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FIVE REGIONAL PERSPECTIVES OF CONSTRUCTING AN OFFSHORE CORPORATE STRUCTURE

Case
study

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Abstract

The offshore company, the emblem of the tax haven jurisdictions, is owned by non-residents and it conducts activities outside the island of incorporation in order to benefit from tax advantages. The purpose of this paper is to conduct a comparative analysis on the trends of constructing the offshore corporate structures at the level of five regions where tax havens have been identified: The Caribbean Sea and Central America; Europe; Asia; The Indian Ocean and The Pacific Ocean. Based on the tax and corporate legislations the analysis is focused on the main tax advantages offered by these entities, the incorporation and administration procedures as well as the costs involved. The results have shown that pure offshore corporate legislation is to be found at the level of only three geographic areas: The Caribbean Sea and Central America; The Indian Ocean and The Pacific Ocean and the offshore law is predominantly international, with only fine regional differences.

Introduction

Tax havens have long been under the observations of numerous Governments and international organizations which wanted to target any distortions in the global market caused by the “harmful tax competition” induced by these states and territories (OECD 1998). As globalization created new opportunities for both businesses and individuals in terms of access to new markets and various solutions, the advantages offered by tax havens did not remain unnoticed. The lack or low level of taxation together with other fiscal incentives and solutions offered to non-residents put numerous Governments “en garde” in respect of their exposure to the threat of losing and eroding their tax basis (OECD 2013).

The Organization for Economic Cooperation and Development (OECD) together with the European Union (EU) have been the initiators of a demarche in order to identify harmful tax systems and measures which could jeopardize the integrity of the international tax systems. The results consisted in an alignment of the tax havens’ legislations to the internationally agreed standards of transparency and exchange of information for tax purposes (OECD 1998) and the elimination of any harmful tax measures which fell under the provisions of the EU’s Code of Conduct for Business Taxation (The Council of the European Union, 1998). Therefore, the tax havens had to make numerous amendments to both their fiscal and commercial legislations in order to avoid international sanctions and a bad reputation. Yet, the problem is still considered unsolved in respect of the numerous opportunities being exploited by the players in the international arena such as the multinational companies which, given their global presence take advantage of the tax differentials in the countries’ fiscal systems in order to avoid taxation. This problem is targeted in a new project of the OECD “Base Erosion Profit Shifting - BEPS” which raises the problem of the Governments that lose a considerable amount of tax revenues as a result of the taxpayers’ artificially profit shifting towards low tax jurisdictions (OECD 2013).

Therefore, given the international dimension of the subject matter, a better understanding and analysis of the tax havens’ fiscal and commercial systems as well as trends in the geographic areas represent an important topic to the tax havens’ literature. The offshore companies hosted by the tax haven jurisdictions represent the main vehicle by which the tax advantage offered by these states and territories can be achieved. Hence, an analysis at the level of the main tax advantages offered by these entities, the incorporation and administration procedures as well as the costs involved will provide at the level of each geographic area where tax havens are concentrated

certain trends in the construction of the offshore company. This research contributes to the tax haven literature with a focus on the offshore structure at an international dimension.

Literature review

Despite numerous debates regarding tax havens, there is no unanimous definition of these jurisdictions (Dharmapala, 2008). Yet, there are a number of definitions provided by the Academic literature as well as by the International Organizations.

Tax havens from the perspective of the Academic literature

With an emphasis on the tax essence of these jurisdictions, tax havens are presented as states or territories which offer very low tax rates as well as other tax advantages which are meant to attract foreign investors (Hines Jr., 2005). Also, they offer the opportunity for tax avoidance (Desai et al., 2006), especially for the multinational companies which direct their profits towards the low tax jurisdictions (Krautheim and Schmidt-Eisenlohr, 2011).

A set of characteristics of these territories include the following: Small countries, predominantly islands, with a population below 1 million; Good communication infrastructure; Few natural resources; British legal origins with English as an official language; Parliamentary systems; Proximity to the large capital-exporter countries; More affluent than other countries as they attract significant foreign investment due to the low tax rates and opportunities for tax avoidance; and High-quality governance institutions that can be translated in political stability, government effectiveness, rule of law and control of corruption (Dharmapala and Hines Jr., 2009).

In the recent years it has been a trend towards using the term “offshore financial center” instead of “tax haven”, the latter being frequently associated with more negative aspects such as money laundry, tax evasion, etc. (Buzan, 2011).

Tax havens from the perspective of the International Organizations

As the most fervent opponent to the tax havens’ legislation that signaled the threat of a “harmful tax competition” at the international level, The Organization for Economic Cooperation and Development (OECD) proposed a set of four key factors in identifying a tax haven: No or only nominal tax rates; Lack of effective exchange of information; Lack of transparency; and No substantial activities (OECD, 1998).

In order to eliminate any tax distortions in the single market, The European Union through its Code of Conduct for business taxation targeted a set of harmful tax measures found in the legislations of some EU Member States and their Associated Territories. These measures were

representing the offshore sector which the EU wanted to be eliminated. The following measures had been identified:

- Advantages accorded only to non-residents or to the transactions carried out with non-residents;
- Advantages that were ring-fenced from the domestic market, so that the national tax base would not be affected;
- Advantages granted even without real economic activity being carried out and no substantial economic presence in the state offering the tax advantages;
- The rules for profit determination in the case of the multinational companies departed from the internationally accepted principles;
- The tax measures were non-transparent (The Council of the European Union, 1998).

Placing an accent on the very well developed financial industries of these jurisdictions, The International Monetary Fund (IMF) departed from the concept of "offshore financial center". The Organization provided the following characteristics to an offshore financial center:

- The presence of a large number of financial institutions transacting especially with non-residents;
- The dimensions of its financial sector going beyond the necessities of its own economy;
- The lack or the low levels of taxation;
- The lax regulations of the financial sector;
- Banking secrecy and anonymity (IMF, 2000).

The Financial Stability Forum (FSF) also attached a set of characteristics to the notion of "offshore financial center":

- The lack or low level of taxation on business income and investment;
- The lack of withholding taxes;
- Easy and flexible procedures for incorporation and licensing of companies;
- Lax surveillance rules;
- Ease and flexibility in using corporate structures;
- Lack of requirement for physical presence of the company or financial institution in its territory;
- High level of information confidentiality;
- The ring fencing of these advantages only to non-residents (FSF, 2000).

Yet, it must be emphasized that following the adherence of the tax havens to the OECD's internationally agreed tax standards on transparency and exchange of information for tax purposes, aspects such as bank secrecy, anonymity and confidentiality in the sense of hiding identity, ownership or accounting information have been

removed and they are no longer to be found in these jurisdictions. Yet, the tax advantages offered remain a major incentive for the creation of corporate structures in these territories.

Methodology

For the purpose of the regional comparative analysis of offshore corporate structures, the following steps have been taken:

- The identification and selection of the tax havens at the level of the geographic areas according to the numerous listings that have been made both at the level of Academic literature as well as by the International Organizations;
- The analysis of the tax and offshore commercial legislations of the tax havens identified at the level of the five regions;
- The comparative presentation and analysis of the offshore corporate structures at the level of each region, based on characteristics, incorporation and administration procedures as well as costs of incorporation and annual fees due to the local Governments.

Tax havens` identification and selection

The identification of the tax havens was made according to the listings made by both academic literature authors: Irish (1982), Hines Jr. and Rice (1994) as well as by the international organizations: OECD (2000), IMF (2000), FSF (2000), IMF (2007). In the selection process that followed it was taken into account the number of times each jurisdiction appeared on the listing and the minimum of two nominations was considered as relevant for the scope of this research. Therefore, Table No. 1 identifies 40 prominent tax havens that are to be found in The Caribbean Sea and Central America; Europe; Asia; The Indian Ocean and The Pacific Ocean.

Tax havens` tax and offshore commercial legislations at a regional level

At the level of the five regions there are different tax systems in place and different commercial legislations based on which the offshore companies are regulated and operated. These systems are: the "zero tax system", the territorial-based tax system and the global-based tax system.

The jurisdictions with a "zero tax system" do not impose any direct taxes neither on natural persons nor on juridical persons, whether resident or nonresident. These are the "pure tax havens" and they are represented in the Caribbean Sea by Anguilla, Bahamas, Bermuda, The British Virgin Islands, The Cayman Islands, Turks and Caicos Islands and in the Pacific Ocean by Nauru and Vanuatu.

Under the territorial-based tax system both resident and non-resident persons (companies or individuals) are subject to taxation on the revenues derived only from within the territory that has in

place this system. The revenue generated outside this jurisdiction is not subject to taxation. This system can be found in the tax havens of The Central America (Belize, Costa Rica and Panama), Europe (Gibraltar and Monaco), Indian Ocean (Seychelles) and Pacific Ocean (Marshall Islands).

The global-based tax system is more widely spread at the level of the five regions and it is based on the principle that the revenues generated by the residents (natural and juridical persons) of a jurisdiction are subject to taxation whether they are sourced from within or outside the territory. On the other hand, non-residents are subject to tax only on the revenue generated from within the territory in question. In the Caribbean Sea this system is met in the following tax havens: Antigua and Barbuda, Aruba, Curaçao, St. Maarten, Barbados, Dominica, Grenada, St. Lucia, St. Christopher and Nevis and St. Vincent and the Grenadines. In Europe, Andorra, Cyprus, Switzerland, Guernsey, Jersey, Isle of Man, Ireland, Liechtenstein, Luxembourg, and Malta opted for this system; Mauritius is its representative from the Indian Ocean along with three other islands in the Pacific Ocean (The Cook Islands, Niue and Samoa).

Therefore, it can be concluded that at the level of the tax haven jurisdictions the “global tax system” is the most commonly used followed by the “zero tax system” and finally by the “territorial tax system”. The attribute of “tax haven” jurisdiction could not have been accorded to the states with “global tax systems” unless special offshore legislation was in place.

In terms of offshore legislation, at the level of the Caribbean Sea and Central America, the following types of offshore companies can be found: The International Business Company or IBC, The Limited Liability Company or LLC and the Exempt Company. While the IBC and LLC are set up under separate legislative acts, “The International Business Companies Act”, respectively “The Limited Liability Company Act”, the Exempt company is incorporated under the domestic legislation.

The offshore characteristic of the IBC, LLC and the Exempt company rests in the fact that as long as they do not conduct business activities within the territories of incorporation or own any real property in the territory, the companies are exempted from tax. The LLC structure combines the advantage of the limited liability of the company with the fiscal transparency of a partnership; that is the revenue generated by the company is not subject to corporate tax, but the revenue is taxed directly in the hands of the shareholders.

The International Business Company (IBC) is to be found in the commercial legislations of the following tax havens: Anguilla (Anguilla’s

IBC Act, 2000), Antigua & Barbuda (Antigua and Barbuda – IBC Act, 2005), Bahamas (Bahamas – The IBC Act, 2000), Barbados (Barbados – IBC, 1991), Belize (Belize – IBC Act, 2000), Dominica (Dominica IBC Act, 1996), Grenada (Grenada’s International Companies Act, 2008), St. Lucia (St. Lucia IBC Act, 2001), St. Vincent and the Grenadines (St. Vincent and the Grenadines IBC Act, 2007). Although it is coming under a different name and a different legislative act, the British Virgin Islands’ BVI Business company resembles in many respects the IBC company (BVI Business Companies Act, 2004). A tax adjustment has been made in the case of the Barbados’ IBC structure, where a profit tax between 1% to 2,5% was imposed, although the activities conducted by this entity are international and outside the territory of Barbados (Barbados – IBC, 1991).

The Limited Liability Company (LLC) is incorporated under the provisions of the “Limited Liability Company Act” of the following jurisdictions: Anguilla (Anguilla’s LLC Act, 2000), Antigua and Barbuda (Antigua and Barbuda ILLC Act, 2007), Belize (Belize – ILLC Act, 2011), St. Christopher and Nevis (Nevis Limited Liability Company Ordinance, 2009), St. Vincent and the Grenadines (St. Vincent and the Grenadines LLC Act, 2008). The structure combines the advantage of the shareholders’ limited liability (as in the case of a company) with the fiscal transparency of a partnership. When the LLC does not conduct business activities within the territory of incorporation, the entity is totally tax exempt.

The Exempt Company is incorporated under the same legislative act as the local company and it can be found in Bermuda (Bermuda Companies Act, 2014), Cayman Islands (Cayman Islands Companies Law, 2013), St. Christopher and Nevis (St. Christopher and Nevis Companies Act, 2002) and Turks and Caicos Islands (Turks and Caicos Islands Companies Ordinance, 2009). The main characteristic of this structure is that it benefits from the local neutral tax systems with the mandatory condition that all the activities of the company must be conducted only outside these territories. This entity is very similar to the IBC.

In Europe, the offshore sector represented by the special corporate structures was eliminated as a result of the Member States’ adherence to the EU Code of Conduct for business taxation. Yet, there are a set of other characteristics that stand out to define the “tax havens”: the low to zero corporate tax rates; the special tax regimes on certain activities or tax deductions as well as the lack of withholding taxes on dividends, royalties or interests.

The European representatives of the zero tax regimes on corporate income are the English Channel Islands: Jersey (Deloitte Jersey, 2014), Guernsey (Deloitte Guernsey, 2014) and Isle of

Man (Deloitte Isle of Man, 2014) through their “0/10” tax system and Monaco which provides for the same neutral tax environment on corporate income as long as at least 75% of the revenue is generated from Monaco (OECD Monaco, 2013). Also, low corporate tax rates such as: 7,83% in Switzerland (Deloitte Switzerland, 2014), 10% in Andorra (Deloitte Andorra, 2013) and Gibraltar (IBFD, Gibraltar 2014), 12,5% in Cyprus (IBFD, Cyprus 2014), Ireland (Deloitte Ireland, 2014) and Liechtenstein (Deloitte Liechtenstein, 2014) are seen as important incentives for businesses.

Special tax regimes are offered by the following states: Andorra provides an 80% reduction of the tax base as long as the activities conducted by the entity are international or they involve intragroup financial management and investment (Deloitte Andorra, 2013); Luxembourg has in place the “holding company regime” – Dividends and capital gains derived by a qualifying entity from a qualifying shareholding may be exempt from Luxembourg corporate income tax (Deloitte Luxembourg, 2014), whereas Malta provides for a full imputation and refund system where a shareholder has the right to claim a refund of the tax paid in Malta on the qualifying profits out of which the dividend was distributed, resulting in an effective tax rate of 0% - 10% (Deloitte Malta, 2014).

Another important tax incentive offered by the European states qualified as “tax havens” is the lack of withholding taxes on the payment of dividends, interests or royalties to non-residents.

Therefore the European states qualifying for the “tax haven” status do not present offshore corporate structures, but distinguish themselves through low to zero tax rates, special tax regimes and no withholding taxes.

The two representative “tax haven” jurisdictions from Asia, namely Hong Kong and Singapore do not present offshore corporate structures as well, but instead they have in place an advantageous territorial tax system, under which companies (resident or non-resident) are subject to tax only on the revenue generated within these territories. Revenue generated outside the territory, from international operations, is not taxed by the two jurisdictions. Also, there are no withholding taxes imposed on dividends (Deloitte Hong Kong, 2014; Deloitte Singapore, 2014).

The two state-islands from the Indian Ocean, Mauritius and Seychelles, present offshore legislation, yet differently constructed. In Mauritius the offshore character of the company is given by the licensing process of a locally registered company (Category 1 Global Business License and Category 2 Global Business License). A Global Business Company is defined as a resident corporation which carries on business outside Mauritius (OECD Mauritius, 2011). The resident

company must be licensed under category 1 or 2 in order to benefit for the offshore statute, which consists in being exempt from the general corporate tax of 15% (Deloitte Mauritius, 2014). On the other hand, Seychelles presents IBC legislation, which by statute and characteristics is exempted from the general corporate tax rate which ranges between 25% - 30% (IBFD, Seychelles 2014) as long as the company conducts its activities outside the island (OECD Seychelles, 2013).

In the Pacific Ocean the state-islands which present offshore legislation are: The Cook Islands, Marshall Islands, Samoa and Vanuatu. Nauru and Niue on the other hand eliminated their offshore sectors completely (OECD Nauru, 2013). The International Companies Act is regulating the incorporation and administration of the “International Company” which is prohibited from conducting activities within the territory of incorporation or own immovable property in that territory, while being accorded tax exempt status (Vanuatu International Companies Act, 2011). This type of legislation can be found in The Cook Islands, Samoa and Vanuatu, while The Marshall Islands designed its offshore sector by including in its “Business Corporation Act” the non-resident domestic company which is exempted from all taxes as long as it does not conduct business in the Marshall Islands (OECD Marshall Islands, 2012). The LLC legislation may also be found in The Cook Islands under the “Limited Liability Companies Act” (OECD Cook Islands, 2012) and in the Marshall Islands as the non-resident domestic LLC, which benefits as well from the tax exempt status (OECD Marshall Islands, 2012)

Comparative presentation and analysis on a regional level of the offshore corporate structures

The comparative analysis on offshore corporate structures is realized at the level of three regions identified as having offshore legislation: The Caribbean Sea and Central America; The Indian Ocean and The Pacific Ocean. At the level of Europe and Asia there have been identified different tax advantages but no offshore corporate structures.

The main offshore corporate entities under analysis are: The International Business Company (IBC), The Exempt company and the Limited Liability company (LLC). These structures will be further analyzed at the level of their main characteristics, incorporation rules (minimum number of shareholders, the limit of the shareholders` liability, minimum authorized share capital, nominee shareholders and directors, registered office), administration criteria (minimum number of directors, registered agent, accounting records` requirements) and costs (incorporation costs and annual costs due to the Registered Office).

The IBC is set up at the level of all the three regions by means of a separate legislative act, which provides the entity the tax exempt status as long as all the operations of the company are conducted only outside the territory of incorporation. In terms of the incorporation rules, the common elements of the structure at the level of the three regions are: the minimum of one shareholder requirement, the lack of a minimum authorized share capital, the possibility to appoint nominee shareholders or directors (services which are offered by the licensed service providers) and the requirement of a local registered office for the company in the territory of incorporation. In terms of the shareholders' liability this may be limited through more options in the case of the IBCs incorporated in the Pacific Ocean's state-islands, as well as in Bahamas and in St. Vincent and the Grenadines. The administration criteria of the IBC differs significantly in respect of the accounting records' requirements; the Pacific islands do not impose specific rules on keeping accounting records, underlying documentation and maintenance of the records for at least 5 years. The costs (both for incorporation and administration) vary from 100 USD to 500USD, with no significant variances between the regions, as shown in Table No. 2.

Coming under the name of "The Exempt company" in the Caribbean region, "Global Business Company" in the Indian Ocean territories and "Non-resident domestic corporation" in the islands of the Pacific Ocean, all of these companies serve the offshore sectors of these states and they are incorporated in the local legislation. The main features of the structures are presented in Table No. 3. A set of differences appear in terms of the accounting records' requirements which are expressly stated in the case of the Caribbean Exempt company as compared to those in the Indian, respectively Pacific Ocean. Also, there are higher costs involved by the incorporation and administration of the "Non-resident domestic corporations" in the islands of the Pacific Ocean.

The Limited Liability Company, or the LLC can be found at two regional levels: the Caribbean Sea and the Pacific Ocean (Cook Islands and Marshall Islands). The structure is set up under a distinct legislative act than the local/ domestic company and it benefits from the corporate tax exempt status while the non-resident shareholders are not subject as well to taxation. Its main features are presented in Table No. 4. The two structures present similar characteristics even though adopted in different regional areas, differences being observed at the level of the accounting records' requirements.

Results

Out of the five regions analyzed, it has been identified the existence of the offshore legislation, based on which the offshore corporate structures are incorporated, at the level of three regions: The Caribbean Sea and Central America; The Indian Ocean and The Pacific Ocean. According to the three regions' offshore legislative acts, an offshore company may be defined as an entity which is owned by the non-residents and which conducts its activities only outside the state/ territory of incorporation.

The three offshore corporate structures: The International Business Company (IBC), the Exempt company and the Limited Liability Company (LLC) identified at the level of the three regional areas present a significant number of similarities in terms of the construction of the legislative acts and characteristics at the level of incorporation and administration criteria.

In terms of the commercial legislation based on which the offshore company is incorporated, this represents a separate legislative act than the local/domestic legislation, in the case of the IBC and LLC, while the Exempt company has been absorbed into the local Companies Act.

The incorporation terms of the three structures also present similarities in respect of: a minimum of one shareholder requirement upon the setting up of the entity; no minimum authorized share capital condition; the possibility to appoint a nominee shareholder or director and the need to have a registered office in the territory of incorporation of the entity. On the other hand, in the case of the IBC and the Exempt Company the liability of the shareholders may be limited by shares or by guarantee or unlimited, whereas in the case of the LLP the liability of the members is limited to the contributions declared in the Articles of Association.

The administration conditions of the three entities are also similar in terms of the requirement for a minimum of one director and a registered agent in the territory of incorporation, while the accounting requirements (the maintenance of the accounting records, of the underlying documentation and the minimum 5 years' retention of these documents) differ between the Caribbean territories on one hand and the Indian and Pacific Oceans' territories on the other hand.

The fees for the incorporation and administration of the three offshore entities due to the local Governments vary between 100 USD and 650 USD. While in the Caribbean Sea the fees for the IBC and the Exempt Company are set according to the share capital of the entity, in the Indian and Pacific Oceans' territories the fees for these companies are fixed disregarding the share capital. On the other hand the Governmental fees for an LLC are fixed in all the three regions.

Conclusion

The corporate offshore legislation identified at the level of the three regions (The Caribbean Sea and Central America; The Indian Ocean and The Pacific Ocean) follow the same construction patterns based on which the incorporation conditions, administration criteria and costs are set. The International Business Company (IBC), The Exempt company and the Limited Liability company (LLC) are used as the main vehicles for the offshore activities in the three regions and it may be concluded that despite fine regional differences in the construction of the entities, the offshore legislation is predominantly international.

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List of tablesTable No.1. *Tax havens` identification and selection*

No.	State	Irish (1982)	Hines and Rice (1994)	OECD (2000)	IMF (2000)	FSF (2000)	IMF (2007)	Total
0	1	2	3	4	5	6	7	8
1	Bahamas	1	1	1	1	1	1	6
2	Bermuda	1	1	1	1	1	1	6
3	Cayman Islands	1	1	1	1	1	1	6
4	Guernsey	1	1	1	1	1	1	6
5	Jersey	1	1	1	1	1	1	6
6	Malta	1	1	1	1	1	1	6
7	Panama	1	1	1	1	1	1	6
8	Barbados	1	1	1	1	1	1	6
9	Netherlands Antilles	1	1	1	1	1	1	6
10	Vanuatu	1	1	1	1	1	1	6
11	British Virgin Islands	1	1	1	1	1		5
12	Cyprus		1	1	1	1	1	5
13	Isle of Man		1	1	1	1	1	5
14	Liechtenstein	1	1	1	1	1		5
15	Hong Kong	1	1		1	1	1	5
16	Singapore	1	1		1	1	1	5
17	Switzerland	1	1		1	1	1	5
18	Turks and Caicos Islands	1	1	1	1	1		5
19	Ireland	1	1		1	1	1	5
20	Gibraltar		1	1	1	1		4
21	St. Vincent and the Grenadines		1	1	1	1		4
22	Luxembourg		1		1	1	1	4
23	Antigua and Barbuda		1	1	1	1		4
24	Belize		1	1	1	1		4
25	Cook Islands		1	1	1	1		4
26	Monaco		1	1	1	1		4
27	Nauru	1		1	1	1		4
28	St. Christopher and Nevis		1	1	1	1		4
29	Andorra		1	1	1	1		4
30	Anguilla		1	1	1	1		4
31	Marshall Islands		1	1	1	1		4
32	Mauritius			1	1	1	1	4
33	St. Lucia		1	1	1	1		4
34	Grenada		1	1	1			3
35	Costa Rica	1			1	1		3
36	Aruba			1	1	1		3
37	Seychelles			1	1	1		3
38	Dominica		1	1	1			3
39	Niue			1	1	1		3
40	Samoa			1		1		2

Table No. 2. *The IBC comparatively presented at the level of three regional areas*

Aspects compared	Caribbean Sea and Central America	The Indian Ocean	The Pacific Ocean
Legislative Act	The International Business Companies Act	The International Business Companies Act	The International Companies Act
Incorporation Rules			
Minimum number of shareholder	One	One	One
Shareholders` liability	Limited by shares	Limited by shares	Limited by shares/ by guarantee/ mixed/ unlimited
Minimum authorized share capital	No	No	No
Nominee shareholders or directors	Yes	Yes	Yes
Registered office	Yes	Yes	Yes
Administration criteria			
Minimum number of directors	One	One	One
Registered Agent	Yes	Yes	Yes
Minimum accounting records requirements	Yes	Yes	No
Costs			
Costs of incorporation	100 USD - 500 USD	100 USD	150 USD-300 USD
Costs of administration	100 USD - 500 USD	100 USD	300 USD

Table No. 3. *The “Exempt company” comparatively presented at the level of three regional areas*

Aspects compared	Caribbean Sea and Central America	The Indian Ocean	The Pacific Ocean
Legislative Act	Companies Act	Companies Act	Business Corporation Act
Incorporation Rules			
Minimum number of shareholder	One	One	One
Shareholders` liability	Limited by shares/ by guarantee/ unlimited	Limited by shares/ by guarantee/ mixed/ unlimited	Limited by shares
Minimum authorized share capital	No	No	No
Nominee shareholders or directors	Yes	Yes	Yes
Registered office	Yes	Yes	Yes
Administration criteria			
Minimum number of directors	One	One	One
Registered Agent	Yes	Yes	Yes

Minimum accounting records requirements	Yes	No	No
Costs			
Costs of incorporation	Minimum of 150 USD	100 USD	650 USD
Costs of administration	Minimum of 150 USD	60 USD – 235 USD	450 USD

Table No. 4. *The LLC comparatively presented at the level of two regional areas*

Aspects compared	Caribbean Sea and Central America	The Pacific Ocean
Legislative Act	Limited Liability Company Act	Limited Liability Company Act
Incorporation Rules		
Minimum number of shareholder	One	One
Shareholders` liability	Limited by contributions declared in the Articles of Association	Limited by contributions declared in the Articles of Association
Minimum authorized share capital	No	No
Nominee shareholders or directors	Yes	Yes
Registered office	Yes	Yes
Administration criteria		
Minimum number of directors	One or all the members	One or all the members
Registered Agent	Yes	Yes
Minimum accounting records requirements	Yes	No
Costs		
Costs of incorporation	100 USD - 500 USD	200 USD-650 USD
Costs of administration	100 USD - 500 USD	200 USD-450 USD

