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JACK'S CORNER

Did you know the word "credit" comes from the Latin word "to believe"? Yes, I am speaking true!!! More to the point, when one considers what is and has been happening in the USA during my lifetime, one surely must "believe" this is the correct etymology of the word. After all, the USA is the land of "believing" or "credit".

The continued growth of that "belief" or "credit" was further underpinned when investors snapped up US\$118 billion more of treasury notes issued by a country that consistently achieves budget shortfalls.

Given foreigners hold an enormous amount of that debt, I can only conclude they "believe" in the "belief" culture of the USA.

And why not?

After all, the Dow Jones Index finished the year up 18.8% while the Nasdaq Composite Index gained 43.9% and the Standard & Poor's 500-stock index added 23.5%.

Everything that was wrong in 2008 MUST be OkeyDokey now, yes?

Please....

GCSL NEWS

THE GCSL SPIRIT BY PATRICK TRAINOR
The photo says it all!



NEW DIGS FOR GCSL SHANGHAI

Johnson has retained his eye for location as indicated below. Without question, the most unique office in the GCSL Group!!!

FEATURES

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OUR BOY, KORI

Kids are, well, kids. Check out our boy, Kori!!!



SNITCH STILL SERVES JAIL TIME

In what is the most salient lesson yet from Uncle Sam, Bradley C. Birkenfeld - best known as a UBS snitch has been sentenced to 40 months jail despite revealing details of offshore bank accounts set up by him and colleagues at UBS for the purpose of tax evasion by clients.

While Federal Prosecutors requested leniency, he didn't receive much!

Now rather gob-smackingly Birkenfeld's lawyers are seeking a reward for him under federal whistle-blowing laws of 30% of the proceeds. This could amount to literally hundreds of millions of dollars. He's already appeared on 60 Minutes where he said "I gave them the biggest tax fraud case in the world," I exposed 19,000 international criminals. And I'm going to jail for that? He said that 90 percent of his clients evaded taxes and disclosed that UBS forbade online banking for its offshore American clients because of the risk of being detected by the authorities.

Birkenfeld's demise it is reported was thanks to not disclosing sufficient details about his top client Igor Olenicoff, a billionaire property developer.

While Birkenfeld's actions surely brought in revenues for the Uncle Sam, it creates an incredible dilemma in that is this guy a whistleblower or an opportunist hustler? And how will the authorities treat him with respect to the reward? The 30 percent bounty does not apply when those who are applying for it are convicted of criminal activity connected to the evasion. But when I ask would you not be participating in criminal activity if you had access to the quality of information required say in the UBS case?

If the authorities pay it in full then surely it will send a message to others to do in their clients for such a massive personal gain.

The problem with this situation is Mr Birkenfeld will become a "dead man walking".

He may be safer staying in jail than back out on the street as a multi-millionaire.

*Contributed by Cathy Odgers, Group Legal Counsel and Compliance Officer, The GCSL Group of Companies Limited.
Cathy's email address is cathy@gcsl.info.*

PUBLIC HOLIDAYS FEBRUARY 2009

HONG KONG

13-16 February Chinese New Year

SHANGHAI, CHINA

13-19 February Chinese New Year

AOA 

THE AOA BEIJING CONFERENCE, MARCH 7-9, 2010, THE PENINSULA BEIJING
After a fun opening cocktail/dinner, 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.

ACCREDITATION

The AOA Beijing Conference is accredited and awarded the following:

- 5 CPD points by The Law Society of Hong Kong.
- Attorneys from California and New York can apply for the approved jurisdiction's MCLE credit as Hong Kong is one of the approved jurisdictions.

Practitioners of the following associations may also apply for CPD/MCLE points in accordance with the requirement of professional development:

- Queensland Law Society, Australia
- The Law Society of New South Wales, Australia
- Law Society Northern Territory, Australia
- Dutch Bar Association

GREATER CHINA UPDATE 

NEW CAPITAL GAIN RULES FOR NON-CHINA RESIDENT ENTITIES

The State Administration of Taxation (SAT) has issued an administrative circular defining how non-China resident entities pay tax on transactions involving Chinese entity's shares or shareholding rights. With this new administrative circular, a foreign investor, especially multinational corporations ("MNC"), should be careful with reporting requirement(s) that are linked to related party transactions and transfer pricing practices.

The following summarizes the circular:

1. Shares or shareholding rights transfer in the circular means transferring China resident entities shares or equity, which does not include buying and selling shares through China's stock market.
2. The direct share or equity holder of a China entity should report and pay capital gain tax of 20% to the local tax authority in China within 7 days of the shares or equity transfer contract becoming effective.
3. Capital gains should be calculated as the selling price less the original investment amount or buying price. Undistributed dividends or reserved profits cannot be deducted from the selling price.
4. The Indirect Holding Arrangement is required to report to the local tax authority in China within 30 days from the shares or equity transfer contract becoming effective. Indirect Holding Arrangement means the ultimate investor is using a corporate vehicle to hold the investment. The corporate vehicle usually is domicile in low tax or territorial tax system or has a double tax treaty with China jurisdictions.
5. If the ultimate owner is wrongfully using an organization restructure or the transaction does not have a valid business reason and it leads avoiding China tax, then the China tax authority can deny the existence of the indirect holding offshore company's.

6. If the transaction price does not comply with the independent transaction rule and result of lowering tax payment amount, the China Tax Authority has the right to adjust the tax due.

Contributed by Johnson Chien, Managing Director, GCSL Shanghai.

Johnson's email address is johnson@gcsl.info.

HONG KONG TRUSTS

A Warm Happy New Year to everyone! I'm happy to be on board as the new Managing Director of GCSL Hong Kong having started 25 November 2009 as Jack mentioned in the December newsletter. Coming back to Hong Kong in November was a rude reminder after having spent 3 1/2 weeks in sunny Bali and Southern California!

I'm just back from my annual Christmas/New Year visit to the US to meet with law firms, CPA firms, business owners and tax advisors along the icy and snowy East Coast - in Atlanta, Baltimore, Wilmington, Philadelphia, and New York City. The concern voiced from the mid-tier CPA firms is that the Big 4 firms apparently have been cutting their rates in order to stem the loss of clients defecting to the mid-size firms for the same quality work at lower prices. Now those firms are competing with the Big 4 on individual client matters. These mid tier firms, many with senior experienced partners and staff from the Big 4, are thus seeing more of the wealthy company owners of privately held companies coming to them for tax advice in the form of asset protection trusts. There is more interest in the US now this year than last year for APT's. The Cooks and Belize remain favorite jurisdictions for APT's among these mid-tier CPA/tax advisors giving advice to their American clients.

A little closer to home, members of the Hong Kong Trustees Association (HKTA) and the Society of Trust and Estate Practitioners (STEP) spent part of the summer of 2009 reviewing the proposed changes put forth on HK's first amendment to its Trustee Ordinance which dates back to the 1930's. The HK Government gave meeting time and made presentations to both groups at Government House and at HKTA/STEP meetings. Suggested changes put forth so far by the HK Government include more strict investment guidelines for non-professional and professional trustees who handle investments, as well as provisions for protectors and their powers, more powers for beneficiaries, and trustee powers to charge fees for their professional services-oddly enough in the 1930's Trustee Ordinance, there were no statutes governing if trustees could in fact charge any monies for their services. Some of the proposed changes, including statutory provisions for the establishment of protectors and their powers are long overdue. The same can be said for including statutory approval for trustees to charge fees. Other proposed changes such as guidelines for investment decisions, while well meaning for on-professional trustees, will hamstring professional trustees. These guidelines call for much more strict hurdles to be set for trustees making equity investments with trust assets. These guidelines fail to protect the trustees for disinvestment. Also Beneficiaries are being offered a much broader role and with more rights to interfere with trustees than before. The HK government will have to decide who actually looks at HK as a suitable trust jurisdiction when setting up a trust? The answer is: the settlor, not the beneficiary. Many settlors might be horrified if they saw the broad range of powers being suggested by the HK government to be given to beneficiaries to be able to interfere with the legitimate duties of Trustees as they attempt to carry out their fiduciary duties. As usual, the HK Government has taken a long time to debate the proposed changes and will take into consideration the comments generated by HKTA and STEP members. The Government announced to HKTA and STEP last week that they expect to have a draft bill published in about 3 weeks time. The proposed timeframe for this draft bill going to the HK Legislative Council for a vote is early 2011.

I am planning to be in the US again in June for visits along the East Coast and hope to catch up with anyone I was not able to meet on my recent trip so contact me if you would like to meet with me when I visit the US again

Contributed by Patrick Trainor, Managing Director of GCSL Hong Kong.

Pat's email address is patrick.trainor@gcsl.info.

HONG KONG REWRITING COMPANIES ORDINANCE

The First Phase Consultation Paper for the Rewrite of the Companies Ordinance was released in mid-December 2009 inviting public comments before 16 March 2010. The consultation paper covers 10 parts or almost half of the Companies Bill. The following issues may be of interest to our clients:

- codification of the standard of directors' duty of care, skill and diligence
- restriction of the appointment of corporate directors
- strengthening auditors' rights to obtain information for performing their duties
- introduction of electronic incorporation and expedition of company name approval process to enable companies to be incorporated within one day
- making the keeping and use of a common seal optional
- simplification of accounting and reporting requirements
- abolishing the par value regime and to adopt a mandatory system of no-par for all companies with a share capital
- removal of the requirement for authorized capital

- allowance of electronic communications between a company and its members
- seeking views on disclosures in public register with regard to residential address of directors and identification numbers of directors and company secretaries.

The rewrite exercise is guided by the key principles of:

- catering for small and medium enterprises to reduce compliance and business costs
- enhancing corporate governance
- complementing Hong Kong's role as an international business and financial centre
- encouraging the use of information technology

Full text of consultation paper can be found at:

http://www.cr.gov.hk/en/publications/docs/122009_DraftConsultation_full-e.pdf

HONG KONG STOCK EXCHANGE ACCEPTS BVI

On December 15, 2009 the Stock Exchange of Hong Kong Limited (SEHK) announced that it will allow the listing of BVI incorporated companies. BVI companies, by jurisdiction, are the second largest source of foreign investment in China, with US\$5.8B from June 2008 to 2009. The list of the acceptable overseas jurisdictions in the SEHK currently include: Australia, Canada (British Columbia), Canada (Ontario), Cyprus, BVI, Germany, Jersey, Luxembourg, Singapore and the United Kingdom.

HONG KONG TAX INFORMATION EXCHANGE

Hong Kong lawmakers have passed a bill that gives Hong Kong tax authorities greater power to gather information on suspected tax evaders and send it to authorities abroad. The move aims to fend off accusations that the city is a so-called 'tax haven'.

The amendment to the Inland Revenue Ordinance will enable Hong Kong to adopt the latest international standards on exchanging information on the comprehensive avoidance of double taxation agreements ("CDTA").

Hong Kong has so far concluded five CDTAs, with Belgium, Thailand, the mainland, Luxembourg and Vietnam.

*Contributed by Kitty Lee, Client Services Manager, GCSL Hong Kong
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SINGAPORE UPDATE

SINGAPORE, EU TO BEGIN FREE TRADE TALKS

As this very remarkable year closes, when financial monsters like the downturn were defeated, the world draws a final heavy sigh of relief. It wasn't so bad after all, and for many, it turned out to be a good year. Singapore, the Little Red Dot was no exception, and the agile and nimble-footed Singapore Inc. is clear on the way to recovery.

Once again, it must take David to deal with Goliath.

Singapore and the European Union (the "EU") have agreed to begin talks for a free trade agreement ("FTA"). It will be the EU's first ever FTA with a member of the Association of South-east Asian Nations (Asean).

The discussions should boost prospects and pave the way as a forerunner for a similar accord between Asean and Europe in the future, the Ministry of Trade and Industry (the "MTI") said in a statement recently. The MTI added that the bilateral FTA will not only promote the flow of goods, services and investment, it is also likely to enhance collaboration in areas such as trade facilitation and technical regulations.

Singapore's total trade with the EU was worth US\$78.6 billion in the first 11 months of 2009. This represents 11.6% of its total trade.

The EU is also Singapore's largest investor. As at end 2007, the overall foreign direct investment from the EU stood at US\$150.8 billion.

With that, David is once again riding into the sunset.

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

USA IRS ONLY WANTS THE FAT CATS

Want to keep USA Internal Revenue Service ("IRS") auditors away? Keep your earnings under US\$200,000 and they won't bother you 99% of the time. IRS enforcement numbers, released Tuesday, show that returns under that amount have a 1% chance of getting audited. Returns showing income of US\$200,000 and above have a nearly 3% audit chance. The percentage jumps to more than 6% for returns showing earnings of US\$1 million or more. The number of audits jumped 11% from 2008 to 2009 for returns with earnings of US\$200,000 or more, but rose 30% for returns showing earnings of US\$1 million or more. The IRS conducted 1.4 million audits of individual returns in the financial year ended Sept. 30.

*Contributed by Gary Wolfe, Law Office of Gary S. Wolfe, California, USA
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WHY FINANCIAL ADVISORS WILL BE HOT TARGETS FOR LAWSUITS...

After the post 9-11 market plunge and losses, people all over the USA turned to the litigation system to try to be made whole. Lawyers started advertising aggressively and asking questions about the clients market losses and how it was the fault of their advisors and how they should, "Know and exercise their rights."

In the USA, the media is still in "gloom and doom" mode, another 250,000 people recently became jobless and lawsuit and attorney advertising is at an all time high. These attorneys are smart enough to know when the cycle produces a boom in their business and boy are they in for a fat Christmas and a Happy New Year with people lining up to be part of the process. I think the current environment is exceptionally dangerous, with a national distrust and hatred of financial institutions and the industry in general, God help the advisor who faces a jury fed on tales of overspending and irresponsibility by the nation's largest institutions.

WHAT CAN YOU DO ABOUT IT? Take the same steps you advise your clients to take:

1. Examine your insurance coverage - and see if there is room to increase your limits and add umbrella coverage in the multiple million dollar range. The coverage is cheap and you can always drop or reduce the umbrella later after the crisis has passed;
2. Be a hard target - Don't be collectible above the limits of your insurance, be proactive and make sure you have adequately addressed your own Asset Protection planning. Make sure your personal investments and real estate are properly held.
3. Make sure your record keeping and practices conform with the highest standards. I'm sure your compliance officers have a checklist they can provide on this issue. Also, be exceptionally careful of the interaction and dialogues between your non-advisor employees and your clients are appropriate and limited in nature. I see many advisors offices operating with "old pro" admin people who are exceptionally knowledgeable and take on a great deal of responsibility and client interface.
4. Be NICE and COMMUNICATE - those with the best bedside manner and relationships in any profession have an edge over those that do not in client retention, referrals and avoiding conflicts that lead to lawsuits.

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



ANGUILLA: JURISDICTION SAYS FAREWELL TO ITS REGULATOR

This month, as I have done before, I wish to allow someone else to speak for me and have reproduced below, with permission, a recent article which appeared in The Anguillian Newspaper which speaks for itself. Next month, I shall introduce you to Mr. Streete's replacement, Mrs. Eleanor Astaphan who assumed the post as Director of the Financial Services Commission following his departure.

"Financial Services Regulator Happy With His Work in Anguilla

After two years and ten months, in the post of Director of the Financial Services Commission, Mr. Niguel Streete is to leave Anguilla on December 22 at the end of his contract which was originally for two years. He will be joining his family who preceded him in August to Grenada, his homeland, to seek early registration in school for his two children.

Mr. Streete stayed on in Anguilla for an additional ten months at the request of the then Governor, and the Financial Services Commission Board, due to a number of important matters related to the development of the sector. He was of the view that the stakeholders (the Governor, Executive Council and the Board) to whom he is responsible for the regulation of the sector, appreciated the work of the Commission and his contribution.

He hoped that his contribution was also appreciated by the private sector as it was extremely important

that it recognised the significance of regulation, and that there was a partnership between the Commission and the sector as both had an interest in the safety and stability of the financial services.

Mr. Streete was asked what he thought were some of his accomplishments. "We have been able to make some legislative changes," he recalled. "We introduced a number of new pieces of legislation. To name a few, we now have a Foundations Act which allows us to establish foundations in Anguilla; the much-talked-about Proceeds of Crime Act which was recently passed; the Money Services Bill which brought under the regulatory supervision of the Financial Services Commission a number of institutions such as Money Gram, Western Union and Yellow Banana. There is a Payment System Act which was spearheaded by the ECCB and which came into being recently; and we also have a number of pieces of legislation we are working on. We are planning to introduce an International Insurance Act which will deal with the regulation of international insurance business - captives and foreign insurers. That will result in us having two Insurance Acts: a domestic Act and an international insurance one...early in the New Year. We also made amendments to the Financial Services Commission Act."

The outgoing Director stated that the Commission had grown significantly. Technical staff had been increased by 50% - that's from four to six, and there were plans for further significant increases in the New Year. He pointed out that the Michael Foot Report, which called for more human resources to regulate the financial sector, had added impetus to the need for additional staffing as plans for that were already in place by the Commission Board.

Mr. Streete stressed that the international financial services industry was in Anguilla to stay. He noted, however, that over the next five or ten years there would be a need for change to respond to some of the global challenges facing Anguilla as a jurisdiction. He sought to clarify the issue that while the Michael Foot Report and other persons, had assumed that there was a need for separation of the regulation of the financial services from marketing both were in fact operating separately. "The Commission doesn't do marketing and we have drawn the line on that for sometime now," he emphasised. "I think what has created some difficulty is that we have provided some technical support to the Registry on some of its promotional trips when we went along as consultants to discuss the financial regulatory infrastructure in Anguilla...I think that has clouded the issue a bit and we recognised that and are now looking at a policy decision to even remove ourselves further from marketing." He observed that in a small jurisdiction like Anguilla, with limited resources both in terms of personnel and finances, there was a need to see how best to capitalise on what was available, but it was important to be mindful of the appearance.

Mr. Streete was asked how he saw international finances involving as a second industry to tourism. He believed it was durable but there was need for attention. He pointed to the fact that while there was a statutory body to market the tourism industry with other marketing arrangements and a sizeable budget for promotion, as well as training of staff by the hotels, it was quite different from the marketing budget and other promotional means of the financial services. "If we are going to market and develop the financial services as a second industry in line with tourism, the same things have to happen," he stated. "We have to develop a financial industry master plan with at least a ten-year strategy...We have to look at the curriculum of students, the training and exposure they get. We have to put in the necessary infrastructure and money and attract credible international firms; so there is a lot of other work to be done at the front end if we are going to develop financial services to where the tourism is."

He said he had tremendously enjoyed his stay and service in Anguilla. Prior to coming here he spent thirteen and a half years with the ECCB as a Director of Bank Supervision involved in banks and securities regulation. "In coming to Anguilla I got involved with every type of financial regulation so the scope is a lot wider ... with a wide range of institutions and exposure," he reflected. "I think I have grown from the experience and benefitted tremendously. Not only have I been able to make a contribution to Anguilla but I think Anguilla has made a significant contribution to me." He disclosed that he would remain in the financial services industry and was looking at options both in regulation and on the practitioner side. He said Grenada was his home and he would see what was available there as he had given a commitment to his family to spend at least the next five years there.

Mr. Streete said his Deputy Director, Eleanor Astaphan, had given a commitment to take over the stewardship of the Commission from him. He described her as an accomplished regulator having been the head of the Regulatory Authority in Dominica for a number of years. "She has done a tremendous job in improving the work of the regulation in Anguilla. She is quite a resource to me and I recommend her highly for the position. I have no doubt that she will do an exceptional job at the helm of the Commission," he added.

*Contributed by Carlyle Rogers, Managing Director, GCSL Anguilla
Carlyle's email address is carlyle@gcsli.info*

BELIZE: DOING GOOD

This is the season for thanksgiving. This is the season when family is important to everyone, even the hardened businessman who is only impressed by a healthy bottom-line (did someone say Mr. Scrooge?). Yet we in Belize paused to give thanks, even though it was a few days before Christmas day.

We had the opportunity to share the blessings of this year 2009 with friends at Merirh's Ministries. Merirh's Ministries is a not-for-profit Christian outreach organization that "pro-actively respond to the holistic needs (physical, spiritual, mental and social) of the undeserved populous of Belize City, Belize." For many of you who have had the opportunity to visit Belize, you will have recognized that the local economy is not as developed as one would like. For those who haven't visited, please, just take our word for it. That lack of development sometimes serves as a drawing card for many, in that life here is simpler, or less complicated. But generally, life for the poor here is as it is in any undeveloped economy; hard, and with few breaks.

Merirh's Ministries had as one of its projects the feeding of the children of underprivileged families in one of the poorer areas of Belize City in this Christmas time, and when GCSL Belize learned of it, we jumped at the privilege of being able to provide some assistance in this regard. We put together some funds and were able to help to make this possible, on Sunday, December 20, 2009. Merirh's Ministries was able to feed somewhere in the region of 200 children on that day, and for that we gave thanks.

Suzette Massiah, Director of Merirh's Ministries, was grateful for the assistance, citing the fact that it would go a long way in providing a well needed break from the pressure of living in a depressed community. Suzette, affectionately called Ms. Suzette by everyone, young or old, intimated to us that the children in the area come to her year round, and get food, many times when their own families can't provide for them, as well as a safe after-school haven where they can focus on their studies instead of being on the road being forced to sell drugs or suffer sexual exploitation. She does all this, only from operating a small business as a hair stylist! Imagine the possibilities, if she had more resources!!

GCSL Belize stands proud to be associated with persons such as Ms. Suzette, and is blessed and privileged to be able to assist in such a worthy cause. We learn a lot from dear Uncle Jack, who himself is a generous man. We also salute Ms. Suzette, in her tireless efforts to reach out to these vulnerable souls who might have such great potential.

We wish for you in this season of family, friendship and fellowship, the very best for 2010. If you can help to make your neighbour's life a little better, do so. You never know how beneficial that may be to you directly, one day in the future, and even if there is no direct benefit, the joy of knowing that you make the quality of life better in some way for another person knows no definition that can be verbally or grammatically expressed in full. Give, and it will come back to you.

On behalf of Delicia, Raquel and Sophia here at GCSL Belize, I wish for you all a prosperous, spirit-filled, and blessed 2010.

*Contributed by Carlo Mason, Managing Director, GCSL Belize
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COOK ISLANDS: GCSL COOK ISLANDS STAFF LOOKING TO TACKLE BIG TRIATHLON
Looking for a holiday with a difference - one that offers a great combination of fun, action and challenge? Then head to the Cook Islands and take part in the 16th Annual Air New Zealand Rarotonga International Triathlon on 1 May. The beautiful island of Rarotonga is gearing up to welcome athletes for this exciting event - a 1.5km swim in the warm clear waters of one of the South Pacific's most beautiful lagoons, a 41.5km cycle circuit around Rarotonga, and a 10km run along the island's palm-fringed roads.



The staff at GCSL Cook Islands are looking to complete this enormous challenge, as part of a goal setting exercise introduced to motivate self development and awareness of healthy living. This is an event that many of New Zealand's elite athletes have competed in, but it certainly does not preclude people of all ages and different levels of fitness, from taking part. The idea behind this rather extreme entry into the world of Triathlons by our staff in the Cook Islands is actually very simple: the aim is to remove barriers that we ourselves create in our own minds, replacing it with positive thoughts and an acceptance that we are capable of immense possibilities. So wish us all luck as we commence this journey of.....pain and discovery.

Rarotonga - or Raro as it's fondly known - is home to just 10,000 people, yet it receives 80,000 tourists a year looking for sun, sand and time out under coconut trees, as they enjoy a pace of life that is now lost in many of the world's big cities. The scenery, the laid back lifestyle of the people, and the lack of red tape (there are no traffic lights and complex regulations here!) make Rarotonga a great destination for athletes who want to experience more than just racing. The number of athletes who have been back to compete multiple times is testament not only to the genuine enjoyment and challenge of the event, but to the beauty and attractions of its island location.

Triathlon week in Raro starts with an event known as the Trader Jack's Boiler Swim, held a couple of nights before the 'tri'. This is a sea swim starting in the original harbor and going out beyond the coral

reef and around the remains of a sunken steamer, which went down off Rarotonga in 1913. Trader Jack is an expatriate Wellington bar owner who operates the best known watering hole on Raro.

The main race has a mid-afternoon start to coincide with a high tide in the lagoon and the siesta time of day, when the town business area closes and the roads are less busy. Talking of roads, the 41km cycle circuit has not seen a puncture in this race in the past two years - a testament to the glass-free road surface.

This race has a local flavor and fanfare with a kikau (coconut frond) decorated finish shute. Island drummers hammer out the sound as athletes finish and you are presented with a freshly cracked coconut to drink. The first male and female competitors over the line also win return air tickets sponsored by Air New Zealand.

Triathlon week in Rarotonga finishes a few days later with a cycle race around Raro - a distance of 31km that is always hotly contested. A group of 40 to 60 cyclists usually line up for this popular event.

We will keep you updated as the staff at GCSL Cook Islands begin their journey to greater and bigger things.

*Contributed by Puai Wichman, Managing Director, GCSL Cook Islands
Puai's email address is puai@gcsl.info*

SAMOA: GOOD TO BE "WHITE" ... LISTED

Talofa and welcome to 2010. We wish you all a wonderful and successful year!

To kick start the New Year, we have received confirmation that Samoa has slipped back to the "White List" of the OECD progress report having signed 12 Tax Information Exchange Agreements or TIEAs with San Marino, Principality of Monaco, Kingdom of the Netherlands, Ireland, Australia, Sweden, Finland, Greenland, Iceland, Norway, Faroes and Denmark.

Pending signatures in the New Year are TIEAs with Korea, Italy and Mexico with text to be finalized for signing with New Zealand.

This is indeed good news for Samoa. For a simple summary on the functions of TIEAs and how it affects you as a taxpayer, click on the following:

<http://www.step.org/attach.pl/2688/5933/What%20is%20a%20TIEA.doc>. For a more comprehensive report, visit OECD's website: <http://www.oecd.org/dataoecd/15/43/2082215.pdf>

For any specific questions, please email us directly: samoa@gcsl.info

*Contributed by Laura Fepuleai, Manager, GCSL Samoa
Laura's email address is laura@gcsl.info*

TIDBITS

OUR MONTHLY QUOTE THAT MADE US SMILE

"I am ready for the holidays as I just completed my 117 pound weight loss program and feel great." - Friend's comment regarding his recent divorce of his ex, who just happened to weigh 117 pounds.

R-U-BUZZED

We recently read about the R-U-Buzzed thingamajigie, which prompts you to enter your weight, gender, hours drinking and how much and what you drank during the evening and, voila, the software application on your iPhone tells you whether or not you are too drunk to drive. This cool app - Geek Speak - was developed by Colorado State Department of Transportation. Apparently, this government agency is really dedicated to saving lives rather than generating revenue from tickets...a bright light in the otherwise gloomy and usual government conduct.

KING OF THE ROAD...NOT IN TAIWAN

We recently learned that some genius legislator in Taiwan wants to outlaw the public safety risk of walking and smoking simultaneously. It would appear multi-tasking when using ones legs, arms and mouth in sync is a concern. Hmmmm....we could not imagine such a law in Italy where screaming, gesticulating and walking simultaneously is a national past time! But why bring down the King of the Road in Taiwan 😊?

THE FUTURE SUMMED UP IN ONE PARAGRAPH

We read a comment from a Chinese official that sums up the future of most countries: "Rising income disparity on the mainland means the wealthy should be taxed more and poor people should be paid more."

NEW MEANING FOR "A HILL OF BEANS"!

We read without surprise - sadly - that the German tax authorities spent 30 times as much collecting taxes on coffee beans ordered online from other European countries than it received in tax revenues. Now, that's "a hill of beans"....or just typical Western government idiocy!!! Perhaps the Colorado government people mentioned above could teach the Germans a thing or two?

IDIOTS!!!

We read with great disappointment about the USA House of Representatives voting to pass the Commercial Advertisement Loudness Mitigation Act. We were not disappointed because these geniuses passed the Act. We were disappointed they wasted taxpayers' money even considering this horrible misuse of paper that even the Federal Communications Commission said could be handled more effectively (intelligently) with adjusting the sound on one's remote control or, dare we suggest it, pressing the mute button. Idiots!!!!

RENT-A-BRIDE....MAID

Yes, those budding Chinese entrepreneurs in Wuhan are making the big \$ by serving as brides maids to gals who obviously either (a) have ugly girlfriends, (b) have no girlfriends, (c) have money to waste or (d) any combination of the above. Wow!!!

SHORT PEOPLE GOT NO REASON TO EXIST IN KOREA!

We recently read about South Koreans' fascination with increasing the height of children that pushes parents to force liliputians to undergo painful acupuncture, bizarre treadmill exercises and other new age devices. The thing we don't get is what is, other than buildings, what is tall in South Korea?

MONEY CAN'T BUY YOU LOVE?

We read with a smile about an event where a privileged group of 21 single billionaires (members of the "Golden Bachelors" club) and 22 single women attended what China's media called one of the Chinese capital's most expensive parties ever -- a match-making ball with tickets costing 100,000 yuan (\$14,650) a head. Who said money can't buy you love!?

NO THANKS, MATEY

We all know that people receive gifts at Christmas that they do not want. The Aussies took it to a new level by conducting a survey that indicated 20 million presents were considered "useless" by the recipients, which amounted to approximately US\$1 billion in wasted money...unless, of course, you were the retailer 😊

MORE THAN A FISTFUL OF YUAN

We read recently of the annual phenomenon of billions of RMB - RMB234.7 billion (approximately US\$35 billion) to be exact - has gone missing from government coffers. Corruption? Probably...just wait until the Chinese master the world of lobbying....the "corruption" in the West exceeds these numbers, but under the guise of being legal!