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Stanley Davis

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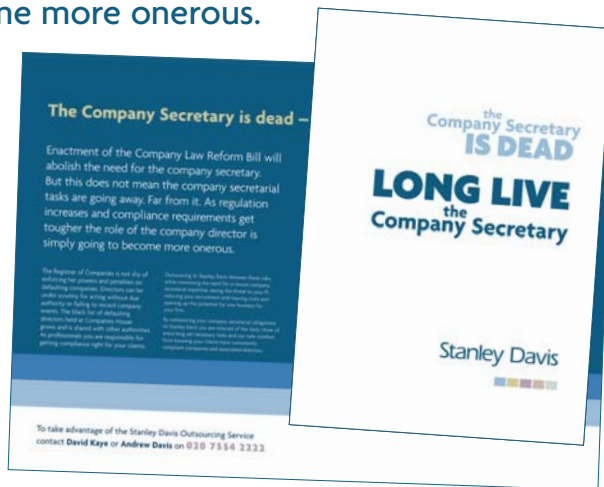
The Company Secretary is Dead – Long Live the Company Secretary!

If the Company Law Reform Bill becomes law later this year as planned, the need for a company secretary will be abolished. But this doesn't mean company secretarial tasks are going away. Far from it. As regulation increases and compliance requirements get tougher the role of the company director is simply going to become more onerous.

The Registrar of Companies is not shy of enforcing her powers and penalties on defaulting companies. Directors can be under scrutiny for acting without due authority or failing to record company events. The black list of defaulting directors held at Companies House grows and is shared with other authorities. And as professionals you are responsible for getting compliance right for your clients.

Outsourcing to Stanley Davis removes these risks, while minimising the need for in-house company secretarial expertise, easing the threat to your PI, reducing your recruitment and training costs, and opening up the potential for new business for your firm.

By outsourcing your company secretarial obligations to Stanley Davis you are relieved of the daily chore of unexciting yet necessary tasks and can take comfort from knowing your clients have consistently compliant companies and directors.



Why outsource to Stanley Davis?

- We become an extension of your office and take the responsibility of getting it right
- All our staff are fully conversant with company law and company secretarial practice
- We continually add to our bank of company secretarial precedents enabling quick resolution of more complicated company secretarial matters
- We have cross border tax expertise in-house and can deal with the complex mix of UK and international tax requirements
- Our proprietary in-house software has the capacity to manage large numbers of companies. Currently we act for over 5,000
- We operate a fully automated reminder system so your clients will find it difficult to default. If we forget, then late filing penalties will be paid by us

Direct Benefits to you of outsourcing to Stanley Davis

- Immediate access to qualified support
- Availability of all your records at all times via the Internet - enabling you to see the current status of each company direct
- No need for in-house company secretarial staff
- No ongoing training or career progression obligations
- Reduction in employment law obligations
- Potential to reduce PI exposure
- Increased profitability – you pay for exactly what you and your clients need, as and when they need it, at competitive rates

To take advantage of the Stanley Davis Outsourcing service contact David Kaye or Andrew Davis on 020 7554 2222.

How do we do it?

- We take the responsibility for annual compliance including standard filing of returns, updating of statutory registers and operation of a robust diary reminder system
- We provide tax advice on corporate structures to maximise your clients' return
- We use interactive company secretarial software which enables automatic company secretarial support
- We monitor new companies to protect your clients' companies
- We provide nominee officers and shareholders to achieve anonymity and protect high profile clients
- We offer the full range of specialist company secretarial support e.g. merger and acquisition procedural guidance, company restoration and conversion from PLC to private company and vice versa
- We add the dimension of our international expertise, contacts, nominees and formations.



Paying Too Much To Form New Companies?



Using Stanley Davis for your company formations takes only 5 minutes for online data entry and costs from only £30 + vat.

Incorporating companies in this way benefits your clients because it's so simple, quick, reliable and above all cost-effective. You can provide a cost effective service for your client and your client will see you performing a top-class service for them.

This cost-effective approach allows you to complete a straightforward task easily so you can concentrate on 'higher value billable' work. So you can delegate it to your office staff, allowing you to make more productive use of your time.

To open your new Eformations account costs you nothing. It's FREE. Simply log onto www.stanleydavis.co.uk. Click on 'Apply for an Account' and complete the simple online registration form. Once this has been done we will email your User Name and Password and you can then form new companies inexpensively, quickly and easily.

Within 3 - 4 hours – depending on Companies House – a Certificate of Incorporation is emailed to you.

Over 1,400 accountancy firms are currently using Eformations.

What could be easier?

Community Interest Companies

Since becoming available towards the end of last year, the Community Interest Company (or CIC) format, is slowly taking off. At the time of going to press less than a hundred CICs have registered but it is expected that numbers will rise steadily this year.

The CIC format is specifically for social enterprise companies that may need to generate capital – a commercially orientated type of company that works for the public benefit without actually being a charity. This is reflected in the types of company formed so far. West Somerset Internet CIC was established with the support of Somerset County Council and West Somerset District Council to provide broadband infrastructure to individuals, businesses and communities in areas in West Somerset which are not served with effective broadband access at present. South Holland Radio CIC is a community-based radio station in the Spalding area. ECT Bus CIC provides transport solutions for people with mobility difficulties.

Incorporation as a CIC involves submitting papers to the CIC regulator including a Community Interest Statement. If you are interested in forming a new CIC or re-registering your existing company as one, we will be pleased to advise on the registration process.

Form 42 requirements

Form 42 was introduced in the 2003 Finance Act. The Inland Revenue imposed a duty to report all acquisitions of employment related securities. There was much furore surrounding the first form 42 deadline of 6 July 2004 and the additional administrative burden generated by the scheme.

Following this on 28 November 2005 HM Revenue and Customs announced a reduction in the reporting requirements for Form 42.

The revised rules mean that where shares are acquired by employees on incorporation of a company or on transfer of the subscriber shares, provided certain conditions are met no report on Form 42 would be required. A report is not required if all of the following conditions are met:

- all of the initial subscriber shares are acquired at nominal value
- no form of security other than shares is acquired
- the shares are not acquired by reason of or in connection with another employment; and
- the shares are acquired by a person who is a director or a prospective director of the company, or someone who has a personal family relationship with the director and the right or opportunity is made available in the normal course of the domestic, family or personal relationship of that person.

The new rules also cover other events where reports may not be required:

- transfers of shares in the normal course of the domestic, family or personal relationships
- share for share exchange
- rights issue
- bonus issue
- shares acquired independently by employees
- shares acquired by directors under reinvestment of dividends arrangements (SCRIP or DRIP)
- residents' acquisition of shares in flat management companies.

If a responsible person fails to make a report then penalties can arise, however the Company will receive at least two reminders before this happens. In the longer term HMRC aims to introduce an on-line Form 42 filing facility for April 2007 and we will provide further information as soon as this becomes available.

Did you know that at Stanley Davis we are able to offer a complete offshore service to our clients?

We understand that clients may seek the advantages offered by different corporate structures and locations abroad, and through our extensive network of associates and correspondents worldwide, we can incorporate, maintain and search companies in any location.

With many years of experience, our international

department can set up your offshore company with the minimum of fuss and guide you through the often complex procedures. We understand your needs, act discreetly and with extreme care in all our dealings on your behalf.

We have also recently introduced a service for advice on international tax structures. Our team

includes our own in-house international tax consultant Emilio Scintu, who can advise and help achieve the best tax structures for you and your clients. Emilio's expertise, added to the already formidable bank of company secretarial support within Stanley Davis, offers clients a complete secretarial and management support service with no limitation as to jurisdiction.



International Tax Planning – Frequently Asked Questions

Tax Tips with Emilio: Emilio goes to visit our offshore clients regularly and we have asked him to give us, in a regular column in the Journal, the answers to questions that clients frequently come up with. He will also be focusing every issue on one particular jurisdiction that seems to be popular with our clients. In this issue, the focus is on the Seychelles.

Q. An Italian company is wishing to develop its business interests into new marketplaces and it is looking for a suitable base for its expansion. Which would be an appropriate jurisdiction?

A. In the event that the Italian parent company does not require administrative set-up of offices and personnel in its first stages of foreign expansion, Stanley Davis can form and administer a UK company on their behalf. Our services include the constitution of the UK company together with the provision of directors and secretary if required, VAT registration and compliance, administration services including reporting and invoicing facilities, maintenance of accounting and preparation of management and statutory accounts in conjunction with the company's auditors, control of legal obligations of the company and any other management issues. In the UK, the rate of tax on the first £300,000 of profits can be as low as 20%, and there is no dividend withholding tax on profit distributions; the highest rate of corporate taxation of 30% does not arise until annual profits exceed £1.5m. Furthermore, provided that some conditions are met, the UK company can benefit from an exemption from capital gain tax on substantial shareholdings (Finance Act 2002).

Q. A UK resident, but non-UK domiciled fashion model lives in the UK and has assignments in the US. The model is self-employed receiving her income directly. It is likely that the income from the US will be subject to US tax at source. Is this correct and if not what can be done to alleviate the imposition of tax?

A. If she is classified as an entertainer then her income will be subject to tax under the UK/US double tax treaty pursuant to Article 17. However the IRS has not ruled that a model is in fact an entertainer and as such tax should not be withheld. An alternative is that she is employed by a UK company which pays her a salary of, say, £100,000 per annum on which she pays UK tax, and which provides her services to the model agency for, say £500,000 per annum. It is imperative that the UK company is properly managed and controlled in the UK and must provide a degree of control over her activities so as to justify the employment arrangement.

Q. An EU based individual holds an interest bearing account in a EU financial institution. How can he organise the holding so that he will not have to comply with the EU Savings Directive?

A. He could use a Nevis IBC to hold the investment. The advantage of this is that the company is registered in Nevis, which is an independent federation (with St Kitts). This does not therefore result in any EU ownership issues, meaning that such investments fall outside the scope of the EU Savings Directive withholding tax requirements. There are no reporting requirements. There is no annual return to complete, no accounts to file and no requirement to file names of directors or shareholders on the public register.

The Benefits of a Seychelles Company

During the past decade, the financial sector in Seychelles has undergone considerable changes especially as the country has initiated moves to establish itself as an Offshore Financial Centre. The implementation of an effective legislative framework explains the success that Seychelles has recently enjoyed: flexibility and low costs within a well regulated environment have helped Seychelles become a very competitive location in which to set up IBC companies.

Seychelles IBC companies are regulated by the International Business Companies Act 1994 (as modified in 2000) and the Anti-Money Laundering Act 1996. A minimum of one director and one shareholder needs to be appointed and there are no residency requirements for directors or shareholders of an IBC. The annual government fee is just \$100 and it allows a maximum authorised share capital of \$100,000. The IBC pays no taxes in the Seychelles provided that it does not trade or own real estate there.

Another important advantage of Seychelles when compared to other offshore jurisdictions is that Seychelles is fully independent from the European Union and therefore it does not have to deal with issues such as the EU Code of Conduct on Business Taxation or the EU Savings Tax Directive.



Branding Builds the Business

More emphasis is being placed on the value a name brings to a business as we witness an increased interest in trademark registration

More emphasis is being placed on the value a name brings to a business as we witness an increased interest in trademark registration.

In the month of July search engines confirm that hits in respect of 'trademarks' exceeded hits in respect of 'company formation' by more than 100%.

Even the smallest successful business uses its personality to assist in its success. That personality is made up of a number of components, the owner/manager, the service/product, the delivery, the marketing initiatives, the corporate identity. The wrapping is in the name. As time goes on the successful company and why it is successful becomes recognised by the name. Gradually the name becomes synonymous with the service and it is the name therefore which carries the value. This value is transmitted to the accounts as an intangible asset with a real £s value.

However small, business today is global from the start as the internet removes barriers to trade. Incorporating the company in the UK is sensible for a range of good reasons but the protection is not exportable. Other countries have their own corporate regime and in order to protect the company name registration in each of the relevant countries is required.

By contrast, trademark protection can be bought in the EU through one form of registration and through further group connections within the Madrid Protocol. Trademark registration protects the mark by which the company's goods or services become known.

Trademarks generally are short and snappy. They are by their nature the marks which distinguish the goods or services of one proprietor from those of



another. According to the Trademarks Act 1994 they must not be descriptive of the product or service and must be distinctive. Once registered they are an asset of the company and can be assigned or sold.

A single Community Trademark Registration enables a company registered in the UK to sell its wares throughout Europe carrying protection of its brand through trademark registration.

Stanley Davis Launches its One Stop Shop

You can now order many of our services over the Internet using our newly designed website at www.stanleydavis.co.uk.

For many years now clients have been able to log on to our unique electronic formations website and purchase companies cheaply and quickly. For other clients, this service did not always offer what they were looking for – but now they can log on and purchase our traditional incorporation packages from as little as £52 (excl. VAT), as well as ordering them over the phone or by fax.

Clients can also order property and company searches on line, view our International jurisdiction factsheets and find out about our renowned offshore services. We also have our newsletters (including this very issue) on the website, news from our industry and many links to other useful sites such as Companies House, a currency converter, and the sites of the Institutes of Chartered Accountants and Chartered Secretaries.

We also give a preview of some e-learning courses provided by our sister company Fuel IT Limited.

