

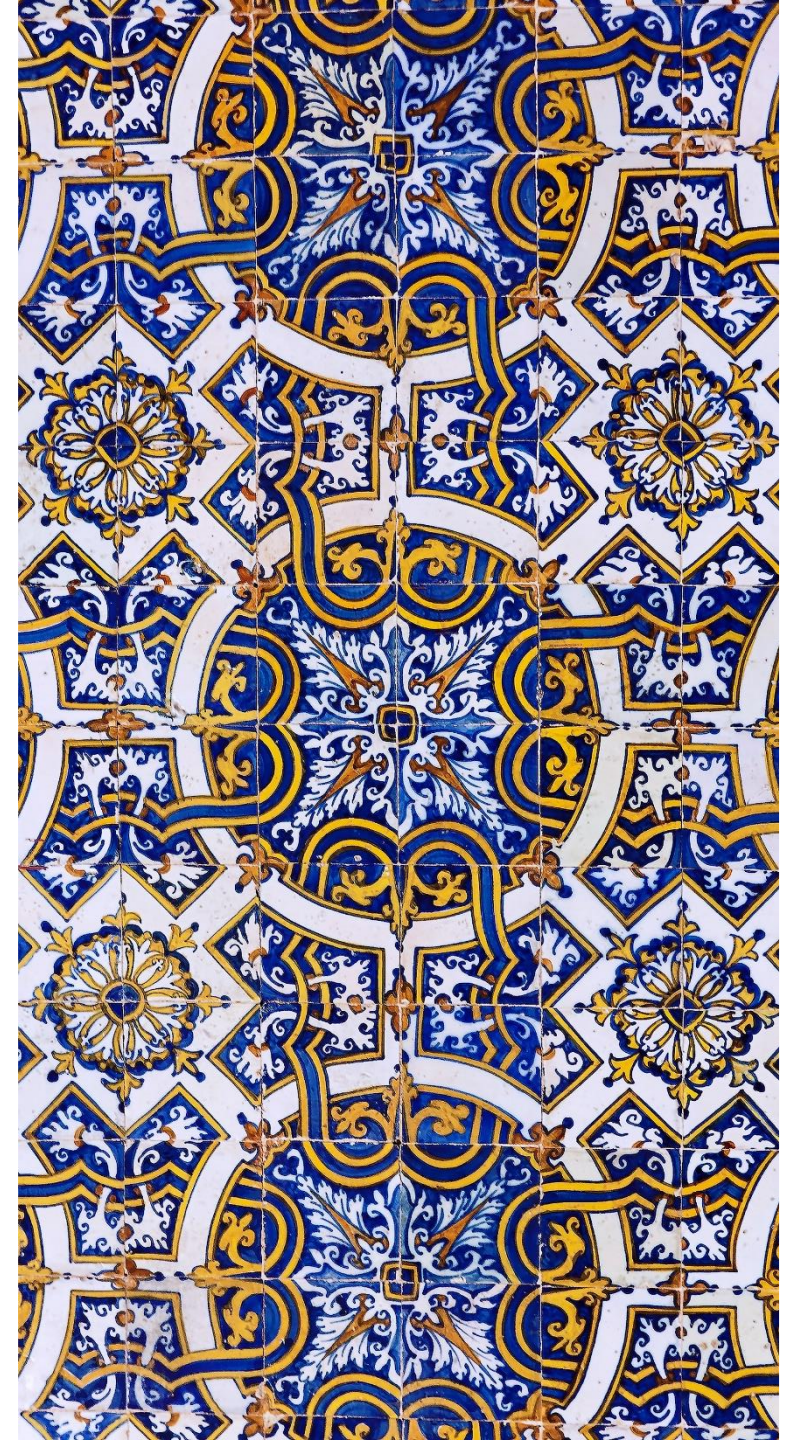


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International Corporate Structures

Offshore Wealth Online Summit
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www.gfdl.legal





Topics to consider

- Using a corporate vehicle to do business?
- Is an offshore corporate vehicle appropriate?
- Should I diversify?
- Banking and disclosure?





Jurisdictions to consider

- Portugal – Tax efficient gateway
- Malta – 5% CIT rate
- Macau – 0% CIT rate
- Maltese Foundation as an alternative to Trusts





Portugal

Holding regime & Patent Box



Lisbon





Overview

- OECD and EU compliant jurisdiction
- Direct access to EU Directives and Regulations
- Portugal's Tax Treaty Network > 70
- Treaty with US and Canada
- Incentives for IP/R&D/Reinvestment





Corporate vehicles

- **Sociedade por Quotas**
 - Limited liability, 2 shareholders, no minimum share capital
- **Sociedade Anónima**
 - Limited liability, 5 shareholders, 50.000 € share capital
- Access to E.U. Directives & *Passporting*



Incentives for global enterprises

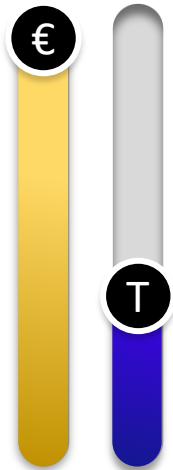
- Portuguese Participation Exemption
- Tax Treaties to avoid double taxation
- Patent Box regime – Tax incentives for R&D and IP
- Fiscal incentives for innovative sectors
- Tax neutral M&A

Portuguese Holding Company



- Tax benefits for **qualified shareholdings**
- No tax on inbound or outbound dividends (and foreign branch profits)
- No tax on capital gains derived from the sale of Portuguese or Foreign Shareholdings
- Used to invest worldwide
- Limitations when investing in blacklisted jurisdictions

Participation exemption regime



Operational Profits: taxation at 21%

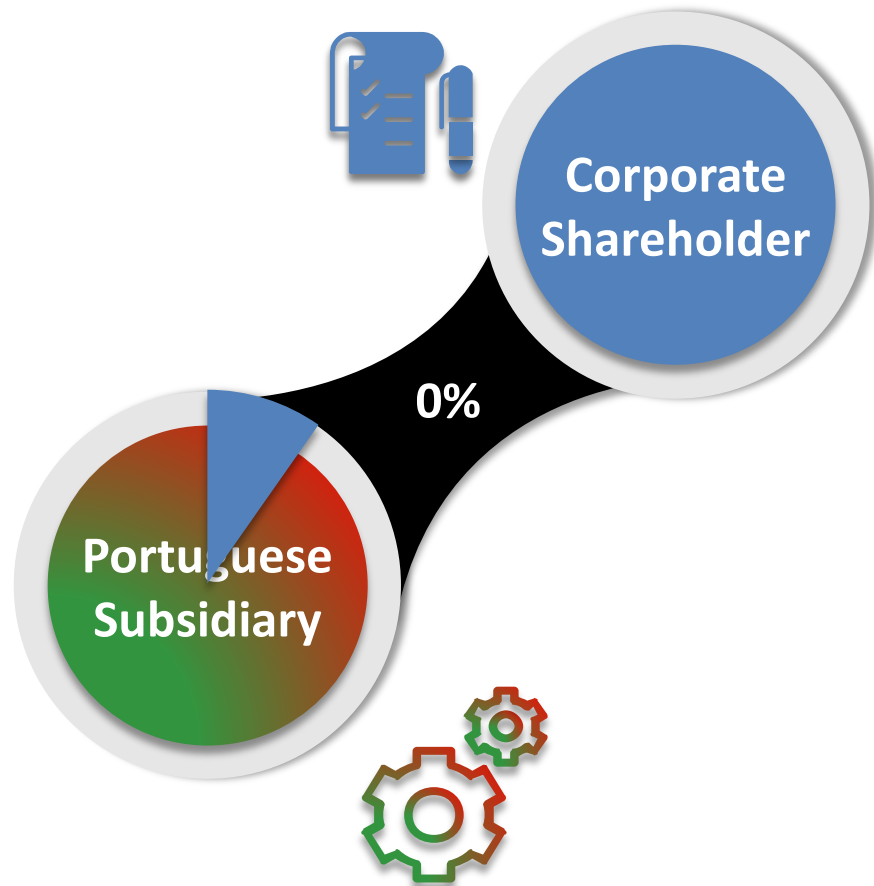
17% for SMEs up to Euro 15.000



Dividends / Capital Gains?

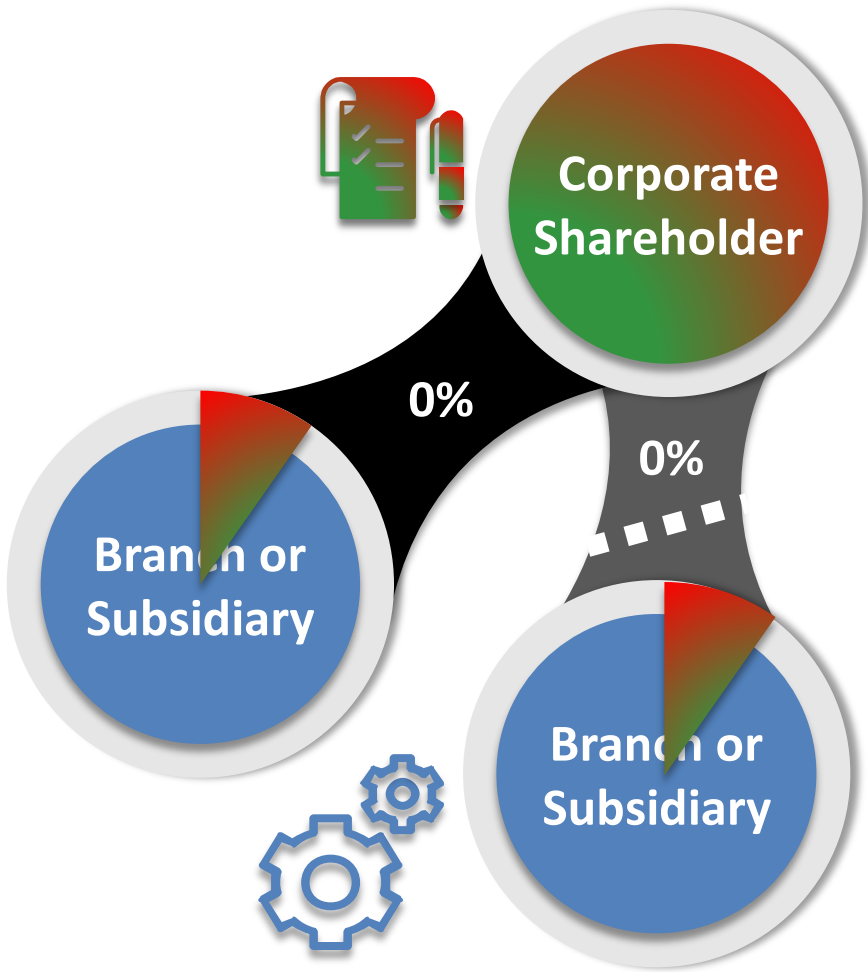
Income derived from qualified shareholdings is exempt

Exemptions for outbound payments



- No withholding tax on dividends
- No tax on capital gains on the sale of shareholdings
- 10% shareholding
- Holding period of 12 months
- Restrictions may apply to Parent Companies in low tax jurisdictions and companies owning real estate in Portugal

Exemptions for inbound payments



- Exemption: dividends paid to Parent Companies in Portugal
- Exemption: capital gains assessed on the sale of eligible foreign and domestic shareholdings
- 10% shareholding
- Holding period of 12 months
- Restrictions may apply to subsidiaries located in low tax jurisdictions



Patent Box Regime

- 50% tax cut on income derived from Intellectual Property
- Applicable to IP developed internally + indemnities
- Sale or temporary licensing of industrial drawings, models or patents
- Registered copyrights for software



Licensing - Passporting

- Single license concept | Supervision by home country authorities
- EU businesses are entitled to provide services across the EU

- Securities Issues
- Financial Services
- Payments institutions
- Credit Institutions

Collective Investment Schemes

Investment firms

Electronic Money

Insurance



Malta

Low Tax & Asset Protection



Valletta





Malta

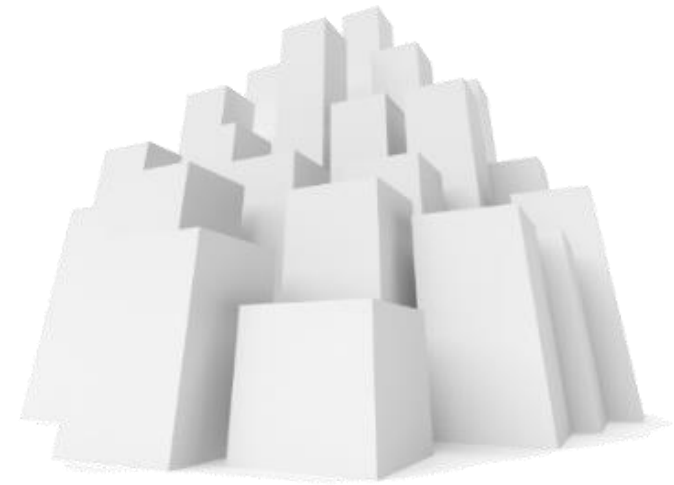
- E.U. country
- Stable financial sector
- Low tax
- Asset protection using a Foundation





Corporate Taxation

- Worldwide income taxation
- Statutory tax rate of 35% vs Effective rate of 5%
- 5/7 or 6/7 Corporate Tax Refund
- Whitelisted – OECD and E.U. compliant
- Tax Treaty Network > 60 Treaties





Tax Benefits

- Effective corporate tax rate of 5%
- 0% shareholder dividend tax
- Participation exemption regime
- Absence of withholding tax on dividends, interest or royalties

Refund system

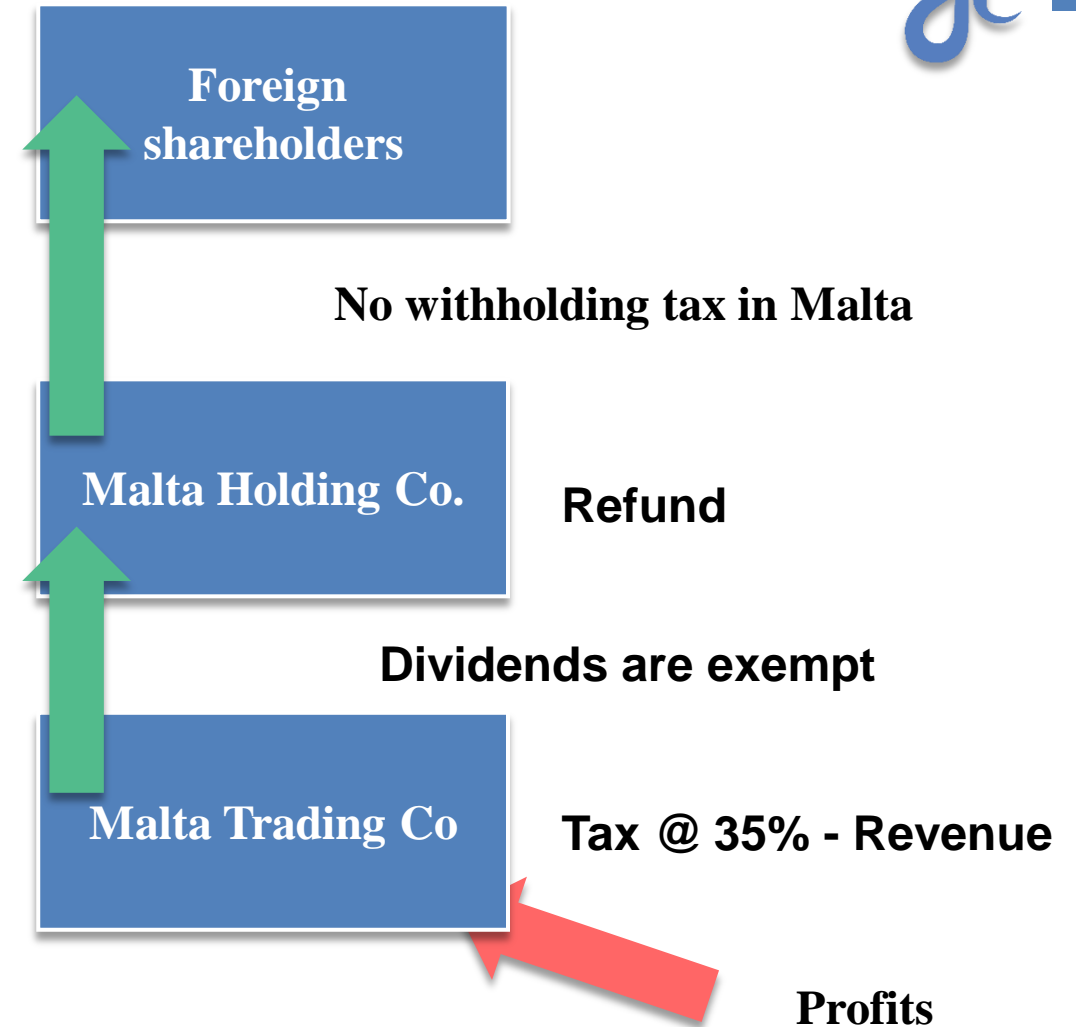
Tax refund to shareholders of:

100% : Participation exemption

6/7 : Operational income

5/7 : Passive income

Amount of the refund depends on the nature of the distributed profits and if these have benefited, or not, of any double taxation relief mechanisms.





Other benefits

- Advance Tax Rulings – 5 years
- Absence of Transfer Pricing Rules
- Absence of Thin Capitalization rules
- No CFC rules
- Carry forward losses
- Early dividend is possible



Participation exemption

- 5% shareholding with two of the following rights:
 - (i) right to vote;
 - (ii) profits available for distribution; and
 - (iii) assets available for distribution on a winding up; or
- Option to acquire the shares + other special equity rights
- Entitled to sit on the Board or appoint a person to sit on the Board of that company as a director
- Equity investment representing a total value (date of acquisition) of €1,164,000 + held for 183 days

Maltese Foundation

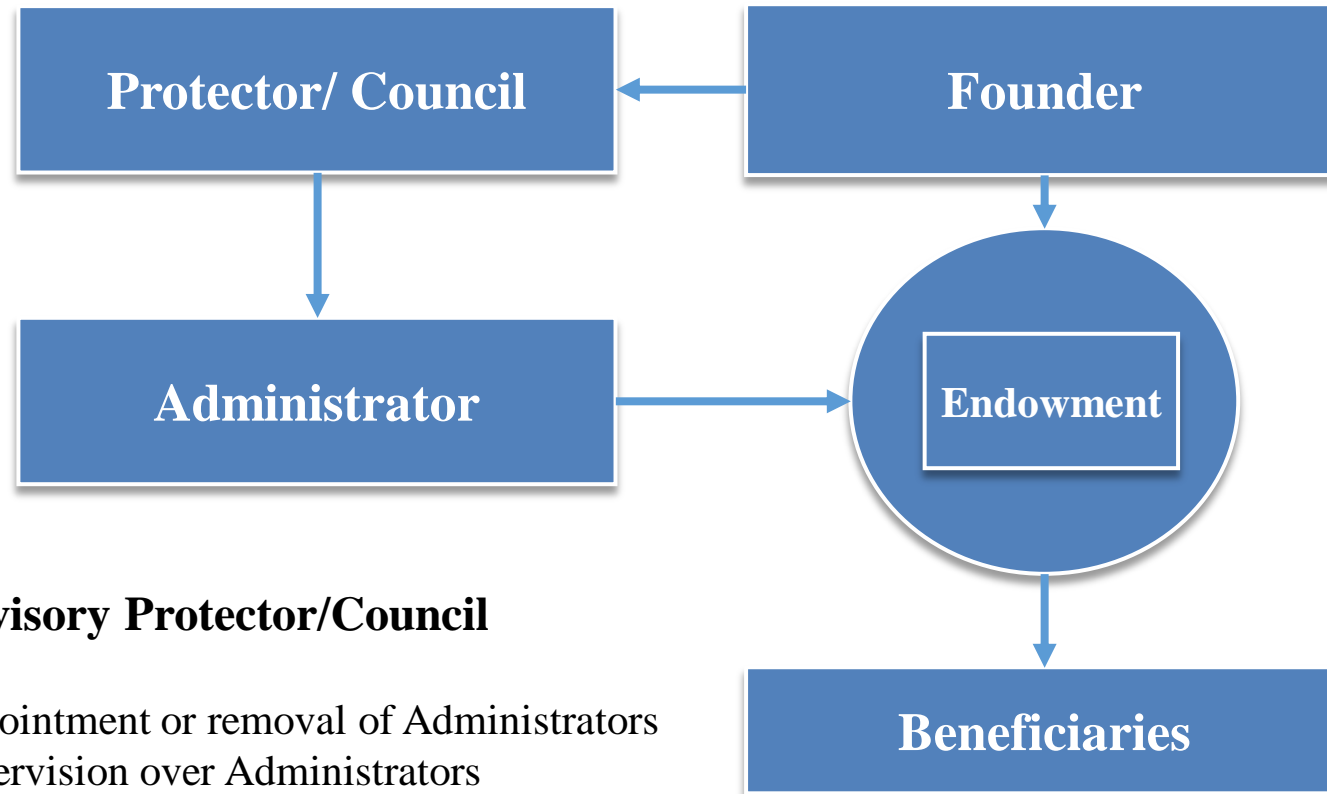


- Based on UK's Jersey legislation
- For private individual use or as a commercial entity
- Allows the holding of property irrespective of nationality or residence
- The laws of any jurisdiction other than Malta may govern
- Low minimum capital requirements
- Trustees are highly regulated by the Malta Financial Services Authority (MFSA)





Structure



Supervisory Protector/Council

- Appointment or removal of Administrators
- Supervision over Administrators
- May be vested with powers

Founder

- Supervision over administration
- Intervene in court proceedings concerning the appointment of administrators or the disposal of assets
- Possible beneficiary of the foundation
- Cannot be sole administrator

Administrator

- Responsible for possession & control of the property of the foundation
- Ensuring compliance with the deed of the foundation & the law
- Fiduciary obligations



Business uses

- Foundations cannot carry on a business, but may be shareholders of other entities
- Securitization of Assets
- Portfolio management
- Employment Benefit or Retirement Schemes
- Grant of real or personal security interests
- Insurance Policies



Tax - Foundations

- If no beneficiaries are resident in Malta
 - Tax transparent – 0%
- Opt to be treated as a company for tax purposes:
 - Taxed at 5%
 - Participate in Tax Treaty Network





Liquidation of Foundations

- Permissible to terminate before its term, if:
 - All beneficiaries demand
 - Founder consents
 - Founder may exclude such a right of the Beneficiaries
- Deed may determine how the assets remaining in the Foundation are to be distributed on termination



Macau 澳門

Gateway to the East



Macau





Macau

- Gateway to China
- Stable financial system
- Nil to low tax
- Simplicity & Low cost
- No foreign exchange control rules in Macau SAR





Company Law & Compliance

- Limited Company by Quotas (2-30 shareholders)
 - Minimum share capital MOP 25,000 (\cong USD 3,100)
- Limited Company by Shares (3 shareholders)
 - Minimum share capital MOP 1,000,000 (\cong USD 125.000)



Tax regime for companies

- Corporate profits exempt up to MOP 600,000 (\cong USD 75.000,00)
- Profits in excess of the threshold - taxed at a 12%
- No distinction generally exists between residents and nonresidents
- Worldwide income tax
- Absent of a Tax Treaty, there is no double tax relief



Treaties & Withholding tax

- Few Tax Treaties
- China, Hong Kong, Vietnam, Mozambique, Cape Verde and Portugal
- No withholding taxes on income paid to nonresidents
- Anti-abuse rules



Questions & Answers





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