPECTS FOR 2009 AND BEYOND

The recently announced Hong Kong General Chamber of Commerce's Annual Business Prospects Survey made the following findings:

- While more than half (52.7%) believe the current year's business conditions are "somewhat satisfactory," the overwhelming majority (88.6%) expect the economy to be "weaker" or "much weaker" in 2009.
- Satisfaction with the Government fell to 60.1%, from 70.6% in the previous survey.
- The two main skills shortages are languages (21.9% felt this was a problem) and attitude toward work, or a sense of commitment and loyalty (20.7%). Fully 71% of respondents reported difficulty in recruiting appropriate talent locally.
- Barely 7% felt Hong Kong's competitiveness improved over the past 12 months, and 59.5% did not believe it would improve in the next 3-5 years. 41.6% saw an absolute decline in competitiveness, while 51.2% reported no change.

*Contributed by Jason Gerber, Business Development Manager, GCSL Hong Kong
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...AND THEN SOME SILVER LININGS....

In the midst of all the doom and gloom of the current financial crisis, I thought I would share a few positive bits....

- Reuters is reporting that Triple A Partners is seeding a new hedge fund in Hong Kong. Plans are, and I quote, "the Asia Pacific market neutral fund will target absolute returns by employing a number of non-correlated investment strategies." I have no idea what that means, but more power to them.
- Nokia is apparently offering one of its newer phones in China with a Bruce Lee package. The special version is twice the price of the original but is still flying off the shelves. The most amusing part of this story is the clip on Youtube. I won't link it here, but if you look up Nokia and Bruce Lee, I promise you will see something fascinating.
- Hong Kong Disneyland, even in the face of poor overall performance and dwindling tourist numbers may get funding for a major expansion. In an effort to create more jobs and protect its own not insignificant investment in the park, the government is considering a HK\$5 billion dollar face lift. Should make for an interesting debate in the Legislative Council.
- Legal recruiters and international law firms across the region are reporting a surprising increase in the number of UK and USA qualified lawyers moving to Hong Kong, Dubai, Tokyo and other places not New York or London. Rats fleeing from ships (or insert your own lawyer joke here)?

Happy belated Turkey Day to everyone in the USA.

*Contributed by Jason Gerber, Business Development Manager, GCSL Hong Kong
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TAIWAN TAX REFORM

In a move that critics say would cause taxation and socioeconomic inequality, the Taiwan Cabinet approved a tax reform proposal on October 16 that would cut the maximum estate and gift taxes from 50% to 10%. Also included in the proposal were plans to increase standard and special tax

deductions for salaries, tuition fees and households with disabled family members. The inclusion of the exemptions came earlier than expected and was seen as a bid to counter criticism that the tax plan would only benefit the rich. Most experts in Taiwan anticipate a swift ratification by the end of this year and the legislation would come into effect on January 1, 2010 together with the universal tax system, which was passed earlier in 2008 but delayed in execution due to the new presidency of Ma Yin-Jiou.

Under the new proposal, a flat 10% tax rate would be set for both the estate and gift taxes, replacing 10 levels ranging between 2% and 50%. The proposal also raises the estate tax exemption from NTD7.79 million to NTD12 million and the gift tax exemption from NTD1.1 million to NTD2.2 million.

To counter criticism that the tax plan only benefits the rich, the proposal raises the standard and special tax deductions for single taxpayer from NTD46,000 to NYD60,000 and for married taxpayer, from NTD92,000 to NTD120,000. The special deduction threshold will also be increased from NTD78,000 to NYD100,000, and for households with disabled family members, from NTD77,000 to NTD100,000. In addition, taxpayers can claim a special deduction of NTD25,000 for each child attending college or high education, while the current system allows only NTD25,000 on a per household basis.

Despite being fiercely criticized by any scholars, the Cabinet took a firm position on the aggressive reform in order to align its competitiveness with Hong Kong and Singapore, and to attract more capital into the country. "Lowering the rates will attract more capital into the country because wealthy people won't bother depositing money abroad to avoid paying taxes if the cost of tax evasion is equivalent to their estate tax and gift tax." Said Minister of Finance, Mr. Sush-der Lee. However, many observers and experts in the offshore industry feel the statement is only half right at best. "Money that is already offshore will not return to Taiwan," said one anonymous industry leader, "and we're not sure that the reduced tax would be enough incentive to keep the money in Taiwan unless the domestic investment environment improves."

*Contributed by Stephen Tsih, Business Development Director – Greater China, The GCSL Group of Companies Limited.
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¿ADIÓS TAIWÁN?

On November 16 President Hu Jintao arrived in Costa Rica for an official visit, consummating the establishment of diplomatic relations between China and the Central American nation in June 2007. In the context of China's growing engagement with Latin America, the visit is significant. Costa Rica is an important destination for foreign investment in the region, with names such as Intel, Abbott and Baxter taking advantage of the country's political stability, high levels of education and convenient location. With the recent approval of a free trade agreement with the United States, it is easy to imagine Costa Rica as a springboard for Chinese companies seeking to enter markets across the Americas.

Going by media commentary, however, the real story is not the relationship that is starting, but rather the one that ended: that between Taiwan and Costa Rica. With only a small number of nations still maintaining diplomatic relations with Taipei, each switch of recognition inflicts a painful blow. President Hu's visit undoubtedly rubs salt in the wound. Making matters worse is the fact that Central America has traditionally been a stronghold of support for the island. Will Costa Rica be only the first chip to fall?

Taiwan doles out generous amounts of financial aid to its friends, but the opportunity costs of irritating China are growing. Costa Rica's break might embolden others, who already privately grumble about missing out on trade opportunities with China, not to mention its increasing beneficence. The goodies brought by President Hu to his Costa Rican hosts include an investment of over US\$1 billion in their state-owned oil refinery, a US\$40 million line of credit, and the promise of a free trade agreement by 2010.

A further reduction in the number of embassies in Taipei will have little practical impact. After all, Taiwan already enjoys healthy trade relations with plenty of partners who, in theory, view it as a Chinese province (including, of course, Mainland China). However, the trend does underscore the growing importance of China to Latin America. Expect more Spanish-speaking diplomats in Beijing.

*Contributed by Frederic J Rocafort, Business Development Executive, GCSL Hong Kong
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SINGAPORE UPDATE

ZERO TARIFFS FOR MOST ITEMS AS SINGAPORE AND CHINA ENTER INTO FTA

Hot on the heels of the Singapore-Peru Free Trade Agreement ("FTA"), and two years and eight rounds of discussions finally bore fruit when Singapore and China linked a historic free trade agreement yesterday – one that will see tariffs for almost all goods moving between the two countries abolished from January.

Also significant is the move to allow soon certain professionals such as auditors, accountants and architects from both sides greater flexibility to work in either country.

The FTA – which will come into force on January 1, 2009 and is China's first bilateral pact with another Asian country – will see Singapore removing all tariffs from all products imported from China. For example, popular China-made beer like Tsingtao and Yanjing will have easier access to the Singapore market, and consumers here could soon enjoy them at lower prices.

In return, FTA will see about 95% of Singapore's exports to China worth over S\$18 billion and including chocolate, instant coffee, ornamental fish and stainless steel – enjoying zero-tariff status by January 2010. For a start, more than 85% of Singapore's exports will be at zero-tariff from next January, with an additional 10% becoming duty-free the following year. There is, however, a list of 260 products from Singapore that will remain excluded from tariff-free access to China, such as pepper, rice, sugar, tobacco and crude palm oil.

China is Singapore's third largest trading partner and biggest investment destination. Bilateral trade reached a record S\$91.6 billion last year. Singapore's cumulative actual investments reached nearly S\$50 billion by the end of 2007.

But it is not just the movement of goods and services that are being liberalized. The doors to human capital, too, will soon be cast wide open to allow accountant, auditors and architects from Singapore and China to find jobs in either country, with their education and professional qualifications being recognized as well.

The commitment to improve education has not been ignored in the FTA. Singapore has committed to recognize degrees from two more Traditional Chinese Medicine (TCM) universities in China, taking the total to eight, while China will recognize degrees from two Singapore medical institutions.

From thence, the island republic and the super power will now enjoy ease of business never achieved before between China and another Asian country. Meanwhile, a free trade deal with Japan is scheduled to be completed in 2012. Talks are also underway for an FTA with the European Union, but it still at an early stage.

*Contributed by Lawrence Fong, Managing Director, GCSL Singapore
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INTERNATIONAL UPDATE

BVI TIEA WITH UK AND AUSTRALIA

Last month, the BVI took a step forward and signed a Tax Information Exchange Arrangement (TIEA) with Australia, on October 27th, and, on October 29th, a TIEA and avoidance of double taxation agreement with the U.K. This reflects the commitment of the jurisdiction to maintain its reputation as a responsible financial centre and to implement the principles of transparency and effective exchange of information suggested by the Organization for Economic Cooperation and Development (OECD). These agreements will enter into force as soon as each country's legislative procedures have been completed. After signing the agreement, Australia confirmed that it will remove any governmental reference to the BVI as a tax heaven and will list it as an information exchange country in the Taxation Administration Regulations 1976.

The TIEAs signed will enable these countries to request information relevant to a tax matter under examination/investigation in order to enforce their domestic laws. The country requesting the information will have to provide details on the tax purposes for which the information is sought, reasons why this information is believed to be in the territory, nature and type of the information requested, a period covered by this information and the identity of the person and any other detail available. It is worth mentioning that both, the BVI and UK, have agreed "not to apply prejudicial or restrictive measures based on harmful tax practices to residents or citizens of the other party so long as the Agreements are in force and effective" and if this happens the operation may be suspended. The complete exchange of letters between the BVI and UK may be found at <http://www.hmrc.gov.uk/international/bvi-eol.pdf>

The double taxation agreement will eliminate the double taxation of income arising in one territory and paid by residents to another. It will benefit pensioners, students and civil servants. The taxes covered in the BVI are income, payroll, land and house while in the UK it also includes corporation, capital gains, inheritance and value added tax.

*Contributed by Aymard Jimenez, Managing Director, PMA Global Limited, Hong Kong
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BRITAIN, BRITAIN, BRITAIN

Well another year down and with it the silly season commences. That's right, this month I shall be talking about Gordon Brown from the Mother Country. A man who is sending more mixed signals presently than a stoned air traffic controller. Britain, Britain, Little Britain.....indeed.

Brown has released a £20 billion "fiscal stimulus" plan that sees some taxes cut and more public spending; at the expense of future generations as to fund this package requires inevitably more borrowing. VAT will be cut from 17.5% to 15% from 1 December 2008 until the end of 2009. This however at a time where retailers have to discount heavily to get consumers to part with their ever decreasing take-home pay. Also retailers face dropping prices, only to have to increase them again by the 2.5% at the end of December 2009.

And to fund these cuts and blow-out spending from a Government that soon will be going to the polls the apparent "rich" will be paying. In this case, as with many, salaried persons who cannot effectively structure away their earnings offshore or take advantage of non-domicile rules in Britain.

Under Brown's administration it is proposed that from mid-2011 an estimated 400,000 people earning more than 150,000 pounds (\$US224,000) would pay a 45 percent income tax rate, up from 40 percent, the first increase since the 1970s. While this figure may seem extravagant to some readers, try living a first-world middle class lifestyle in Central London or even in tube zone 2 on your own, let alone with a dependent spouse and a couple of kids who need a decent education and healthcare. The positive to this announcement is that it is possible that Brown the unelected Prime Minister may very well not actually be in power by 2011 to enforce this "envy tax", the next election due to be held in 2009 or as late as 2010 depending on the pundits.

The economic reasoning of this Robin Hood approach is that the poor are more likely to spend their tax cuts than the rich therefore provide the economy with more stimuli. However the poor are also the most likely to lose their jobs completely in this pending economic doom with little or no savings therefore are in this instance more likely not to spend than the wealthy, who have enough cash left to buy up bargains in all sectors.

We can only but predict a social uprising in Britain as more and more middle-class, middle-income taxpayer dollars are given to the sort of persons that are responsible for increases on knife violence, child abuse and general anti-social behavior. Unfortunately not even Australia these days will take these criminal types so Britain is stuck harboring and funding general degenerates, and eventually Kerry Katona and Jade Goody when they run out of cash.

But spare a thought this silly season for Shadow Immigration Minister, Conservative Damian Green who was arrested for doing what opposition MP's do all over the world – releasing leaked documents to the media. His arrest was buried in the rubble created by the attacks in India but it is a Constitutional outrage.

Just how Green's arrest fits in with first world principles of free speech and rights I have no idea, but Britain is indeed a different country to that of the past and instead of being a haven for business and prosperity it has now become an onshore nightmare that increasingly it's productive citizens are trying to escape from for warmer and more taxation-friendly climes.

*Contributed by Cathy Odgers, Group Legal Counsel and Compliance Officer, The GCSL Group of Companies Limited.
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FINANCIAL CRISIS CREATES OPPORTUNITIES IN ASIA

The region may not be big enough to carry the entire weight of the global financial crisis on its shoulders but analysts expect Asia to be the primary growth region for multinational companies in coming years. Historically multinationals have looked to Asian countries for low cost operations, primarily cheap manufacturing and labor. However, with economic growth dwindling across most of the developed world, these companies are now counting on Asia, and principally China and India for revenue growth.

Although China's GDP growth is expected to drop a few percentage points in 2008, this is coming down from 2007's red-hot 11.9% growth rate.

While economists are predicting that the USA economy will shrink by 0.8% in 2009, China's economy will grow anywhere between 7.5% and 8.8% (depending on the economist). In past slowdowns, China did not have a large enough consumer market to warrant the kind of attention it is now receiving. Today it does. The number of Chinese nationals with middle class purchasing power is currently estimated at 80-100 million and is expected to reach 290 million by 2011.

Companies operating in a wide range of industries have already begun shifting their efforts to take advantage of the "rise of the east." In 2007, between 30-40% of earnings of the S&P 500 came from outside the US, according to Fred Alger Management, Inc. In the first half of 2007, USA companies' profits in the US were flat, while profits earned overseas rose 20%.

The trend will accelerate this year and next year because of the global financial crisis. According to Forbes, fast food giant McDonalds plans to open 125 new outlets in China by the end of this year, 18% more than the company opened in China in 2007. Software company CA will spend US\$30 million to expand its R&D facility in India. French hotelier Accor will triple its hotels in China, Hong Kong and Macao by 2010, and Intercontinental will manage six new hotels in China. GE has already predicted that within the next decade, 60% of their revenue growth will come from developing countries, mostly China and India, up from 20% in the past decade.

*Contributed by Ooi Hoay Beng, Business Development Director – Asia, The GCSL Group of Companies Limited.
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BVI KEEPING A STEADY PACE

The British Virgin Islands Financial Services Commission has recently published in their web site the Statistical Bulletin#11 summarizing their activities for the second quarter of 2008, you can read the complete bulletin at www.bvifsc.vg/Default.aspx?tabid=200. As at June 30 2008, there were 445,865 active companies in the BVI Registry and from their statistics, it can be extracted that during Q2 2008, 15,831 companies were incorporated. On the Funds side, 95 new funds were incorporated during Q2, between Public, Private and Professional classifications. This represents an increase of 23% in comparison to the number registered during the first quarter of 2008.

*Contributed by Aymard Jimenez, Managing Director, PMA Global Limited, Hong Kong
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FOREIGN INVESTMENTS AND BRAZILIAN REAL ESTATE

By virtue of its huge domestic market and economic potential, Brazil has always offered countless business opportunities for both domestic and foreign investors. After several boom-and-bust cycles in recent years, Brazil is now in the midst of its best sustained economic growth since the 1970's and long term perspectives are bright.

One of the economy sectors most decidedly reflecting this virtuous cycle is the Real Estate segment. From the middle-class residential condos to the A-class office space market, the Brazilian real estate business is going through a time of intense activity that has not been seen for a while. The lasting decline in domestic interest rates coupled with low inflation and high liquidity in the international capital markets have led international investors to take a closer look at the arising opportunities.

For instance, the north-eastern coastal area of Brazil is already enjoying increased international investment focus. This area of the country has seen record real estate price gains in the residential and commercial sector as international businesses seek to establish a presence in this area. Attracted by the near perfect climate, stunning natural landscape, lower labor and overhead costs, the demand for investment real estate deals in this region is intensifying, so prices and potential returns are increasing.

The process of investing in the Brazilian real estate market of course begins with investors seeking suitable land or property to meet their portfolio requirements. To this end, they may look for the services of a real estate broker or realtor. However, many investors fail to realize that estate agents are salespeople that do not have the legal knowledge required to foresee eventual problems and ensure smooth transactions.

When investing in the Brazilian real estate market, securing appropriate legal counsel to avoid common pitfalls is a must. So if you are buying or selling real estate in Brazil or are involved in a dispute regarding real estate properties in the country, it is in your best interest to get in touch with an experienced real estate lawyer to ensure that your rights are protected.

*Contributed by Marcus Vinícius do Amaral Marsíglia, Lawyer - Miguel Neto Advogados Associados.
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WHY URUGUAY?

Among the characteristics that have allowed the development of services area and in particular financial services in Uruguay, we can indicate:

Financial Advantages: Our country leads a well known and high level financial system. It is integrated by multiple branches of first line banks. Through Uruguay, the foreign investor has access to the main banks in the world.

Political system: Uruguay has always been characterized as stable and having respect for the rule of law.

Free exchange: As part of our "opening" to the world, we eliminated all restrictions on currency exchange.

Taxation environment: The Uruguayan tax system follows the territorial source principle of tax.

Confidentiality: The confidentiality of handling of information is assured by means of constitutional, legal norms and ratified international instruments with full force and effect at local level.

*Contributed by Carlos Ruiz Lapuente, Lawyer, Estudio Ruiz Lapuente, Uruguay.
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GERMAN COMPROMISE ON INHERITANCE TAX

Following long discussion, a mutual consent on the future of the inheritance tax reform was found by the governing Grand Coalition on November 6 2008. The reform became unavoidable after a decision of the German Constitutional Court which declared the current inheritance tax unconstitutional but allowed its application until the end of 2008. The amended draft of the new inheritance law bases the valuation of estates on market value but allows for certain exceptions. The following are the main aspects of the amended draft:

- The tax exemption for spouses and children would each be doubled up to EUR 500,000 for spouses and EUR 400,000 for children;
- No inheritance tax would be due in regard to an inherited house or flat if the surviving spouse or a child uses it for residential purposes for at least 10 years, regardless of the value of the house or flat (to the

extent that the house does not exceed 200 m² if children continue to live in the dwelling)

- Heirs continuing an inherited business would be able to choose between two options:

Option A: 85% of the inheritance would be tax exempt if the heir were to continue the business for 7 years following receipt of the business;

Option B: No inheritance tax would be due if the business were continued for 10 years following receipt.

Both options would be linked to an employee-retention requirement which would have to be met at the end of the respective time period. The decisions of both chambers of the German Parliament, the Bundesrat representing the federal government and the Bundestag representing the Federal States, are expected at the end of November. While the Grand Coalition has a comfortable majority in the Bundestag, the vote of the Bundesrat is still open. Particularly unknown is the way in which Bavaria will vote since the Liberal Party, the junior partner in Bavaria's new government, has announced its intention to block the new inheritance tax bill.

*Contributed by Peter H Dehnen, Partner, Dehnen Lawyers, Germany
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PANAMA'S DEVELOPMENT RANKS HIGH IN LATIN AMERICA

The World Economic Forum has published its Global Competitiveness Report 2008-2009 (GCI). According to this report, Panama is the second highest ranked country in Latin America behind Chile.

The report rates 134 countries on their stage of development based on the following 12 pillars: (1) Institutions; (2) Infrastructure; (3) Macroeconomic Stability; (4) Health and Primary Education; (5) Higher Education and Training; (6) Goods Market Efficiency; (7) Labour Market Efficiency; (8) Financial Market Sophistication; (9) Technological Readiness; (10) Market Size; (11) Business Sophistication; and (12) Innovation.

The Top 10 scores went to:

Ranking	Country	Ranking	Country
1	U.S.A.	6	Finland
2	Switzerland	7	Germany
3	Denmark	8	The Netherlands
4	Sweden	9	Japan
5	Singapore	10	Canada

- Source: <http://www.weforum.org/pdf/GCR08/GCR08.pdf>

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OFFSHORE UPDATE

ANGUILLA: ANGUILLA FOUNDATION ACT (part 3)

Every foundation must at all times have a registered agent in Anguilla. This is similar to the requirement for the corporate entities formed under Anguillian law. The registered agent must be a regulated person which means that said agent must hold a licence either as a company manager or trust company. The first registered agent of every foundation must be specified in the declaration of establishment of that foundation. A foundation may change its registered agent by filing a notice for that purpose in the prescribed form with the Registrar and the change of the registered agent takes effect upon the notice being registered or deposited by the Registrar.

If the registered agent ceases to be a regulated person, the foundation shall, within 14 days of becoming aware of that fact, change its registered agent to a person who is a regulated person. If, pursuant to a notice given to the foundation, a person ceases to act as the registered agent of a foundation, the foundation shall appoint a new registered agent immediately upon the effective date of the first mentioned registered agent ceasing to so act. If a person ceases to act as the registered agent of a foundation for any other reason, the foundation shall, within 14 days of becoming aware that the person concerned has ceased to act as its registered agent, change that registered agent to another person who is a regulated person.

A foundation that does not have a registered agent or a person who acts as registered agent of a foundation without a company manager or trust company licence commits an offence and is liable to such penalty as may be prescribed by regulations.

If the registered agent of a foundation intends to cease to act as its registered agent, he must give not less than 30 days written notice of his intention to do so by sending a notice to any Foundation Council member at the address of the Foundation Council member last known to the registered agent.

A foundation must, at all times, have a Foundation Council, whose duties and responsibilities shall be set out in the declaration of establishment of the foundation or in its by-laws. The Foundation Council may comprise one or more persons, whether corporate entities or individuals. However, no person shall be a Foundation Council member of a foundation if the person is—

1. a minor; or
2. an incompetent; or
3. the guardian of the foundation; or
4. disqualified from being—
 - a Foundation Council member of a foundation under the Act, or
 - a director of a company under any law of Anguilla.

The Foundation Council of a foundation has the responsibility of carrying out the objectives and purposes of the foundation. Specifically, it has the following general obligations and duties—

1. to direct the administration of the assets of the foundation;
2. to exercise the powers of the foundation, directly or indirectly, through the employees and agents of the foundation;
3. to enter into any transactions, contracts or lawful business that may be suitable or necessary to fulfil the purposes of the foundation;
4. to provide information relating to the property endowment to the beneficiaries of the foundation and the guardian, if any;
5. to make distributions or applications of all or any part of the property endowment or the income of the foundation; and
6. to do all such other acts as may be provided for by this Act.

A Foundation Council member shall, in the exercise and discharge of his powers and duties—

1. act honestly and in good faith with a view to the interests of the foundation, its beneficiaries or its purposes; and
2. exercise the care, diligence and skill which a reasonably prudent person would exercise in comparable circumstances.

A Foundation Council member who commits or concurs in committing a breach of the duties stated above is liable for—

1. any loss or depreciation in value of the property endowment resulting from the breach; and
2. any profit that would have accrued to the property endowment had there been no breach.

These breaches cannot be excused by any document used to create the foundation and a Foundation Council member may not set off a profit accruing from one breach against a loss or depreciation in value resulting from another breach. However, a Foundation Council member is not liable for a breach committed by another person prior to his appointment or for a breach committed by another Foundation Council member unless—

1. he becomes or ought to have become aware of such breach; and
2. he actively concurs in or conceals such breach, or fails within a reasonable time to take proper steps to protect or restore the property endowment or to prevent the continuance of the breach.

Where 2 or more Foundation Council members are liable for a breach, they are liable jointly and severally. A Foundation Council member who becomes aware of a breach shall take all reasonable steps to remedy the breach or cause the breach to be remedied.

Subject to the Act and to the terms of its declaration of establishment or its by-laws, a foundation may indemnify against all expenses, including legal fees, and against all judgments, fines and amounts paid in settlement and reasonably incurred, in connection with legal, administrative or investigative proceedings, any person who—

1. is or was a party or is threatened to be made a party to any threatened, pending or completed proceedings, whether civil, criminal, administrative or investigative, by reason of the fact that the person is or was a Foundation Council member or guardian of the foundation; or
2. is or was, at the request of the foundation, serving as a Foundation Council member, guardian or liquidator of, or in any other capacity is or was acting for, another foundation.

This only applies if the person acted honestly and in good faith with a view to the interests of the foundation and, in the case of criminal proceedings, the person had no reasonable cause to believe that his conduct was unlawful.

The decision of the Foundation Council, with the written concurrence of the guardian, if any, as to whether the person—

1. acted honestly and in good faith and with a view to the interests of the foundation; or
2. had no reasonable cause to believe that his conduct was unlawful;

is, in the absence of fraud, sufficient for the purposes of proving this unless a question of law is involved.

The termination of any proceedings by any judgment, order, settlement, conviction or the entering of a *nolle prosequi* does not, of itself, create a presumption that a person—

1. did not act honestly and in good faith with a view to the interests of the foundation; or
2. had reasonable cause to believe that his conduct was unlawful.

If any person referred to above has been successful in defence of any proceedings referred to therein, the foundation shall indemnify such person in respect of such proceedings as therein mentioned.

It is important to note that the High Court may relieve a Foundation Council member of liability, in whole or in part, for a breach where it appears to the Court that the Foundation Council member has acted honestly and reasonably and ought fairly to be excused for the breach or for omitting to obtain the directions of the Court in the matter in which the breach arose.

The declaration of establishment of a foundation or its by-laws may provide that the Foundation Council or the Foundation Council members of the foundation may only exercise certain powers by obtaining prior authorisation of its guardian, if any. Where such authorisation for the exercise of a power has been duly obtained from the guardian of the foundation, a Foundation Council member of that foundation is not liable for—

1. any loss or depreciation of the property of the foundation; or
2. any damages or prejudice caused to the foundation;

resulting from the exercise of the power, unless the exercise of that power is a breach as discussed above.

Any person dealing with a foundation in good faith may assume that the Foundation Council of the foundation has the power to bind the foundation or to authorise others to do so. This shall not affect the right of the foundation or its guardian, if any, or any Foundation Council member of the foundation to bring proceedings to restrain the doing of an act which is beyond the powers of the Foundation Council.

The Foundation Council of a foundation shall, so far as is reasonable and within a reasonable time from the date of receipt of a request in writing to

that effect, provide full and accurate information as to the nature and amount of the assets of the foundation and the conduct of their administration—

1. subject to the terms of the declaration of establishment of the foundation and its by-laws—
 - (i) to the founder of the foundation,
 - (ii) to the guardian of the foundation, if any, and
 - (iii) to any beneficiary of the foundation; or
2. pursuant to an order of the High Court.

However, subject to the provisions of the Act, the terms of the declaration of establishment of a foundation and its by-laws and any order of the Court, neither the Foundation Council nor the guardian of the foundation is required to produce and make available to any person any document which—

1. discloses their deliberations as to the manner in which they have exercised or have not exercised a power or discretion or performed a duty conferred or imposed on them or on the guardian; or
2. relates to, or discloses the reason for, any particular exercise or non-exercise of the power or discretion or performance or non-performance of any duty or the material on which such reason was or might have been based.

Subject to the terms of the declaration of establishment or by-laws of a foundation, the Foundation Council of the foundation shall meet at such times and in such manner and places within or outside Anguilla as it may determine. A Foundation Council member of the foundation shall be deemed to be present at a meeting of the Foundation Council if he participates in the meeting by telephone or any other electronic means and all the Foundation Council members participating in the meeting are able to hear each other. Decisions of the Foundation Council may be taken by way of written resolutions signed by all the Foundation Council members.

The removal and appointment of new or additional Foundation Council members of a foundation shall be effected in accordance with the terms of the declaration of establishment and by-laws of the foundation, but the full names and address of any Foundation Council member appointed shall be notified to the registered agent within 14 days of his appointment and every Foundation Council member shall have a duty to notify the registered agent of any change of his address within 14 days of the occurrence of such change.

Where the declaration of establishment of a foundation or its by-laws do not provide for the right to remove members of the Foundation Council of the foundation and the causes for such removal, the founder, any beneficiary, the guardian, or any Foundation Council member of the foundation may apply to the High Court for the removal of one or more Foundation Council members, for any of the following causes—

1. when the interest of any such Foundation Council member is incompatible with the interests of the beneficiaries of the foundation or the founder or with the objectives and purposes of the foundation;
2. if the administration of the assets of the foundation lacks the diligence of a reasonably prudent person;
3. if any such Foundation Council member is charged with and convicted of an indictable offence;
4. for incapacity or inability to carry out the objectives of the foundation, from the time such cause arises; or
5. for the insolvency of, or in the event of bankruptcy proceedings against, any Foundation Council member.

Where a Foundation Council member of a foundation is charged with an indictable offence, the High Court may, while the criminal proceedings in respect of that offence are in progress, suspend such Foundation Council member and may appoint a person to replace the Foundation Council member suspended or removed.

Every foundation shall, unless its Foundation Council includes at least one person who is permanently resident in Anguilla and is a regulated person, have a Secretary who—

1. must be a person residing in Anguilla;
2. must be a regulated person; and
3. may be the registered agent of the foundation.

No foundation shall have as its Secretary a person who is the sole Foundation Council member. The Secretary of a foundation shall be responsible to the Foundation Council of the foundation for the implementation of the decisions and policies of the Foundation Council in compliance with the laws of Anguilla and for due compliance with the provisions of the Act. Finally, each foundation shall keep, at its registered address, a register in which shall be recorded and maintained the identification particulars of its Foundation Council members and of its Secretary, if any.

Next month, I will continue my examination of the Act by focusing on, amongst other matters, the role of the guardian in an Anguilla foundation.

*Contributed by Carlyle Rogers, Managing Director, GCSL Anguilla
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BELIZE: EARLY RETIREMENT - THE RETIRED PERSONS INCENTIVES ACT

Have you ever contemplated retiring early? Have you ever consider that maybe the time has come for you to wave goodbye to the work world and begin to live a life of leisure (relatively speaking)? How would you like to do it in a country where things are a little slower and liquor flows like the seas aligning, where the weekend can start on "Thirsty Thursday?" Perhaps then you might want to consider looking at the country of Belize, where the Retired Persons Incentives Act is currently in operation, and indeed has been so for some time now.

Under this little publicized Statute, it is possible to be able to reside in Belize while still being what is termed a Qualified Retired Person ("QRP"). To qualify as such, one must satisfy all of the following qualifications:

- over 45 years of age;
- a citizen or a legal permanent resident of the USA, UK or Canada;
- the beneficial owner of a pension or annuity;
- a financial position to give a written undertaking that he/she will deposit FOR HIS OWN USE in a licensed Belizean Banking or other financial institution either the equivalent of the sum of US\$2,000 each month in an approved foreign currency, or on the 1st of April of each year, the equivalent of the sum of US\$24,000 again for his use (please, no April Fools jokes! April 1 is the beginning of our fiscal year.).
- be able to satisfy any other requirement which may be put in place by the Minister of Tourism, who by the statute has responsibility for this program.

Please note that if even one of the above requirements is not maintained or met, the QRP will lose entitlement to all of the exemptions and privileges which would have accrued to him/her. What then are these privileges, you ask? Well, they are simple, but still attractive to at least a few number of persons. They are as follows:

- The QRP will be allowed to enter and remain in Belize with his or her dependents from time to time and for as long as he or she remains in the capacity of a QRP. One's dependents are categorized as one's spouse and one's children under 18 years of age.
- Upon first entry into Belize, as a QRP, one is allowed to import all his or her personal effects and an approved means of transportation for his or her personal use, absolutely free from all import duties and taxes.
- Every five (5) years after that initial entry, the QRP is entitled, upon showing that he has properly disposed of the said approved means of transportation being used for his personal use in Belize, to import a replacement vehicle. *Disposal*, however, means that the vehicle is no longer in his possession because:
 - The vehicle has been exported from Belize subsequent to its entry therein;
 - The vehicle has been sold, leased or otherwise disposed of to another individual in Belize;
 - Can prove that all import duties have been paid; or
 - Can show that the vehicle has been lost, stolen or cannot be used by virtue of accident.
- QRP is deemed to be a non-resident for the purposes of the Offshore Banking Act, the Exchange Control Regulations, the International Business Companies Act, the Trusts Act, the Immigration Act, and any other Act directly or indirectly relating to international financial services.

There are of course some restrictions to this seemingly perfect little arrangement for some folks. The QRP cannot be gainfully employed in Belize. The QRP can, however, be engaged in a business while in that capacity, as long as the business relates to activities carried on mainly outside of Belize and is conducted exclusively with non-residents in Belize.

In relation to the means of transportation, the list can always change to include a hovercraft or some other transport that may become standard in the future, but presently the list covers: a motor vehicle, a boat or a light aircraft. Remember though that this transportation has to be for personal use.

Because this is a statute related to international financial services, any application to be designated as a QRP will have to be made through a Registered Agent, such as GCSL Belize.

*Contributed by Carlo Mason, Managing Director, GCSL Belize
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COOK ISLANDS: YOU SHOULD BE ABLE TO TRUST YOUR TRUSTEE

I am aware that some trust practitioners promote the idea that you simply cannot, and should not, trust your trustee. While I can only imagine the horror scenario that would have given rise to such a proposition, I am of the genre that having faith and trust in your trustee is the absolute cornerstone of our business. Without it....well, you should get out of the trustee business.

The only caveat I would hold to the above statement is, of course, where the client or their advisor does not come to the table with clean hands, or are responsible for the circumstances that have led to a statement that one should not trust their trustee. Certainly where the trustee has committed wrong, and acted contrary to the terms of a trust instrument or the relevant laws of the jurisdiction concerned, then there is grounds for the notion that one should not trust their trustee.

However, the client (or the advisor), cannot complain if the trustee is doing what the trustee is supposed to do under the terms of a trust instrument, put in place under the advice of a suitably qualified person. That is the reason why, as trustee, I always insist that the drafting of a trust instrument is done by the client's legal advisor. Far too often, I am asked to draft or put together a trust instrument for a trust client, and always my response is the same. In our capacity as trustee, we are not qualified nor is it our business to draft trust instruments or give legal advice. Further, this avoids the scenario where, later on, a dispute arises as to the conduct of the trustee under the terms of the trust instrument and where the trustee has had a hand in drafting the very terms which are being disputed. If such a scenario ever does arise....a client may well have grounds to point the finger of a conflict of interest at the trustee.

Certainly where I am approached in my capacity as a Solicitor, (qualified to practice in both New Zealand and the Cook Islands), then I may be able to help. But in my role as trustee, I make a conscious effort NOT to hold myself out as giving legal advice to avoid any such potential conflicts.

But here is the real question for me, if you don't trust your trustee, then who can you trust? Certainly if a scenario has arisen where the trustee's integrity is in question, then you should bring the matter to the attention of the relevant Regulator of the trust situs. If there is a case to answer or if there has been serious misconduct, the trustee should rightly be reprimanded. In the Cook Islands, there is a good chance the trustee may even lose their licence to operate for conduct (amongst other penalties).

In my experience with other jurisdictions, the Cook Islands would rate as one of the toughest jurisdictions in which to be licensed – simply because of the high threshold that is imposed by the Regulator on the trust companies and the way they conduct their business. In the Cook Islands, the Regulator actively supervises the Trustee Companies – for example, once a year they walk through our doors and conduct an "audit" on our KYC procedures. There would not be many other jurisdictions (particularly OECD jurisdictions) that go to this extent in the supervision of trustees.

So, it is on this basis that I find it hard to understand why one should not trust their trustee. Certainly a client may feel uncomfortable with giving legal ownership over hard earned wealth to a trustee on a tiny island in the middle of the South Pacific, but there are ways and means to structure a plan so that these fears are allayed. This however is not the same as saying that you should not trust your trustee, because somewhere along the line, you WILL have to trust someone to bat for you.

As an independent trustee not affiliated to any bank, custodian, law firm or other financial institution that could possibly benefit from trust assets, that someone is your trustee in a well regulated jurisdiction such as the Cook Islands.

*Contributed by Puai Wichman, Managing Director, GCSL Cook Islands
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SAMOA: RENEWAL TIME, AVOID THE RUSH, AVOID THE PENALTIES

Greetings from hot, humid and rainy Apia! It is our rainy, cyclone season and fingers crossed we won't be fighting any strong winds or torrential downpours. This time last year I remember being stuck in our old office due to flooding outside the building and with Fono trying to wade her way through what she called, the "Mississippi river" bursting outside her house, to get to the office to deliver renewal applications to the Registrar.

Well, it is that time of the year again and we are busy preparing renewals for our IBC's as the deadline approaches. As a reminder, 30th November is the due date, however we do have a December 14th grace period as the absolute last day for the last minute renewals. Failing that, penalty fees will start applying, with the Registrar charging US\$25 per month renewal lapses. So a message to all our clients who have IBC's registered here in Samoa, please drop us a note to check and make sure your IBC's are duly renewed on time. Please also check your respective individual clients and intermediaries to make sure no-one is left behind.

Contributed by Laura Fepuleai, Manager, GCSL Samoa
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TIDBITS

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

OUR MONTHLY QUOTE THAT MADE US SMILE

Due to the recent Global Financial Crisis, and the rising cost of electricity, gas and oil, the Light at the End of the Tunnel has been turned off. We apologize for the inconvenience. – Anon

A little girl asked her father: 'How did the human race appear?' The father answered, 'God made Adam and Eve; they had children; and so was all mankind made.'

Two days later the girl asked her mother the same question. The mother answered, 'Many years ago there were monkeys from which the human race evolved.'

The confused girl returned to her father and said, 'Dad, how is it possible that you told me the human race was created by God, and Mom said they developed from monkeys?'

The father answered, 'Well, Dear, it is very simple. I told you about my side of the family, and your mother told you about hers.'

BANKRUPT AND FLYING PRIVATE...NO SHAME!

Ya gotta love the CEOs of the Big 3 USA automakers all of whom admitted without shame or apology that they flew on private jets to attend Congressional hearings in Washington DC. Bankrupt and flying private....no comment...jerks!!!

OUCH!

Oh my, people really did take that bad vaudeville show in the USA seriously!!!

No Hard Feelings...

The election day is over,

The talking is done.

My party lost,

your party won.

So let us be friends,

Let arguments pass.

I'll hug my elephant (symbol of Republicans)

You kiss your ass (symbol of Democrats)

MORE THAN ONE WIFE AND TWO CHILDREN FOR EVERY YEAR ON THE PLANET

We recently read about an 84-year-old Islamic preacher with 86 wives and 170 children who was charged with "insulting religious creed". A Nigerian court ordered he should be released from jail after he was held for failing to heed a call by local leaders to divorce all but four of the women. We think he should be given an award for lunacy...after all, we love our wife, but 85 more? Not to mention the small hamlet of children. Well, we imagine some people need a hobby...tiddly winks would be more reasonable!

THE FAT STRATEGY

We were dumbfounded when Canadian prison authorities released a 450-pound (205 kg) drug gang member because he was too large for his cell, could not fit on the chair in his Montreal prison cell and his body protruded six inches on either side of his bed. There ya go...live long enough and you will experience just about anything!

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