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Current issues of concern for international multiple jurisdictional clients

By Prof. Robert Anthony

In the times of G 20, the pressure on the professional advisor increases. I therefore felt for a first article for the insider to identify some current issues that are relevant. The evolution of international pressure has led to agreements for the exchange of information. The thirst by governments for transparency has created exchange agreements throughout the world. Outside of some anomalies like a treaty between Monaco and Luxembourg what does all this really mean? The fact that an exchange of information agreement has been put into place between Andorra and other offshore jurisdictions will not really make a major difference to high tax jurisdictions! The worrying factor is the beginning of a concentrated movement to push taxation by

the G20 into low tax countries. What is quite clear is that substance over form becomes much more important. The idea of a simple letter box holding company will be more and more under scrutiny. One should not overlook however the actual ability of tax offices to enforce their legislation. In the current environment where there is a pressure to reduce public spending the expansion of tax departments to control taxpayers is a contradiction to the current market place. All is not lost. In other words the likelihood of a tax control is really Russian roulette hoping that it is not you or your client that is the unlucky one.

Where I am concerned I have always tried to respect legislation and its evolution. My wishes are not to create case law. The current trend is to be pushed more and more by the

legislation and inevitably due diligence becomes more essential than ever. At the risk of losing friends the pure utilization of offshore jurisdictions for European transactions needs carefully examining. Several countries have anti avoidance legislation which must be taken into account. It is always better to structure at the beginning of a business venture it can cost a considerable amount later. The issues of transfer pricing and thin capitalization could also come into play and shouldn't be forgotten. Group debt issues also should not be overlooked. The co-ordination and liaison of member firms within our network can deal together with all the above issues ensuring a safe landing for our clients. GGI members can find further information also in the intranet, practice group Cross



Prof. Robert Anthony

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GGI member firm
Anthony & Cie
Valbonne Sophia Antipolis,
France

Prof. Robert Anthony
E: robert@antco.com
W: www.antco.com