

October 2006

Evolution of the Offshore Industry

Daily experience with our Clients confirms the growing trend for the migration of corporate structures from traditional offshore tax havens like the British Virgin Islands (BVI) and the Bahamas towards more transparent, legitimate, tax efficient trading jurisdictions like Singapore, Hong Kong, Dubai, Ireland and New Zealand.

Many entrepreneurs and high net-worth investors apparently no longer feel comfortable incorporating offshore companies in tax havens, or opening corporate bank accounts in the Caribbean, the Channel Islands or Eastern Europe. Our Clients tell us they feel uncomfortable with the stigma associated with traditional offshore centres such as the Bahamas, BVI or Isle of Man. Please follow this link to compare and contrast some of the more modern tax efficient jurisdictions chosen by Healy Consultants' Clients.

While we understand the current benefits offered by traditional offshore tax havens, we equally appreciate the importance of image and reputation to our Clients. Consequently Healy Consultants experiences a growing demand for more transparent, globally acceptable, tax efficient jurisdictions including Singapore, Hong Kong, Dubai, Ireland and New Zealand.

While such reputable, transparent jurisdictions provide a secure, long term solution for our Clients, the cost of engineering corporate structures in reputable jurisdictions is higher than that of traditional tax havens. This is the price one has to pay to obtain greater legitimacy, transparency and reputation. In addition, the majority of these jurisdictions require annual accounting and tax returns to be submitted to the local Governments. That said, if the corporate structures are properly structured, these jurisdictions legitimately allow international profits to be exempt of local tax, while providing the benefits of international double taxation treaties. Such tax efficient, legitimate, transparent corporate structures are very attractive to our Clients.

Our Clients' apprehension about and insecurity towards traditional tax havens is also fuelled by i) OECD efforts to secure greater transparency within offshore centres (see also here) and ii) fanned by Tax Authorities' determination (see also here) to destruct the walls of client confidentiality that historically secured national financial institutions.

Asian countries remain outside this sphere of cross-border exchange of customer information, consequently there is a large flow of global capital from West to East. For example, Singapore boasts the strongest bank secrecy and client confidentiality laws in the world. Consequently, Singapore private banking has seen assets under management quadruple in 6 years.

For more information on Offshore company formation, kindly follow this link.