



## HOW TO COMPARE OFFSHORE JURISDICTIONS

Today many unscrupulous firms are offering corporations and bank accounts in many different jurisdictions with a shopping list of countries available almost every one of them no longer any good, many being located on Caribbean islands and are misleading the customers into thinking they are real offshore jurisdictions with privacy benefits. Wrong!!!

Let's analyze some things to look for when shopping for an offshore jurisdiction.

**Bank Secrecy** - Without this we are not interested. We want the bank to not be able to divulge any information about the bank account including whether or not such a bank account even exists unless there is an order from a competent court in the country where the bank is located. More secrecy than this does not exist any place today. Numbered accounts are gone. Sparbuch accounts in Austria are all gone, yes I know people offer them for sale on websites but they are all long gone and closed down. The bank secrecy laws must be written into the law of the land in question. Belize has no such bank secrecy laws written in their laws, people just seem to trust them even though there would be no legal penalty for them to reveal bank information if they see fit to do so. We want bank secrecy laws to call for prison and civil penalties for any violations in addition to allow for one to bring suit against the bank for violations. Panama meets this test.

**MLAT** - Mutual Legal Assistance treaty. Many nations have entered into these agreements. For a list of countries that have entered into these agreements with the USA courtesy of the US Government click here:

[http://travel.state.gov/law/info/judicial/judicial\\_690.html](http://travel.state.gov/law/info/judicial/judicial_690.html)

It is shocking as to how many countries are in such agreements. Even Panama is in such an agreement but it is fairly limited in scope, see below:

Essentially Panama will cooperate in a multi-national case involving narcotics and money laundering (these crimes need to be tied to narcotics). They also will get involved in cases concerning child pornography and real terrorism. If you are not a narcotics dealer and are not a money launderer (money launders are typically dealing with many millions of dollars), not a child pornographer, and not a terrorist you should not be concerned by this. The MLAT requires that there first need to be a criminal prosecution case on file in the criminal courts of the requesting government (which means no fishing expeditions) then through diplomatic channels involving the embassies, requests are made for information, then reviewed by Panama officials and a decision on compliance is made or requests for more information are made so a determination can be arrived at. These cases can take months and even years for completion. At times the country where the bank is located has been known to once alerted to the problem, conduct their own investigation first and this usually requires them to seize the relevant records and documents which can stall the process for a long time even years since their justice systems typically moves quite slow and statutes of limitation can run out, please don't construe this to mean Panama does this routinely it is just something that does occur from time to time around the world. The MLAT has no application to civil cases such as divorce, bankruptcy, civil judgments, business litigation, any sort of civil litigation, civil tax matters etc. Taxation matters of any sort are not covered by this as far as Panama is concerned. Income tax evasion is a civil (non-criminal) offense in Panama. Switzerland cooperates on income tax cases if the return is filed falsely like all income was not declared, things were omitted or so the complaining government says. Panama has no extradition treaties. Panama passes this test.

**Tax Treaties** ? Many so called Offshore Jurisdictions are in Tax Treaties. For a list of countries with tax treaties with the USA click here. Panama has NO tax treaty with any country. Even Switzerland and Belize are in tax treaties as are most of the so called offshore jurisdictions. Click here to see a list of countries in tax treaties complete with links enabling you to read the actual treaties, a real eye opener click here:

[http://panamaweb.org/countries\\_with\\_tax\\_treaties.html](http://panamaweb.org/countries_with_tax_treaties.html)

**Type of Bank License** - Many of these offshore banks have offshore banking licenses versus regular banking licenses. Let me explain. These island jurisdictions usually have different classes of bank licenses ? one class allows the bank to do business with only residents of the country, the other class usually encountered is the offshore license that allows the bank to ONLY conduct business with non-residents of the country, and they usually have a third class of license that allows the bank to do business with both residents and non-residents. It is a natural conclusion that a bank with an offshore only license is a risky proposition at best since the government won't let them do business with the citizens of their country. The banks we use in Panama are open to the citizens of Panama and are never offshore only banks. Most of the bank accounts being offered by various web site businesses are with bank having only an offshore license.

**Corporation Privacy** - This is an important point. I see many websites selling offshore corporations from dozens of countries. The only kind of corporation worth anything when it comes to privacy is a bearer share corporation. By this what is meant is the ownership of the corporation rests with the person who has the physical stock certificates of the corporation. Ownership need not be reported or recorded anywhere. A sale of the corporation does not need to be reported. This is what is called a non-transparent corporation and is extremely disliked by many governments who think people have no rights to privacy. In Panama a S.A. Corporation or bearer share company has no ownership reporting or recording requirements. One merely hires professional directors (which we provide) who appear as directors on hundreds of corporations and that is that. Directors are made public but you need not be your own director, we provide professional nominee directors complete with resignation letters and general power of attorney letter. Corporation privacy is especially important since governments have taken to monitoring bank wire transfers including recently the Swift System scandal showing the USA was monitoring Swift Transfers and we do not know to what extent and for exactly how long but is best to assume the worst. If one uses an anonymous bearer share Panama Corporation there is lack of transparency in that no one knows the ownership behind the corporation, they only know the corporation received or sent a wire and the other side of the transaction. This serves to preserve your privacy to a large extent. Imagine how silly it is to use an offshore corporation where ownership is made public and can be computerized thus one could tell in seconds who is the person behind the corporation receiving or sending the funds. This is what is being sold all over the internet as an offshore corporation misleading the people into thinking their privacy is being protected. Once again Panama passes the test.

**Taxation Free** - The offshore jurisdiction must be taxation free in that offshore derived income is not taxed by the country where the corporation is domiciled. Panama meets this test as does numerous other countries. Panama also has no capital gains tax for you stock market investors and there is no inheritance or probate tax. Panama passes this test.

**Weather Considerations** - Many of these offshore jurisdictions are located on islands and are subject to power outages from hurricanes. Also one must look for risk from volcanoes, tsunamis and earthquakes. Just what you don't need is a power outage from a storm preventing you from getting your money out when you need it. The reason the Panama Canal was built where it is, is because there is no risk from hurricanes, tsunamis, volcanoes and earthquakes. Panama passes the test.

**Infrastructure** - One must look at the power generators, telephone system and internet when evaluating an offshore jurisdiction. You don't want to have to wait days or weeks to be able to use your online banking or to be able to talk to your bank on the phone. Panama was basically built by the Americans who just left it in 2000. It has American style phones, electricity, roads, etc. The cell phones and internet in Panama are as good as Canada or USA. Panama passes the test again.

**Government Stability** - The last thing you need is to be banking in some tax haven offshore jurisdiction and find out a revolution has taken place and you can kiss your money goodbye. Another possibility is like what happened in Grenada when there was rampant bank fraud causing the closure and liquidation of the offshore banks with people losing their savings. Panama is a stable democracy. Panama is a UN neutral country so a war is most unlikely. Panama is in a treaty with the USA concerning the Panama Canal which was given to them by the USA in 2000. If the canal is threatened the USA has the right to step in to protect the Panama Canal. This means that if there was a revolution (unlikely occurrence since Panama is a most stable democracy) the USA would have fighter jets there within an hour or two and by the next day one could expect to see a navy aircraft carrier group in Panama Bay with an expeditionary force of marines. Next would be an airlift, paratroopers, helicopters, nuclear submarines and you have the idea. Forget about an invasion, attack or revolution in Panama, it passes the test.

**Currency** - Panama uses the US dollar as its currency. The banks are on the US dollar and the ATM machines dispense US dollars, they even use US coins. This means a stable currency. I know some of you will say they like the Euro better fine but when I say stable compare it to the Bahamian Dollar or Grand Cayman Dollar. No currency conversion costs in Panama if you use dollars. Panama again passes the test.

**EU Ties** - Panama has no ties that could erode privacy again passing the test. No reportage of income for EU residents or collecting of withholding taxes. Tax identity numbers from your home country are not required to open a Panama bank account, own a corporation, buy real estate etc. Panama again passes the test.

