



**De Hoon &
Partners**

**Tax advice is our passion,
our passion is your benefit.**

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Who is the founder?



Iven De Hoon

Iven De Hoon was trained as a lawyer (Antwerp, Belgium), and also has a Master's degree in Tax and Accounting from the acclaimed Vlerick Institute (Ghent, Belgium). He has published many articles and books on different tax topics and has more than 25 years of experience.

He is also a winner of the Willoughby Memorial Prize (St Jezu College Oxford, 2009).



Why do you need international tax advice?

It's your right.

We feel it is your right to know which option will result in the lowest taxes. After all, you have worked hard enough to earn your money. We feel tax-friendly countries and solutions are a bare necessity. Otherwise, national governments will continue to increase tax rates with disastrous consequences for private enterprise, the foundation of all prosperity.

Globalisation.

Our lives and businesses are more and more global, so there is a real danger that you will pay taxes in several countries if you do not know the rules! You can avoid double taxation with the correct use of double tax treaties and/or good advice.

Part of your profit.

The primary aim of every businesses is to make profits for its owners. This usually means trading profits that can be paid to the shareholders or partners. Saving on taxes also means more profit and that's why you are in business. Not only cutting in your expenses or negotiating the best price but also paying not too much tax!

Your competitors are doing the same.

If you want to stay in business and be successful you must always be one step ahead. Maybe creative and legal tax planning can mean this step. International creative tax planning is not only for Google and Amazon, but also for you!

Business strategy.

For entrepreneurial operations, tax matters - aside from other business and legal factors - already play a decisive role when choosing a location. It's just a part of your business strategy. Where do you invest; In a high taxed country like France or a low tax country like Bulgaria? It's one of the aspects to consider!

Safety belt.

International tax matters are a very crucial and sensitive issue. The tax laws and the legalities involved in the process of tax settlement can be very complex and you may not understand it at all. When you want to save yourself and your business from penalties, interest and possible criminal actions, it is best to hire an expert, who will be able to handle your situation better.

It's your duty!

Fiscal competition is the only method that can force the authorities to lower the imposed tax. Use the options! Make them feel that tax competition works! Without tax-friendly jurisdictions, the governmental greed of high-tax countries would never be restrained. Why will authorities otherwise not impose 90% tax and have full control over us.

What we do

We aim to provide affordable international tax and legal advice. We do not advise you to engage in tax evasion, but in tax avoidance.

Tax avoidance

This term implies that a taxpayer has made arrangements to either reduce his tax burden or to avoid paying taxes as a result of these arrangements. This term is generally used to indicate that the taxpayer has taken lawful actions and is fundamentally different from the concept of 'tax evasion', which is illegal.

Tax evasion

Fraudulent or illegal arrangements made with the intention of evading tax payments, e.g. by failing to fully disclose revenues to the authorities. The term refers to activities deliberately undertaken by a taxpayer to attempt to free himself, illegally, from paying the taxes he is due. Tax evasion uses activities like sham transactions and falsification of tax returns or books and accounts. The fact that it is illegal distinguishes tax evasion from tax avoidance.

Substance

An international structure only makes sense when we have 'substance'. Substance is indeed a key theme in international structures and in international tax planning. Various tax authorities and courts around the world are attacking structures with a lack of substance. Since the OECD presented their action plan on BEPS, the importance of substance has significantly increased. A lack of

substance could leave you with a considerably higher effective tax burden on your business activity, while also being in big trouble with the tax authorities. The extent to which substance needs to be organised depends on what it is aimed at - an office and an employee are definitely required. Furthermore, the staff should have some basic level of decision power, otherwise the tax authorities will easily take a position that decisions are taken in a foreign jurisdiction and not in the jurisdiction in which you have set up your corporate entity, resulting in a lack of economic substance.

We do not sell companies or structures as such

We give tax and legal advice! We don't sell structures. We offer a tax-friendly solution by using the structure best suited to your situation at that particular time. And we will also set up and implement the structure. Our fees are very acceptable and transparent!

Creative examples of legal international tax advice!

Read the examples and check if they are also applicable to you!

There is nothing wrong with tax advice as long as you stay within the (legal) boundaries. Nowadays everything is put in the same basket. But it is still your right to pay fewer taxes if you play it fair. We try to explain this through a couple of examples.

Example 1

Double tax treaty between Hong Kong and Belgium

Mr. Yung Toy is a major importer of toys from Hong Kong who lives in Brussels. He has set up a sales office in Hong Kong. Via this office in Hong Kong, orders are placed in China and Vietnam. The toys are also prepared on site in order to be distributed worldwide to several customers. He has a Hong Kong LTD which is a daughter company of a Belgian company. He can use the interesting double tax treaty between Belgium and Hong Kong. He will reduce taxes (see further in this brochure) in this way!

Example 2

Establish a company in one of the freezones

Mister Renaud is French and a business consultant; he doesn't have a wife or children in France. He's stricken off from the French civil register and he is going to live permanently in Dubai. He starts a practice there as a business consultant. In order to reside without any problems in Dubai, he is planning to establish a company in one of the freezones. Furthermore, he doesn't pay any tax in Dubai. This is possible and legal as soon as Mr. Renaud leaves France permanently and sets up his life in Dubai.

Example 3

10% corporation tax in Bulgaria

Robert the IT nerd wants to expand his business but he doesn't see any opportunities because of the high wage costs in Italy. Therefore, Roberto establishes a Bulgarian company and hires several local IT experts. They operate locally for him and the Bulgarian company operates for him through subcontracting. The company can even be a subsidiary which pays locally 10% corporation tax. The dividends can be paid to the Italian parent company without any further taxation. There is nothing wrong with that (see further).

Example 4

Luxembourg or Hungarian IP company will be taxed at mere 6%

Smart Johnny is a brilliant Canadian entrepreneur who developed a new cosmetic line. His products are very popular and sell like hot cakes in several beauty farms. He licenses his "cosmetics line" worldwide. On this licensing income Smart Johnny will be taxed at a mere 6%. Because the intellectual rights are owned by a Hungarian (or Luxembourg) company. And those companies have substance. Clever Johnny!

Example 5

Produce luxurious aquariums in Thailand

Mitch and Susan are British citizens and real business people, who live in Malaysia. They decide to produce luxurious aquariums for the Japanese and South-Korean market in Thailand. The production is situated entirely in Thailand and a local management is present. For the time being they don't take any revenue out of the company. They get only travel costs paid. Actually they live on the profits of a former project. The aquariums are sold successfully in Japan and South-Korea. The Thai company stacks the liquidities. For the moment they do not pay taxes in Malaysia. Even if they get dividends from the Thai company, they do not pay taxes. Because income received in Malaysia from outside Malaysia is exempt from tax.

Example 6

Digital nomad is heaven

Nabilah is a digital nomad. She likes to travel and the only things she needs is her laptop, smartphone and credit card. She does not pay taxes at all. Is this legal? Yes, it is. If you are a non-American you are taxed where you are a resident. This roughly means that, you pay taxes based on where you live and where your economic life takes place. Rules determining when you are considered resident differ from country to country. So when you only live everywhere a few weeks or months, it is possible to avoid any tax. Good job!

Example 7

Immigrates permanently to Panama

Davy Croquette has built an entire empire on meat croquettes and meat balls. After thirty years of hard work he immigrates permanently

to Panama. He keeps his house near to Stockholm where he stays when he visits his children. The rest of the time he enjoys smoking a big Havana cigar under the palm trees. After his death his heirs won't have to pay any inheritance taxes, except on the house he has kept in Sweden! This is all possible. Good Luck Davy!

Example 8

Try to tax me if you can...

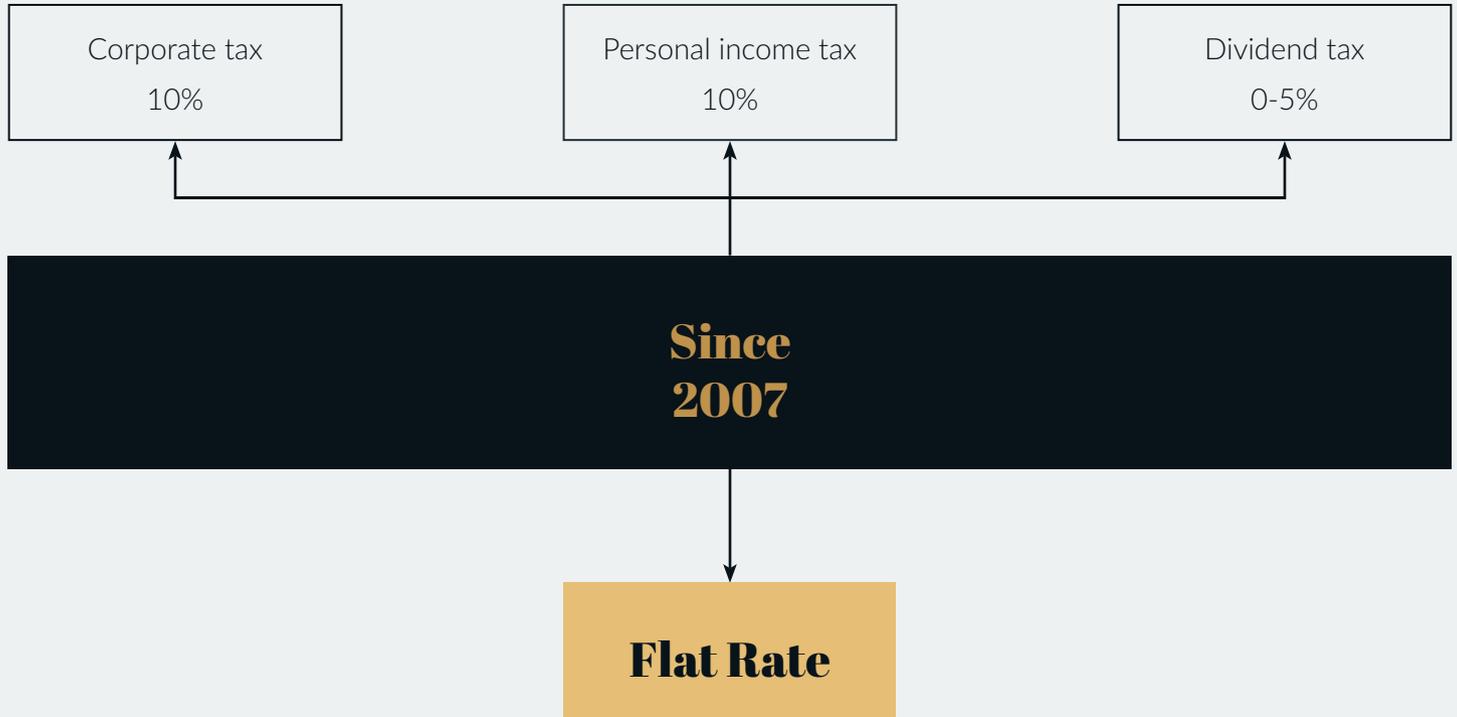
Tatiana is a very beautiful woman... She travels to Dubai. There she lived for five years and she made her fortune. The way she did it, we won't tell you. However, the money has been earned in Dubai and she lived there effectively all the time. After her return in Czech Republic she decides to establish an exquisite restaurant in Prague. Can the tax authorities try to tax the Dubai money? No they can't, since she didn't earn it in Czech Republic and she was not a tax payer in Czech Republic during the time she lived in Dubai. Cheers!

Example 9

Bill and his four spouses

Bill lived in four countries during his professional life, was married four times and was divorced four times. He has kids in 7 countries, houses in 4 countries, bank accounts in 5 countries etc. Now he lives with his Polish girlfriend who is half his age and yes he became father for the 8th time. If tomorrow Bill passes away, it will be a mess and a big fight. Maybe a trust or a foundation is a solution. Bill will need some good tax planning and maybe we can save also on future inheritance tax. Nothing wrong with this, Bill!

The new tax haven and heaven in Europe!



Why would you choose Bulgaria as a place to invest or reside?

10 facts to convince you!

Fact 1 — Corporate tax

Corporate tax: Bulgaria has one of the lowest corporate tax rates in the EU, namely 10%. Bulgaria also signed nearly 70 double tax treaties!

Fact 2 — Personal income tax

Bulgaria has the LOWEST personal income tax rate in the EU, i.e. 10%, and a dividend tax of only 5%.

Fact 3 — Wages

The wages in Bulgaria are among the lowest in Europe. The minimum salary is also the lowest in the EU. Furthermore, the social security contributions on salaries are very low.

Fact 4 — Business costs

Bulgaria is a very cheap country to do business. The business costs are the lowest in the EU.

Fact 5 — Labour Force

Bulgaria has a highly-qualified, well-motivated, flexible and multilingual labour force. A few figures: 60 000 students graduate annually from 51 universities, 98% of the high school students study a foreign language (usually English) and 73% study a third language (mainly German, French, Spanish, Russian).

Fact 6 — Outsourcing

Bulgaria is the best destination in Europe to develop outsourcing activities based on the 'Cushman & Wakefield' ranking.

Fact 7 — Less financial risk

The Bulgarian Leva (BGN) is fixed to the EUR (1 EUR = 1.9558 BGN). Banking is possible in euros. You will find that all the major banks in Bulgaria provide English E-banking.

Fact 8 — Company incorporation

It takes only one day to register a new company. The minimal start-up capital is only 1 EUR and you will be provided with your VAT-number several working days later. In general, there are less restrictions and administrative procedures than for instance in Western Europe.

Fact 9 — EU-Funds

There are plenty of opportunities to get EU-funding for your projects in Bulgaria. Government policy is also focused on building a favourable business climate for foreign investors.

Fact 10 — Safe and stable

Bulgaria has a low crime rate. Bulgaria is a stable democracy and full part of the EU, WTO and NATO with the second lowest government debt in the EU.

Hong Kong — the pearl of the Far East

Why?

- Hong Kong is not a tax haven; the normal tax rate is 16.5%.
- Fastest growing economy.
- Excellent banking services and easy to open an account.
- Doing business is considered an art here.

Hong Kong has a territorial tax system

Hong Kong's tax system is very transparent!

You DO NOT pay taxes in Hong Kong, if you:

- Do not sell or provide services in Hong Kong.
- Do not import or export via Hong Kong.
- Do not sign or negotiate a contract in Hong Kong.

Simple and efficient tax system, guaranteed until 2047!

Using a Hong Kong Company

You can use a Hong Kong LTD in combination with a double tax treaty e.g with Belgium or Luxembourg.

Example 1



*Mother Company (participation 25% or more)
HK Subsidiary: 100 profit*



Tax?

95% exempt of taxes! This means that the Belgian company only pays 34% corporate tax on 5%, i.e. only 1.7% tax paid!

We go even further!



Dividend (no withholding tax)

There will be no withholding tax.

In other words, 98.3 (100 - 1.7) can be distributed to the "grandmother."

The same structure is possible with a Luxembourg company.

China?

A Hong Kong Company is also the perfect vehicle to start a business in China. There are several reasons for this, like the interesting double tax treaty between China and Hong Kong.

In China we would advise you to work through an RO or WFOE.

An RO?

An RO is a Representative Office and is established by foreign companies to engage in business relations, quality control, product promotion, market research, exchange of technology and other permitted activities in China.

ROs are not allowed to directly engage in operational activities, an RO cannot issue official invoices, nor receive payments from clients. A Representative Office in China may only engage in non-profit making activities.

A WFOE?

A wholly foreign-owned enterprise is a business entity formed in China entirely with foreign capital. It is totally under foreign control and does not have any formal Chinese ownership participation. For a foreign company to be able to issue receipts and export goods from China, it must be able to legally register as a local company or a WFOE. A WFOE is set up as a limited liability entity and represents separate legal persons and is taxed according to local legislation.

Dubai; allergic to taxes

Dubai (and the UAE in general) is a perfect place to reside or to have your business! Because there is no income or corporate tax! Yes we are not drunk. The way to organise your business is through e.g. a free zone company.

There are three types of companies, the mainland LLC, freezone and offshore companies.

What is a freezone?

If you set up your company in one of the freezones (there are many), you do not pay corporate tax and (very importantly) 100% foreign ownership is possible.

Freezone companies are required to have some form of physical office in the Free Zone area. Several of the freezone authorities offer 'hot-desk' and 'virtual' offices for companies that are small enough not to require a full-sized office. Most freezones have readily available space for new companies. However some of the more established freezones have a very limited vacancy level due to their popularity and facilities. Key benefits of incorporation within a freezone are:

- 100% ownership by foreigners.
- No currency restrictions.
- All capital and profits may be repatriated.
- No corporate, personal or capital gains tax.
- Excellent infrastructure & communications.
- Wide variety of labour readily available.
- Residency visa available.

It could be complicated to find the right freezone for your business. It can also be quite complex to set up a freezone company. But we will be very happy to assist you with this.

Onshore Company?

A freezone company DOES NOT ALLOW you to do business outside the freezone where you are based. So if you want to open a shop in the UAE, for example, you need a mainland or onshore company. By law, an onshore company must have a majority of its shares owned by a UAE National. But there are ways to solve this problem.

You will also need a local LLC when you want to rent an office or a warehouse outside the freezone or in one of the malls, for example.



Offshore companies?

An innovation of the freezone authorities is the concept of an 'Offshore' company in the UAE.

Registered within a freezone, the Offshore Company has several of the benefits of a standard freezone Company. An Offshore company can conduct business outside of the UAE - but generally not within.

However, it can open and operate bank accounts with UAE-based banks, can own investments inside and outside of the UAE and can also own real estate in Dubai in certain designated areas (which are approved by the freezone registrar). Income derived from its investments (including real estate) can be held in the company bank account and repatriated afterwards.

Unlike other freezone companies, there is no minimum capital requirement to incorporate an Offshore company. Minimum 1 and maximum 5 directors are required. All directors must be natural persons (no corporate directors). Shareholder(s) may be either natural persons or corporate entities, any of which may also be non-resident (expatriates). There are no accounting or auditing requirements.

Residency in the UAE

The UAE do not have such a term as permanent residency. Long-term residency is possible on the basis of a residential visa. There are a couple of types of residency visas – governmental, working / employment, sponsor and investor visa.

The easiest way is to set up a freezone company! Most of the time one freezone company will give you the right to apply for more than one visa. The process to get a visa is quick and straightforward.

Resident visas are issued for a maximum extendable period of 3 years. In the event of absence from the UAE for more than 180 calendar days in a row, it can be automatically cancelled. This means that if you want a residence visa, you should visit the country at least twice a year.

There are no corporate or personal taxes in the UAE. So if you are not a tax resident in any other country you will be exempted from taxes! Champagne!

Other favourites are:

- Latvia
- Estonia
- Lithuania
- Hungary
- Uruguay
- Singapore
- Macedonia
- Panama
- US LLC
- Austria

Tax and estate planning through trusts and foundations.

What is a trust?

A trust is a private contract where you hand over the legal ownership of a certain fraction of your assets to a confidant (trustee). The trustee manages your money and/or other assets in favour of specific beneficiaries who benefit from the trust. The creativity of a trust lies in the fact that it's a contract where the trustee is the legal owner of the assets while the beneficiaries are the beneficial owners of the assets.

A trustee can be anyone, like a professional law firm. But, if you feel more comfortable with this, the trustee could also be a trust company. In this way you get more control over the trust.

Why a trust?

- Estate and inheritance planning.
- Asset protection.
- Personal security. Trusts are protected against third party claims.
- Expedites the process of transferring assets to beneficiaries.
- Special needs trusts are created to ensure that disabled or mentally ill beneficiaries can receive inheritances without losing essential government benefits.
- Minimises tax exposure.
- You want to organise your legacy according to the rules you choose.
- You want to invest discretely.

Tax implications?

The trust can be set up in a low-tax jurisdiction which has no links with the country of residence of the settlor and the beneficiaries. Therefore, the income of the trust cannot be taxed in the country of residence of the settlor nor in the country of residence of the beneficiaries. But tax legislation, especially in civil-law countries, could complicate things. Each case is different and a careful analysis of the situation is always necessary. In this regard it could be important to work with an irrevocable trust... Contact us for the details!

Where do you set up a trust?

Our favourite jurisdictions to set up a trust are e.g. Malta, Singapore, South Dakota, Wyoming, New Zealand, Jersey, Guernsey...

A trust is a typical Anglo-Saxon product; some people do not feel comfortable with this. So that is why the foundation was created. A foundation is a separate legal entity like a company.

Why foundations?

A foundation could be used for the same goals as a trust. The foundation can be used to manage the assets for the benefit of scientific, philanthropic, educational and humanitarian purposes. You can then transfer assets into the foundation which will serve to financially support any well-described good cause. Basically, a foundation cannot carry out any commercial activities (but it can passively hold the shares of a commercial company, of course).

A foundation is excellent if you love discretion. For example, it's a good idea to use a foundation as a holding entity of your shares in an offshore company. This is an even more discreet and even better protected option. In other words, you can also hold or maintain an anonymous shareholding in a company by using a foundation as a holding entity. It's an alternative to bearer shares, which now have been abolished in various countries.

How does it work?

Each foundation has a founder who establishes the foundation and a foundation council which has the responsibility to (1) carry out the objectives of the foundation and to (2) manage and administer the assets of the foundation according to its charter and regulations.

The powers and responsibilities of the foundation council are determined in the foundation charter and/or the regulations. Depending on

the wishes of the founder, the foundation charter and/or regulations may limit or expand the powers of the foundation council. The founder may appoint a protector to supervise the actions of the foundation council (in order to check whether the actions are in line with the charter and regulations) prior to or after his/her death.

A foundation has no shareholders (read no owners) but only beneficiaries who benefit from the assets transferred into the foundation. These beneficiaries (in most cases the founder and his family or charities) are traditionally appointed in the private regulations. Keeping in mind that a certain beneficiary could die unexpectedly in the future, other beneficiaries (a second reserve layer) can already be identified, there are many options.

In a lot of cases a foundation pays no (or little) taxes. Of course just like with the trust there could be tax implications in the country of residence of the founder or beneficiaries.

Where do we set up a foundation?

Our favourite jurisdictions to set up a foundation are Austria (where it is called a Stiftung), Switzerland, Panama, or the Isle of Man.

The ultimate tax planning? Pack your bags!

Migrating to a country which doesn't squeeze its citizens is the ultimate wet dream tax planning. Attention! Moving really means moving somewhere else. A fake move does not guarantee any success! Where you live, is where you are tax liable (except for Americans!).

There are several agreeable places in the world where you can legally live and where taxes are low. Some countries even offer special formulas for 'tax refugees'. Of course, again, we need to study this case by case. Because some countries will levy a kind of exit tax. And to pick out a new country, we must look to income tax, personal tax, inheritance tax.

Some countries have low corporate tax but high income tax. Some countries will be very difficult accepting you as a resident (e.g. Canada, US). If you still have small kids, the level of education in the new country could be an important aspect. So there is so much more than taxes, that could influence the choice of your new county, like safety.

The choice of the new country will be different for a retired person as for a young IT - entrepreneur for example, or for a woman compared to for a man.

The following aspects could influence your choice:

- Tax rate
- Are you still active or retired
- Do you have kids or not
- Are you very wealthy or not
- The distance to the country where you live now
- Religion and habits of the new country
- Climate
- Safety
- Political stability
- Economic situation
- Is inheritance planning important or not
- Language
- Health care

Citizenship

Today, a talented person with means does not need to limit his or her life and citizenship to only one country. Making an active decision with regards to your citizenship gives you more personal freedom, privacy and security. We also advise our clients on all legal possibilities and programs currently available for acquiring alternative citizenship and legally obtaining a second passport. We analyze each client's situation carefully, point out the available options, develop a plan of action and make it happen.

Our favourites are:

Malta, St Kitts and Nevis, Dominica, Barbuda...



Our favourites for young or active professionals

Bulgaria

Why?

1. Lowest personal income tax in EU, namely 10% and 5% dividend tax
2. Lowest salaries in EU
3. Lowest social security contributions in EU
4. You are in Europe and in 3 hours in Brussels, London or Paris
5. Stable country
6. Safe and no ethnic tensions
7. English is widely spoken
8. Very cheap country in all aspects
9. Less rules compared to Western Europe, so good business climate
10. Beautiful nature

UAE/DUBAI

Why?

1. There are NO TAXES
2. There are NO social contributions to pay
3. Set up a FREEZONE company and you get a residence permit
4. Your residence permit stays valid if you are there 1 day every six months
5. Very safe
6. High standard of living and luxury
7. Good business opportunities
8. Eight months a year very good climate
9. Very good airlinks
10. Good education and healthcare

Our favourites for retired people or inheritance planning.

Malta

Why?

1. Territorial tax system! So you will not be taxed on foreign sourced income, only when it's remitted to Malta
2. No inheritance tax
3. No gift tax
4. No wealth tax
5. There is a lot of culture, a good place for culture-holics.
6. Everyone speaks fluent English
7. Good air links
8. Safe and stable
9. High level healthcare
10. Nice climate

Other Favourites are:

Monaco, Costa Rica, UAE, Cyprus

Panama

Why?

1. Territorial tax system. Meaning it exempts all income earned outside Panama
2. You can become a resident very easy
3. Special pensionado programme
4. No inheritance tax
5. No gift or wealth tax
6. No forced heirship. So you can decide in your will that person X receives your heritage
7. Good climate
8. Developed country
9. Good air links
10. Amazing nature



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