



Getting closer to clients

It has been a busy time at Stanley Davis; acquiring new companies, growing our HIPs division and recruiting.

We are delighted to now draw a breath and focus on our real priority: our clients.

Through our core divisions, we are involved in hosting some large networking events which have been very successful and attract many professionals, advisers and decision-makers. These large events are typically held in Leeds and Nottingham, and organised by our search division, York Place.

In London, we have hosted some intimate and exclusive private lunches at the Garrick Club in London's West End. These are superb events and enable us to get to know new clients better and to thank long-standing clients for their continued support. We would like to open these up to a wider audience next year, and starting to build the list now.

If you're interested in attending any of the events, please let us know by emailing marketing@stanleydavis.co.uk. Please let us know if you're interested in events in Leeds, Nottingham or London.

International Corner US Limited Liability Company (US LLC)

The US Limited Liability Company (US LLC) is a hybrid entity that offers the advantage of being a separate legal entity from its members and the member's personal liability being limited to the amount invested in the LLC. A minimum of one member (shareholder) must be appointed and this can be a physical person or a corporate entity based anywhere in the world (offshore based members can be used). A minimum of one manager (director) must be appointed and this can be a physical person or a corporate entity based anywhere in the world (offshore based managers can be used). A registered office must be maintained in the state of formation at the office of a professional registered agent. Furthermore there are generally no minimum capital requirements and no capital duty is payable.

A US LLC can be taxed either as a partnership, a company or as a disregarded entity. If it chooses to be taxed as a partnership/disregarded entity, it will have the benefit of flow-through taxation for the purpose of US federal and state taxation. Therefore provided that the LLC has only non-US resident members, conducts its business outside of the US and has only non-US source income, it will not be liable to tax in the US and there will be no requirement to file accounts or tax returns in the US.

The US LLC is therefore a cost effective vehicle with an onshore image and provides an interesting alternative to the use of offshore companies for clients conducting international business with no US connections.



Austrian Agency structure

An Austrian limited Company (Agent) can enter into an agency agreement with an offshore Company (Principal) to trade in its name but on behalf of the principal.

An interesting use of the structure can be where the Austrian Company buys goods for Euro 100,000 using its name but on behalf of the offshore company. The Austrian Company then resells for Euro 200,000 and retains a commission calculated as a percentage of the profits. There is not a minimum commission to be received by the Austrian company, but it is advisable that the commission should be sufficient to cover the costs of the Austrian company and leave a profit in the company.

In most cases a VAT registration number and a tax registration number can be obtained within two to three weeks from the date when the application documents are submitted to the tax authorities.

A minimum of one shareholder is required for registering a limited Company (GmbH) and the shareholder can be an individual or a legal entity resident anywhere in the world. However, if the only shareholder of the Austrian GmbH is a non resident corporation, a certificate of good standing for the corporate shareholder should be provided and the individual signing on behalf of the non resident company should be able to provide proof that he is entitled to do so. All these documents are required in original with an authenticated translation.

A minimum of one director is required and contrary to the practise of many other countries, Austria does not accept a corporate entity to be appointed as a director of a GmbH company. The minimum required share capital of an Austrian GmbH is Euro 35,000, of which at least Euro 17,500 has to be paid. The Austrian company is required to prepare and file accounts and tax returns.

Maltese trading and holding Companies

Malta's entry into the EU and direct access to regulators complement its unique tax system and make Malta an attractive location in which to conduct business.

As from January 2007 Malta has introduced a new imputation tax system so that both resident and non-resident shareholders are entitled to the same tax refunds in respect of the underlying tax on distributed company profits.

Tax refunds

A tax refund is available on the distribution of profits derived from all sources (subject to the immovable property exception). Resident shareholders are subject to tax on dividends with a tax refund of 35% while non-residents are not subject to tax in Malta. The company income tax rate of 35% has been retained, and the tax refund available with respect to the distribution of profits is $\frac{2}{3}$ ths of the 35% underlying income tax rate that is payable by the distributing company. Therefore, after the tax refund, the Malta tax burden on dividends received by shareholders of Maltese companies will be 5%.

A 100% tax refund in the case of dividends and capital gains derived from participating holdings has

been retained. The $\frac{2}{3}$ ths tax refund rate will be reduced to $\frac{1}{3}$ ths in those cases when the distributed profits were derived from passive interests or royalties which were subject to a foreign tax rate that is less than 5%. Interest income and royalties are considered to be of a passive nature when they are not in essence derived from a trade or business. Similar restrictions apply to the 100% tax refund rate and the participation exemption.

The minimum number of shareholders for a limited company is normally two; however a "single member company" may also be registered, subject to the satisfaction of certain requirements. A minimum of one director is required and does not have to be resident in Malta. The director details are publicly available. Non-resident directors have to provide letters of references and various declarations. We can provide resident nominee director services should the director wish to protect their identity. A company secretary is required. The company secretary has to be a holder of a Maltese passport and resident in Malta. Non-resident secretaries are not permissible.

Audited accounts and the tax return must be filed annually with the relevant tax authorities and the Malta Financial Services.

Contact our International Tax Consultant, Emilio Scintu, by telephoning **020 7554 2223** or visiting www.stanleydavis.co.uk

