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JACK'S CORNER

NICE TO BE HOME

For the first time in I do not know how long, I spent 31 straight days in Hong Kong during the month of October. Feels great...I don't need the points!

IF YOU WANT TO BE A MEMBER OF MY TEAM, THEN YOU HAVE TO PLAY BY MY RULES!

When I was a kid, my father was my baseball coach. No special treatment. Dad was fair. Dad also started every season with a pretty simple statement - "If you want to be a member of my team, then you have to play by my rules." Dad's rules were black letter law. No debate. No appeal. If you didn't like the rules, then you were wise to quit the team before Dad gave you the boot. It was what it was.

I am reminded of Dad's rules when reading about the USA IRS's new efforts to discover, investigate and prosecute USA persons for failure to report income/gains/offshore bank accounts and/or pay taxes. The IRS rules regarding the obligations of USA persons to report and, if due, pay, are pretty clear. The debates and appeals generally are not about whether or not you have to report or pay, but how much is owed. It is what it is.

With that in mind, I am fascinated by the number of USA persons who are breaking the rules. I say "If you don't like the rules, either change them through the legislative process or quit!" That effectively means "expatriate" as the USA rather rapidly becomes an entitlement society with a need to expand the tax net.

Remember, Dad only could kick you off the team.

The IRS can put you in jail!

USA IRS TARGETS TAX DODGERS WORTH US\$30 MILLION OR MORE

The USA IRS Commissioner, Douglas Shulman, recently announced at a meeting of the American Institute of Certified Public Accountants the formation of Global High Wealth Industry task force to target investors with assets "in the neighborhood of \$30 million." The USA IRS has hired flow-through specialists and international examiners...whatever they are...to improve its ability to catch the kids not playing by the rules. This comes on the conclusion of the offshore amnesty program, which saw 7,500 USA persons come clean with the IRS.

Play by the rules, folks, or expatriate, or, well, suffer the consequences!

DOING A LITTLE MEANS A LOT

Want to help our good friends in Samoa after the horrible natural disasters of late, but you do not know how? Visit <http://oclgroupp.co.nz/project-heal-and-protect/>, learn about what they are doing and tinkle Chris Wikaira +64 27 45 22 472 or Tina Nixon +64 27 22 32 789.

FEDERAL GOVERNMENT WILL DECIDE FATE OF NYSE

I was somewhat caught off guard, but really not surprised when reading two comments by the CEO of the New York Stock Exchange in a Wall Street Journal interview. I have reproduced the quotes below without comment as I think they speak volumes as to what seems to be happening in what seem people now call the "United Socialist Republic of America."

"New York City's ability to compete is largely out of its immediate sphere of influence. A lot is going to have to do with what changes come out of Washington and what their regulatory and legislative response to the crisis is. Washington's response is going to determine New York's ability to continue to compete in a world that we all know is in the process of a pretty transformational rebalancing."

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"...the entrepreneur gets rewarded for taking personal risk, borrowing capital, taking an idea, starting a new business from scratch. That's America the last time I checked. When they get big enough, they've proved the idea works, they want to grow, they come to the equity market because it's an efficient way to raise more capital to grow and the next thing you know Microsoft starts in a recession and now employs 95,000 people around the world, 25 to 30 years later. That's America, that's what we're supposed to stand for, and if we're not careful that virtuous circle is going to go backward and it's going to be a vicious circle."

GCSL NEWS

RON NOT ONLY GOT MARRIED....

But she celebrated another birthday! Is it better, Ron, when you are married?



KAREN CELEBRATES ANOTHER YEAR OF BEING SUPER!

Super K is Sweet 16 yet again...and still smiling J

PUBLIC HOLIDAYS NOVEMBER 2009

BELIZE

19 November Garifuna Settlement Day

SAMOA

6 November Arbor Day

SINGAPORE

27 November Hari Raya Haji

AOA



THE AOA BEIJING CONFERENCE, MARCH 7-9, 2010, THE PENINSULA BEIJING
After a fun opening cocktail/dinner sponsored by the good people of Guardian Trust Company, we will kick-off Monday morning with a presentation regarding international estate planning by our Keynote Speaker, Richard Duke, Partner, The Duke Law Firm, USA (www.assetlaw.com). Our Global Advisory Committee member, Nathan Kaiser, Partner, Eiger Law, Taipei (www.eigerlaw.com), will turn our attention to recent changes in company and tax law in Taiwan. Rupert Hoogewerf, Huron Report, Shanghai (www.hurun.net/indexen.aspx) will provide us an insight into the always interesting world of wealth in China. Our Global Advisory Committee member, Hao Wang, Partner, Ray Yin Law Firm, Beijing (www.rayyinlawyer.com) will round up the first day with a look at the future of trusts in China.

On Tuesday, we will hear from Jon Eichelberger, Partner, Baker & McKenzie, Beijing (www.bakernet.com) and Patrice Marceau, Partner, DLA Piper, Hong Kong (www.dlapiper.com) regarding cutting-edge Greater China tax issues. Henry Liao, Partner, Schinders Law Firm, Beijing (www.schinderslaw.com), will offer delegates his real life experience regarding corporate finance challenges in China. We will finish the day with a presentation regarding international tax matters and offshore centers by Anuj Sharma, Director, Abacus Seychelles Limited, Seychelles (www.abacus-offshore.com).

Please join us at China's political and cultural capital - Beijing - at The Peninsula.

GREATER CHINA UPDATE



COMMON ERROR REGARDING HONG KONG COMPANIES

I recently saw a presentation prepared by a Hong Kong company secretarial firm that claimed Hong Kong companies that generate less than HK\$500,000 in revenue are not required to prepare annual audited financial statements.

Popycock said I and my Hong Kong qualified accountant and lawyer friends!

1. Unless a company is "dormant", the Hong Kong Companies Ordinance must produce annual accounts, lay them before the members and have them audited by a qualified Hong Kong accountant.

2. The HK\$500,000 number appears in the Hong Kong Inland Revenue Department's profits tax return where it indicates companies with annual revenue of not more than that figure are not required to file audited accounts with their profits tax return. The profits tax return specifically requires disclosure of the name of the auditors and the date when the audited accounts are signed.

Moral to the story - beware the Hong Kong company secretarial firm that claims you do not have to prepare annual audited financial statements.

*Contributed by Jack W. Flader, Jr., Chairman & CEO, The GCSL Group of Companies Limited
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NEW REGULATION ON MUSIC AND MOVIE MEDIA DISTRIBUTION

In 2004, the China Ministry of Commerce (MOC) issued an administrative regulation making foreign investment in distribution of music and movies as a "limited category". This meant foreign investors must form a joint venture with qualified Chinese domestic company. Effective October 1, 2009, following Hong Kong, Macau and China's Close Economic Partnership Arrangement ("CEPA"), a qualified CEPA entity, which is registered in Hong Kong or Macau, can invest in the distribution of music and media in China with 100% foreign ownership.

CHINA SIGNS AGREEMENT OF PRE-AGREED PRICING ARRANGEMENT WITH DENMARK

On October 26, 2009, China and Denmark signed a pre-agreed pricing arrangement agreement. China and Denmark initiated this conversation in November 2008 and it only took 11 months to complete and sign the agreement. This agreement is the first one China has signed with a European country. China has signed 9 other pre-agreed pricing arrangement agreement. Multinational companies in countries without the benefit of a signed pre-agreed pricing arrangement agreement can still apply for the same with the China tax authority.

*Contributed by Johnson Chien, Managing Director, GCSL Shanghai.
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SINGAPORE UPDATE



GREY MATTER

In a recent move to placate the OECD, Singapore (now on the grey list) complied with initiatives to strengthen its regime for tax sharing information with foreign tax jurisdictions.

In a post event, Singapore clarified that she will not entertain spurious requests and fishing expeditions even after it has implemented the changes to the local tax regime, said Minister for Law and Second Minister for Home Affairs K. Shanmugam recently.

In a statement given after Parliament passed the Income Tax (Amendment) (Exchange of Information) Bill, which will allow Singapore to implement an internationally agreed standard for the exchange of information on tax matters, Mr. Shanmugam said 'certain conditions have to be fulfilled before there can be access to information'.

'Spurious requests and fishing expeditions will not be entertained. The request for information has to be specific, detailed and relevant to the tax affairs of the tax payer in question,' he said at the Asia Conference of the Society of Trust and Estate Practitioners on Tuesday morning. 'We will only provide assistance where there is a genuine case, and the requested information is specific and relevant to the case.'

The minister stressed that the requesting jurisdiction must also comply with documentary requirements set out in the legislation, adding that these requirements are not meant to frustrate or delay the request. 'They are consistent with the Standard and have been put in to ensure that the procedures are not abused. We believe that this framework is fair. It conforms to international standards while safeguarding an individual's right to privacy,' he added.

With this, the question remains as to how this new law and stance will be implemented given Singapore past reluctance to comply with OECD demands for more cooperation.

So who gets to decide what is "spurious"?

INTERNATIONAL UPDATE



TROUBLED WATERS

Experts in Canadian immigration law, we are, by profession and personal inclination, avid fishermen in the troubled waters of our wacky planet. For most of the last decade the biggest fishing hole has been Mainland China. But, acutely sensitive to the vagaries of global politics and economics, we have to be nimble and ready at a moment's notice to drop our lines in any new eddies and streams where the fish might be biting. And recently we got to thinking about the USA.

We are getting more enquiries these days from wealthy Americans. Our poor US siblings, "children of a common mother" as the Blaine Peace Arch has it, seem to be caught in a growing whirlpool of economic despair. Oh sure they all talk about "green shoots" and housing prices bottoming out, but what happens when the stimulus package funds are gone, the administration continues to run annual multi-trillion dollar deficits, the 2 trillion dollar commercial mortgage chickens come home to roost, there is zero progress on the ground in Afghanistan, the charismatic investment bankers are still running Washington in reverse Robin Hood style, AND oil prices shoot back up to \$150 a barrel? How is the American consumer going to feel then? More to the point what in the world are the wealthy in the US going to do as global macroeconomic realities of a post "Peak Oil" world begin to set in?

One option is Canada. We get a lot more enquiries these days from well-heeled US citizens about the possibility of moving to our country, a happy land where investment bankers are too dim to have figured out how properly to securitize real estate and where the world's biggest endowment of energy resources (oil, uranium, hydroelectric, gas and coal) is located. Budget deficits are small, taxes comparable to the US, medical care free, cities relatively safe and clean, and nasty international entanglements few.

More to the point there are all kinds of interesting opportunities legally to tax plan folks out of the US and tax plan them into Canada, many of which involve offshore trusts and companies.

*Contributed by Peter Scarrow, Larlee & Associates
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HEDGE FUND MANAGERS FLEE 51% UK TAX

The UK government's announcement that by April it will begin taxing individuals earning more £150,000 (about \$247,000) a year at a rate of 51% has led many hedge funds to leave the UK for more tax-friendly countries. Already hedge funds managing an estimated \$15 billion have fled in response to the impending tax.

Lawyers in the UK have said that a large portion of their work is now devoted to counseling hedge fund managers on ways to leave the country. A partner at accounting firm, Ernst & Young, said that most hedge fund managers are debating the benefits of moving to Switzerland. Swiss cantons are preparing for the incoming business from hedge funds fleeing the UK and are offering low tax rates to businesses entering the country (the tax rate is still only 14% without a discount).

David Butler, founder of professional-services firm Kinetic Partners, said his company had advised 23 hedge funds on leaving the U.K. in the 15 months to April. An additional 15 are close to quitting the U.K., he said.

Hedge fund Amplitude Capital took its \$735 million in assets under management to Switzerland at the start of this year. In May, Odey Asset Management threatened to move. All the hedge funds that have left the U.K. for Switzerland are concerned about tighter European Union regulations, as well as a new top rate of income tax announced by the U.K. government.

Recent research by accounting firm PricewaterhouseCoopers suggested that married bankers earning £250,000 a year in the U.K. would retain less of their income after 51% tax than their counterparts in Paris, Frankfurt, Singapore and Dubai.

*Contributed by Ooi Hoay Beng, Business Development Director - Asia, The GCSL Group of Companies Limited
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OFFSHORE UPDATE



ANGUILLA: THREE-PRONG BRITISH ATTACK ON JURISDICTION'S OFFSHORE SECTOR

As if the forcing of Anguilla to sign TIEAs with OECD countries is not bad enough, the UK government (Labour government that is but who knows if the incoming Tory government next year will be any

different) continues its assault on Anguilla's offshore sector. Despite the fact that Anguilla has not been dependent on the UK for direct budgetary support since the 1980s, the UK government recently refused a request by the Anguilla government to borrow up to USD15 million to cover its obligations under the guise that the Anguilla government had to show how it is going to repay the loan. The not so subtle policy is that the nice people in London are using the current economic difficulties faced by Anguilla and other offshore jurisdictions that are overseas territories to undermine the low-tax regimes in place by arguing that the territories need to "broaden their tax base." That is code for imposing income and corporate taxes which would destroy the status of these jurisdictions as low-tax centers.

Added to this is the Michael Foote report which continues the red-herring argument about money laundering and weaknesses in compliance in Anguilla. No student of British hypocrisy and double-speak will be fooled by the utter nonsense which supposedly educated British establishment figures speak under the guise of preventing money laundering and protecting the jurisdictions from abuse. Luckily, I find politics in small jurisdictions repulsive and politicians equally repugnant and ignorant so I shall refrain from engaging the powers that be tit for tat. However, suffice it to say that my efforts at defending Anguilla's offshore interests, capitalist/free market principles and freedom shall be channelled through more effective and efficient media while allowing stupidity to fall on its weight of idiocy.

The views expressed in this article are those solely of the writer in his capacity as an Anguillian who understands the ulterior motives of the soon to be defeated Brown government in London and its negative impact on the development of the Anguillian people through the provision of financial services. They do not reflect necessarily the views of the GCSL Group of Companies Limited. When time permits, the author will discuss these issues in further editions of this newsletter.

*Contributed by Carlyle Rogers, Managing Director, GCSL Anguilla
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BELIZE: LICENCING

All throughout the history of the offshore industry in Belize, there have been two main products that have been offered to the public: The International Trust and the International Business Company. That is what most providers are licensed to offer. For a long time that has proven to be sufficient to make it a viable economic endeavor for the players in the industry. As a result, Belize has become somewhat identified by those two, which has proven financially rewarding for the service providers, of course, but then there is the issue of being stereotyped as having only those two services.

There have been some changes, and in fact those changes have existed since 2007. In Statutory Instrument #67 of 2007, the International Financial Services Commission instituted what has now become the listing of licenses being offered by the Commission to persons interested in becoming part of the Belizean industry. The following licences are now available:

- Formation or management of international business companies or other offshore companies
- Trust formation and management of offshore trusts and provision of trustee services;
- International asset protection and management;
- Money transmission services;
- Payment processing services;
- Trading in foreign exchange;
- Trading in financial and commodity-based derivative instruments and other securities (e.g., futures, options, interest rates, foreign exchange instruments, shares, stock, contracts for differences etc.);
- Money brokering;
- Money lending and pawning;
- Money exchange;
- Safe custody services;
- Accounting services;
- Brokerage, consultancy or advisory services in any of the above services.

As you can see, what has happened is that there is a broadening of the horizon, one which now gives way to so many options and opportunities to make some money. Let us take an example of one of the licenses: Trading in financial and commodity-based derivative instruments and other securities. That is quite a new one which is causing a stir amongst many an interested/potential player. It allows for the person desirous of getting into the business of securities, with the licensing that is necessary to be eligible to receive the greatly desired commissions that make that economic activity such an appealing one.

Another example of the broadening of the horizon is the money lending and pawning license, which allows for the provision of small loans and the running of pawn shop activity, outside of Belize, of course, after satisfying the requirements for the license.

Please be reminded, as always, that an application for one of the listed licenses can only be done through an existing license-holder, and therefore we in Belize, once we get the necessary due diligence from you, the client, will go about in every effort to help you get your license, even if you end up being a

direct competitor of ours. Not that we look at the world through rose-colored eyeglasses, but the fact is there is enough business out there for all of us to be profitable, and for all of us to enjoy what we do.

*Contributed by Carlo Mason, Managing Director, GCSL Belize
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COOK ISLANDS: ECONOMIC DEVELOPMENT TASK FORCE CALLS FOR COMMON SENSE APPROACH TO ECONOMY

With a goal of achieving the same standard of living as New Zealand, a healthier nation and a steadily growing and vibrant economy, the Cook Islands Economic Development Task Force this week announced their 'common sense' initiatives.

It says a comprehensive economic development programme, including political reform and reform of the public service, would have a dramatic impact and set the path for strong economic growth in the Cook Islands.

The taskforce initially looked for initiatives with a high economic benefit and low cost. The members of the task force are all in the private sector and have contributed to a fresh perspective on where the economy could be taken. Its thinking 'outside the square' and promoting a holistic view of development, that has led to sensible ideas on how to make the Cook Islands an attractive place to work and live.

The task force has emphasised a need for the public and private sectors to work together in partnership like it never has before to enable the initiatives to work.

One of the key aspects of the task force strategy is working with China because it believes it can provide major opportunities to upgrade the economy and standard of living. The task force is advocating growth in agriculture production through model farms in cooperation with China, no or low interest loans for agriculture projects and working with airlines to grow exports.

It also believes China is ready and willing to assist the Cook Islands in the areas of trade, tourism, investment, food sustainability, banking, insurance, shipping and the development of sports.

The task force has suggested political reform, public service reform, improved aviation links, new education institutes, increased agriculture production, a public health weight management campaign, a superannuation choice (between the Cooks, NZ or Australia funds), alternative ports, and a shipping joint venture.

The task force wants to see as a priority a refreshed Cook Islands tourism brand, increased destination marketing, the set up of eco-tourism (including walkways, cycle ways, rainforest reserves), harmonisation of social services and regulations with that of New Zealand, an increase in the minimum wage, tax incentives for construction, a Beijing embassy together with China tourism and energy agreements, and infrastructure development.

So far the initiatives the task force has put forward has received positive feedback from Cabinet and heads of ministries and it admits its biggest challenge is how to get the ball rolling on some of them NOW.

*Contributed by Puai Wichman, Managing Director, GCSL Cook Islands
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SAMOA: EARTHQUAKE AND TSUNAMI IN SAMOA

As you all know, it has been a traumatic and trying time for us in Samoa, with an 8.3 earthquake on the Richter Scale followed by a tsunami that wiped out villages on the south east part of the island. It was around 7am in the morning as I was preparing for work when the tremor started. The house was shaking for a good 20 seconds thinking it was going to end, before baby and I exited the house and stood outside where the ground continued to shake to the point where I thought the earth was going to open up and swallow us up. The earthquake shook for almost 3 minutes and it was frightening to say the least. When the tremors stopped, it was a few minutes before I heard the evacuation sirens go off. Even though my home is a good 2 miles from the ocean, we still had to drive inland more to higher ground. By the time I got baby ready and got onto the road, there was a traffic jam in front of our house, one of the roads leading inland. It was good 2 hours later when news started to filter through via the radio that there were people killed. We thought it was the earthquake that did the damage, but little did we know, it was the tsunami that followed killing a confirmed number of 142 people with many still missing. Sad to say, some tourists from New Zealand and Australia were killed, including many elderly and young children from many Samoan families.

Our dear Fono lost her home but thankfully her parents and other family members escaped in the nick of time when they saw that the ocean had disappeared as far as the eye could see.

The clean-up has been swift thanks mainly to the assistance from Samoans in Apia as well as overseas, and including the New Zealand Defence Force, the Australian government and many volunteers helping to deliver emergency supplies to the affected areas. The rebuilding has started in some areas whilst

many are waiting for funds from the government to rebuild their homes.

This tragedy has taught us many lessons, none more than to be prepared for any disaster as much as we can. There have been many small tremors since 29th September so we have discussed our emergency procedures should we experience another major earthquake.

I take this opportunity on behalf of Fono, Fou and myself to thank everyone for their messages of concern and support. Fono especially is thankful for the financial support she has received thus far.

*Contributed by Laura Fepuleai, Manager, GCSL Samoa
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TIDBITS



OUR MONTHLY QUOTE THAT MADE US SMILE

"Dream as if you'll live forever, live as if you'll die today." James Dean

ZERO TOLERANCE...DRUG DIVISION IDIOTS!

We recently read a story of a married woman in the USA who had bought over the counter medicines for her ill hubby and liliputian only to be arrested and prosecuted for committing the crime of buying 3.6 grams of pseudoephedrine, an ingredient of crystal meth, but also a common decongestant for runny noses. The genius prosecutor was quoted as saying "The law does not make this distinction," and "I'm simply enforcing the law as it was written." Taken away in handcuffs, her face splashed all over the front page of the newspaper and facing up to 60 days in jail and a US\$500 fine. One can only hope the judge will have a bit more common sense and will reverse and chastise the conduct of the Drug Division Idiots!

ZERO TOLERANCE...BABYSITTER DIVISION IDIOTS

Another one in the USA makes us wonder even more about what is happening in that country. A kind lady offered to keep an eye on her neighbor's kids while they waited at the school bus stop, which was just outside the home of the good-doers home. Seems like the neighborly thing to do, yes? Well, the local agency of what they call the "Human Services Department" ordered this very, very "human" to stop because her conduct made her home an "unlicensed daycare facility". Hmmm....what about all those kids providing paid for babysitter services without a license? At least she was not prosecuted!!!

MIDGET-MINDED AUSSIES

We recently read about the "Midget Cup", which was a dwarf-racing competition dreamed up by some Oz horse racing officials. We think the officials are midget-minded...having said that, we also support the efforts of the dwarves to make a buck out of their special circumstances. Hard one, but we would not be at the lead of sponsoring such an event!