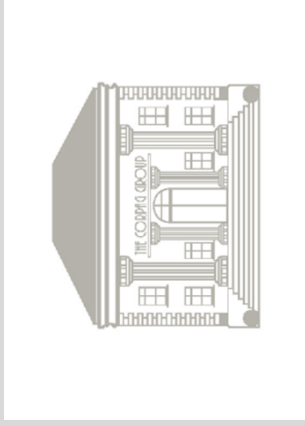


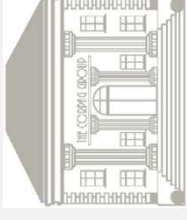
The Corpag Group



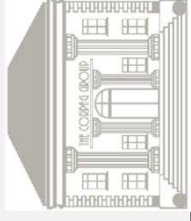
Corporate Management and
Professional Trust Services

New Kids on the Block?

Promising and not so promising Latin America



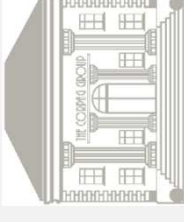
COLOMBIA



Colombia

General Facts:

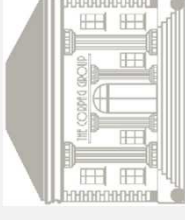
- Population: 45 mln.
- GDP growth as of 2012: 4.3
- Agriculture: 6.8%; Industry: 38.1%; Services: 55.1%
- Unemployment: 10.3%
- Public debt: 40.2% of GDP
- Despite decades of internal conflict and drug related security challenges, Colombia maintains relatively strong democratic institutions characterized by peaceful, transparent elections, and the protection of civil liberties



Colombia

Tax Planning:

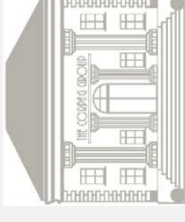
- Investing in Colombia
 - => Panama
- Investing outside Colombia
 - => Panama
- Selling company
 - => Panama
- Real Estate
 - => Panama
- Etc.



Taxation

Personal:

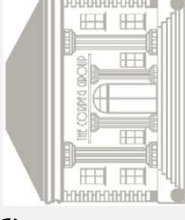
- Basis:
 - Resident: worldwide
 - Non resident: Colombia source income
- Residence:
 - >6 months
 - Citizens with family in Colombia
 - Changes as per January 1, 2013
- Rate: sliding scale to 33% (income + capital gains, inheritance, gifts)
 - Minimum income on net worth is 3% replaced as per 1 January 2013
- VAT: 16% on goods, services and imports



Personal: Effective from 1 January 2013

Individuals are deemed to be residents provided that:

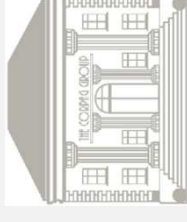
- >6 months present; *or*
- Diplomat exempt elsewhere; *or*
- Colombian national, *and* during the taxable period:
 - his spouse or dependent children are deemed residents; *or*
 - derives more than 50% of his total income from Colombian sources;
- *or*
- more than 50% of his assets are administered in Colombia; *or*
- more than 50% of his assets are deemed to be possessed in Colombia; *or*
- is resident of a jurisdiction considered to be a tax haven by Colombia; *or*
- cannot prove that he is a resident of another country, when the Colombian tax authorities request a certificate of residence



Other changes:

Effective from January 1, 2013

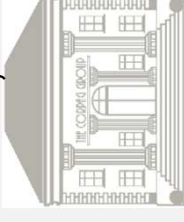
- The capital gains tax (*impuesto a las ganancias ocasionales*) rate is reduced from 33% to 10% both for residents and non-residents
- Introduction of a new minimum tax (*impuesto mínimo alternativo nacional* –IMAN) that is a progressive flat tax based on the amount of income derived



Taxation

Corporate:

- Rate: 33%
- Residence: organized under Colombian law or main domicile
- Basis: Worldwide income
- Losses: carry forward, no carry back
- Payroll tax
- Municipal rear property tax
- Social security
- Registration taxes at CoC, Public Deeds
- Financial Transaction tax on withdrawals
- Etc....
- Exempt: Tourism, Forestry, Slow Growth Crops, Eco-Tourism services, Publishing

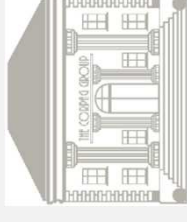


Taxation

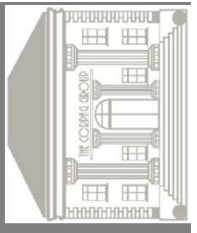
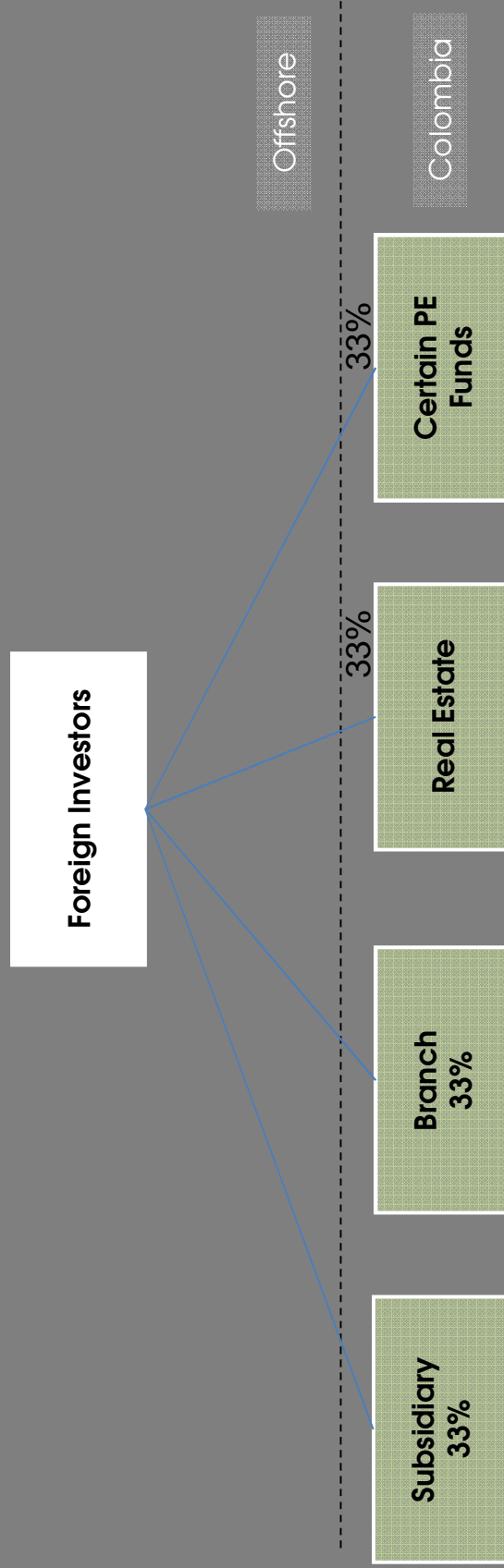
Corporate International Aspects:

- Withholding taxes
 - Dividend: 0%
 - Interest: <12 month 33%; >12 months: 14%
 - trade and financial exemptions
 - Royalties: 33%
 - Technical service / management: 10%

- Anti-avoidance
 - Transfer pricing (OECD, ATR possible)
 - No thin-cap
 - No CFC
 - No blacklist



Colombia

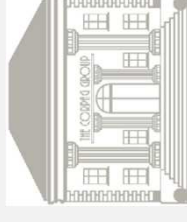


Taxation

As per January 1, 2013:

Anti-avoidance:

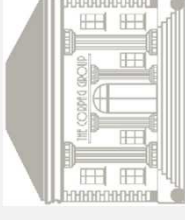
- General anti-avoidance rules aimed at combating abusive forms, agreements, acts that lack economic substance or business purpose
- Introduction of thin-capitalization rules according to which interest generated over loans up to three times the tax equity of the taxpayer (as of 31 December of the previous year) is deductible
- Reduction of the corporate income tax rate from 33% to 25%
- Introduction of a domestic definition of the concept of resident companies
- Introduction of a domestic definition of the concept of dividends



Tax treaties:

- Andean Community:
 - Bolivia
 - Ecuador
 - Peru
- Spain
 - WHT: Dividends: 0%; Interest: 10% or financial institution; Royalty: 10%
- Switzerland
 - WHT: Dividends: 0%; Interest: 10% or financial institution; Royalty: 10%
- Canada:
 - WHT: Dividends 5%; Interest: 10%; Royalty 10%

Under negotiation / ratification: South Korea, Mexico, Portugal, India, Belgium, Czech Republic, France, USA, Germany, Netherlands, Japan.

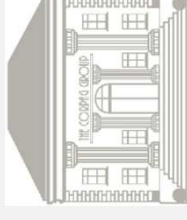


Recent Changes

Tax treaties:

Proposed Decree introduces a mechanism for non-resident companies and individuals to request a refund of the dividend tax withheld in excess provided that:

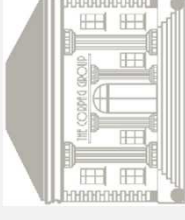
- the recipient is resident of a jurisdiction with which Colombia has a tax treaty in force;
- dividend tax was withheld at the regular rate and not at the reduced rate as established by the applicable tax treaty; and
- the recipient of the dividends proves to the Tax Administration that it is entitled to treaty benefits



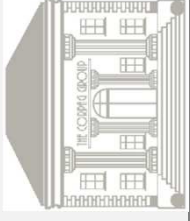
Recent Changes

Colombia:

- International tax planning changed drastically and will continue to change
- More attention needed for Colombian aspects in international planning, for residents and companies
- Panama not the solution anymore



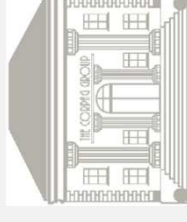
ECUADOR



Ecuador

General Facts:

- Population: 14 million.
- GDP growth as of 2012: 4%.
- 56% of net income derives from Oil, and 11% for the export of Bananas.
- Since year 2000, their currency is the USD.
- Increased government control and tax pressure.
- It is expected that President Correa be reelected for 4 more years.

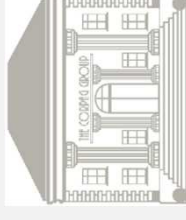


Ecuador

Corporate

Corporate taxation (basics):

- Residence is based on the place of incorporation.
- Worldwide income taxation for residents. Non-residents are taxed only on Ecuador- source income.
- Dividends received from a resident corporation are tax exempt, provided that they are paid out of profits that had been subject to corporate income tax.
- Dividends paid to recipients in tax havens or low-tax jurisdiction are subject to 10% income tax withholding at source.
- No foreign tax credit.

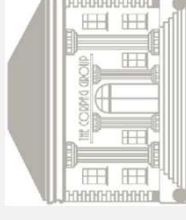


Ecuador

Corporate

Others:

- Royalties paid to a nonresident are subject to a 23% withholding tax, unless special treaty rate.
- All remittances abroad are subject to a 5% special tax.
- Payments made from overseas, whether for goods or services, are also subject to this special tax.
- Technical services fees paid to a nonresident are subject to a 23% withholding tax, unless special treaty rate.

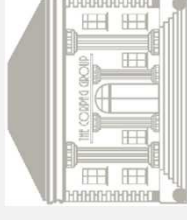


Ecuador

Individuals

Individuals/ Personal taxation:

- Residents are taxed on their worldwide income. Non residents are taxed only on Ecuadorian-source income.
- Physical presence test: 6 months or more in a year.
- No CFC Rules.
- No wealth/ net worth tax.
- 35% tax on donations, inheritances and legacies.
- Dividends paid to an individual in Ecuador are part of his/her worldwide income, subject to progressive withholding rate of 1% to 10%.

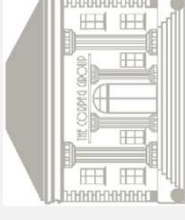


Ecuador

Reporting

Reporting by companies:

- According to a Resolution from the tax authority (*Servicios de Rentas Internas* or “SRI”) dated October 31st, 2011, companies regulated by the Superintendence of Companies must disclose the identity of all their shareholders and partners, until identifying the ultimate beneficial owners.
- Applicable for nationals and foreigners, residents and non-resident shareholders of Ecuadorian companies.
- Trustees have to reveal same information regarding settlors and beneficiaries at the end of every fiscal/ calendar year.

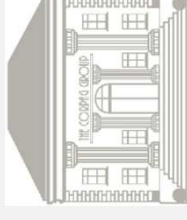


Ecuador

Reporting

Reporting by individuals:

- According to a Resolution of the Tax Authority dated 2009, tax residents, whether citizens or not, have to file an online declaration of their assets each January 1st.
- Threshold of USD 200,000.



Ecuador

Treaties and Tax Havens

Tax Treaties:

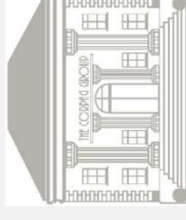
Belgium, Brazil, Peru, Colombia, Venezuela, Bolivia, Mexico, France, Germany, Italy, Spain, Romania, Switzerland, Canada and Korea.

Tax Havens*:

Netherlands Antilles, Barbados, Belize, Bermuda, Gibraltar, Commonwealth of the Bahamas, United Arab Emirates, Puerto Rico, Grand Duchy of Luxembourg, Isle of Man, Hong Kong, Cook Islands, Cayman Islands, Channel Islands, British Virgin Islands, US Virgin Islands, Macao, Madeira, Liechtenstein, Monaco, Principality of Andorra, Republic of Cyprus, Malta, Mauritius, Republic of Panama, Republic of Seychelles, Trinidad and Tobago, Republic of Tunisia, St. Vincent and the Grenadines, St. Lucia.

- 60% less of Ecuador's income tax rate per category of income.

* The total list is not included

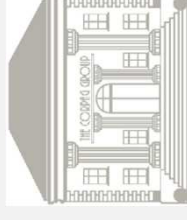


Ecuador

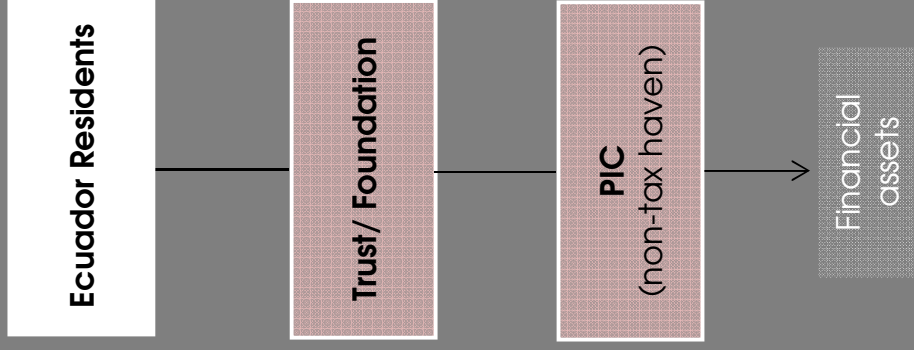
Tax Havens

Restrictions to tax haven countries:

- Taxpayers domiciled in a tax haven, cannot deduct liability, quotas or canons of mercantile leases from their income tax.
- Income obtained by Ecuadorian residents from abroad, which has already paid taxes in another country, when sourced from tax haven countries, will add to the taxpayer's global taxable income and thus will be subject to payment of income tax in Ecuador. Therefore, no tax credit will be granted whatsoever.
- Companies domiciled in Tax Haven countries and its related Ecuadorian counterparts are banned from participating in the processes of public contracting in Ecuador.

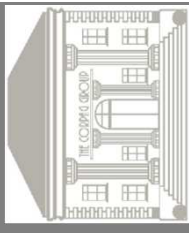


Ecuador

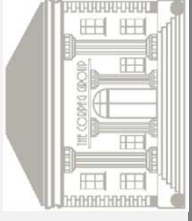


Offshore

Ecuador



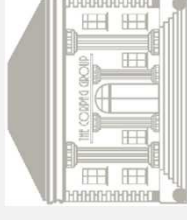
VENEZUELA



Venezuela

General Facts:

- GDP growth 2012: 1.4%
- Inflation 31%
- Oil dependency.
- 10 years of foreign exchange control:
 - Severe limitations to purchase USD
 - CADIVI, SITME...
 - Alternatives
- Government control and increased tax pressure (by means of special contributions).
- Political uncertainty.

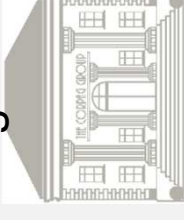


Venezuela

Corporate

Taxation (basics):

- Dividends tax on 34% on the excess amount of financial earnings vs. net taxable income.
- Capital gains subject to 34% tax (5% withholding).
- No general anti-abuse rule with international scope.
- Prevailing business purpose.
- Specific anti-avoidance provisions: CFC rules, re-characterization of certain loans to shareholders as dividends, and thin capitalization rules.
- Good treaty network (28 treaties): Barbados, Belgium, Spain, Portugal (Madeira), Sweden, Switzerland.

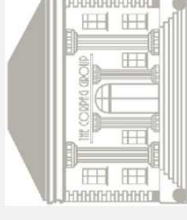


Venezuela

Tax Haven

Regulations regarding Tax Havens:

- Fiscal transparency rules prescribe obligation of reporting income regardless of distribution.
- Control is the key criterion.
- Low tax jurisdiction: < 20% income tax.
- Exemption.
- No additional disclosure requirements.



Venezuela

Venezuelan resident

Top Holding Co.
(e.g. Curacao)

Intermediate Holding Co.
(e.g. Lux or Spain)

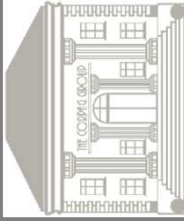
Dutch B.V

VenCo

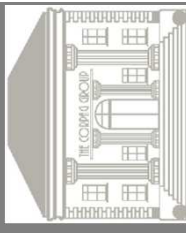
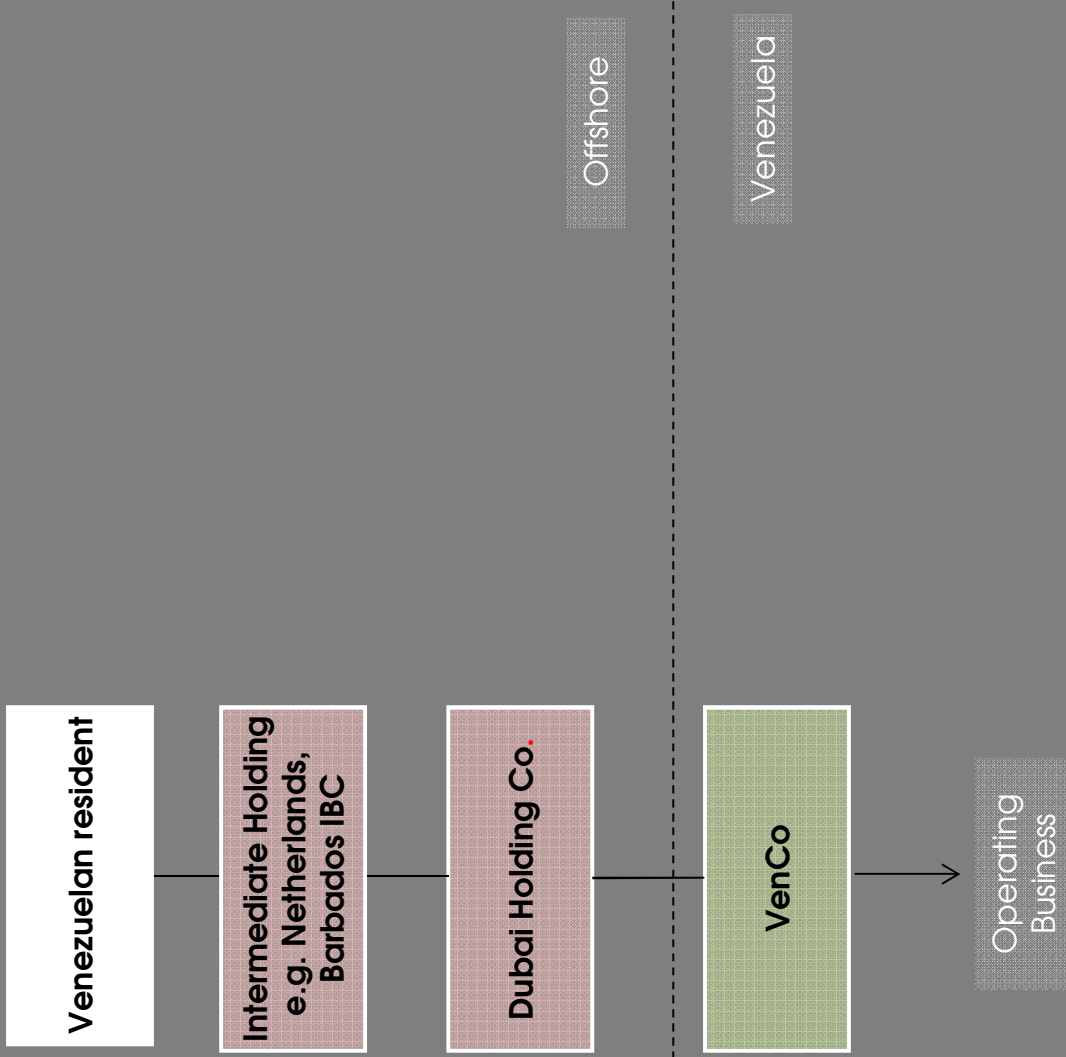
Operating Business

Offshore

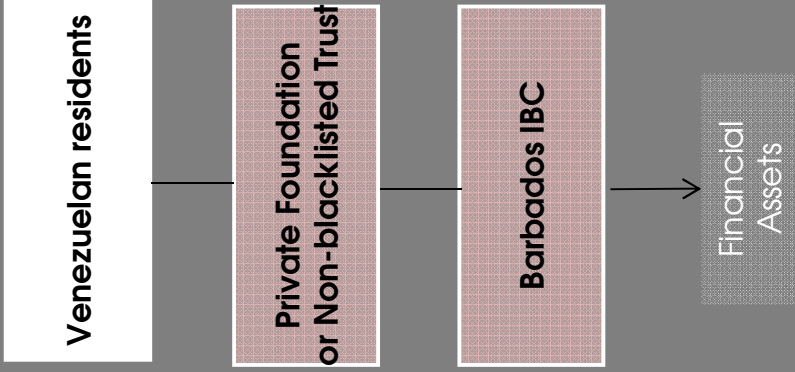
Venezuela



Venezuela

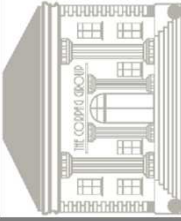


Venezuela

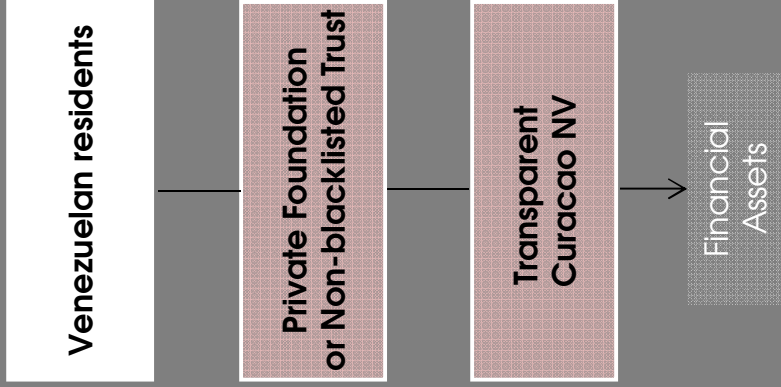


Offshore

Venezuela

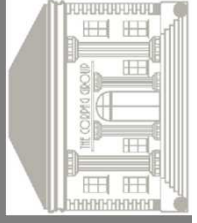


Venezuela

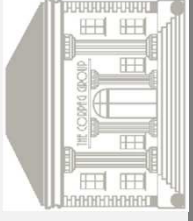


Offshore

Venezuela



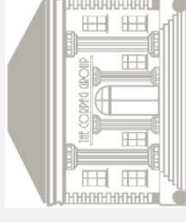
PERU



Peru

General Facts:

- Population: 31.2 million.
- GDP growth 2012: 6.1%.
- Raw materials/ Mining.
- Increased number of wealthy families/ individuals.
- No foreign exchange control.
- CFC rules are effective as from January 1st, 2013.
- Limited treaty network (3 treaties): Canada, Chile and Brazil + Andean Community.

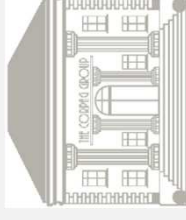


Peru

Corporate

Corporate Taxation (basics):

- Residence is based on place of incorporation.
- Worldwide income system.
- Dividend distributions between resident entities are not taxed.
- Dividends and other profit distributions abroad are subject to a 4.1% withholding tax when paid to resident and nonresident individuals and nonresident entities.
- Domestic and foreign source income is taxed at 30%.
- Accrual accounting method for domestic and foreign source active income.

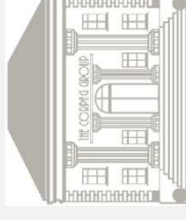


Peru

Corporate

Corporate Taxation (others):

- Royalties are considered Peruvian source income when the underlying goods are used within Peru or when the payer is a Peruvian resident.
- Introduction of capital gains tax for the indirect sale or shares in Peruvian companies.
 - Sale of shares or participations of a nonresident entity.
 - Such nonresident entity holds one or more participations in resident entities, which represent 50% or more of its capital.
 - Sale of 10% or more of a resident entity within any given period of 12 months.
 - Presumption in case of Tax Havens.
- Worldwide income system.
- Dividend distributions between resident entities are not taxed.

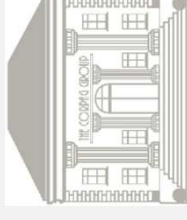


Peru

Individual

Taxation on individuals (basics):

- Residence: Peruvian nationals with permanent residence in Peru, and physical presence test for foreigners.– Exceptions.
- Worldwide income system.
- Domestic income, including capital gains and portfolio income is recognized under cash method of accounting.
- Foreign source passive income: cash method.
- 4.1% rate applicable to domestic dividends.
- 5% for capital gains tax and portfolio income.



Peru

Treaties and Tax Havens

Tax Treaties:

In force:
Andean pact, Brazil, Canada, Chile, USA (exchange of information only).

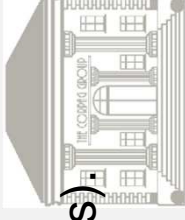
Signed but not ratified:
Mexico, Portugal, South Korea, Spain (unlikely to be ratified) and Switzerland.

Tax Havens:

- 44 listed jurisdictions*: Barbados, Belize, Gibraltar, Commonwealth of the Bahamas, Grand Duchy of Luxembourg, Isle of Man, Hong Kong, Cook Islands, Cayman Islands, Channel Islands, British Virgin Islands, Madeira, Principality of Andorra, Republic of Cyprus, Malta, Mauritius, Republic of Panama.

- 75% or less of Peru's effective tax rate (i.e. 22.5% or less)

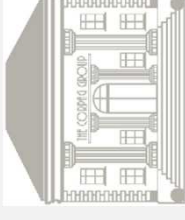
* The total list is not included



Peru

CFC Provisions

- Concept of Nonresident Controlled Entities (“NCEs”).
- Elements:
 - Separated entity for Peruvian income tax purposes
 - * Includes trusts, partnerships, associations and foundations, etc.
 - Controlled by Peruvian residents
 - * 50% or more ownership.
 - * 50% or more voting rights.
 - * 50% or more economic rights.
 - * Use of related parties (4th degree) and/or related legal entities or third parties residing in the foreign jurisdiction.
 - Established in a tax haven jurisdiction or in a country with a preferential tax regime.

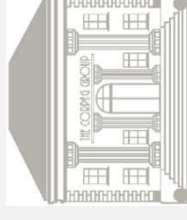


Peru

CFC Provisions

- CFC rules are applicable only to passive income.
 - Includes income derived from the transfer of rights over the use of goods and rights that generate passive income (e.g. transfer of leases).
 - 80% rule (active vs. active income). Deemed as passive or active income, as applicable.
- Exemption:
 - Annual passive income less than approx. USD 7,000 (as of today's value of taxable units). Presumption with regards to tax haven NCE's.
- Expenses attributable to that income would be accepted to determine tax liability in Peru.
- Foreign tax credit.
- No formal obligations (so far) besides bookkeeping.

Source: Ernst & Young Peru



Peru

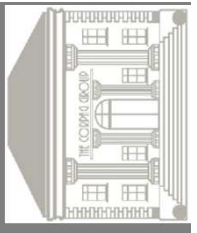
Peru residents



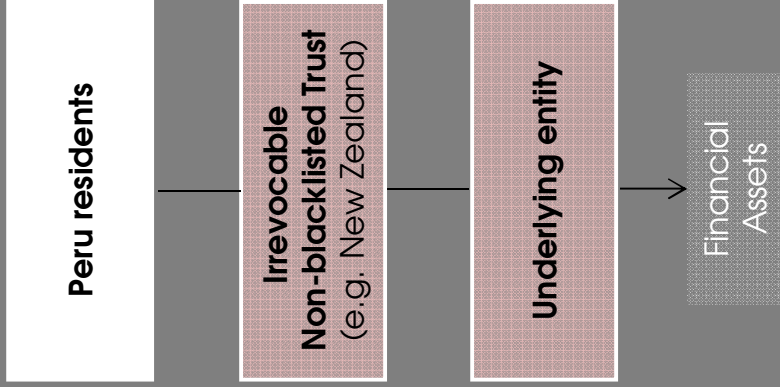
Passive
Income

Offshore

Peru

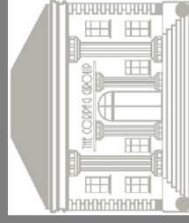


Peru

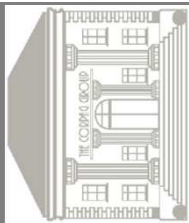
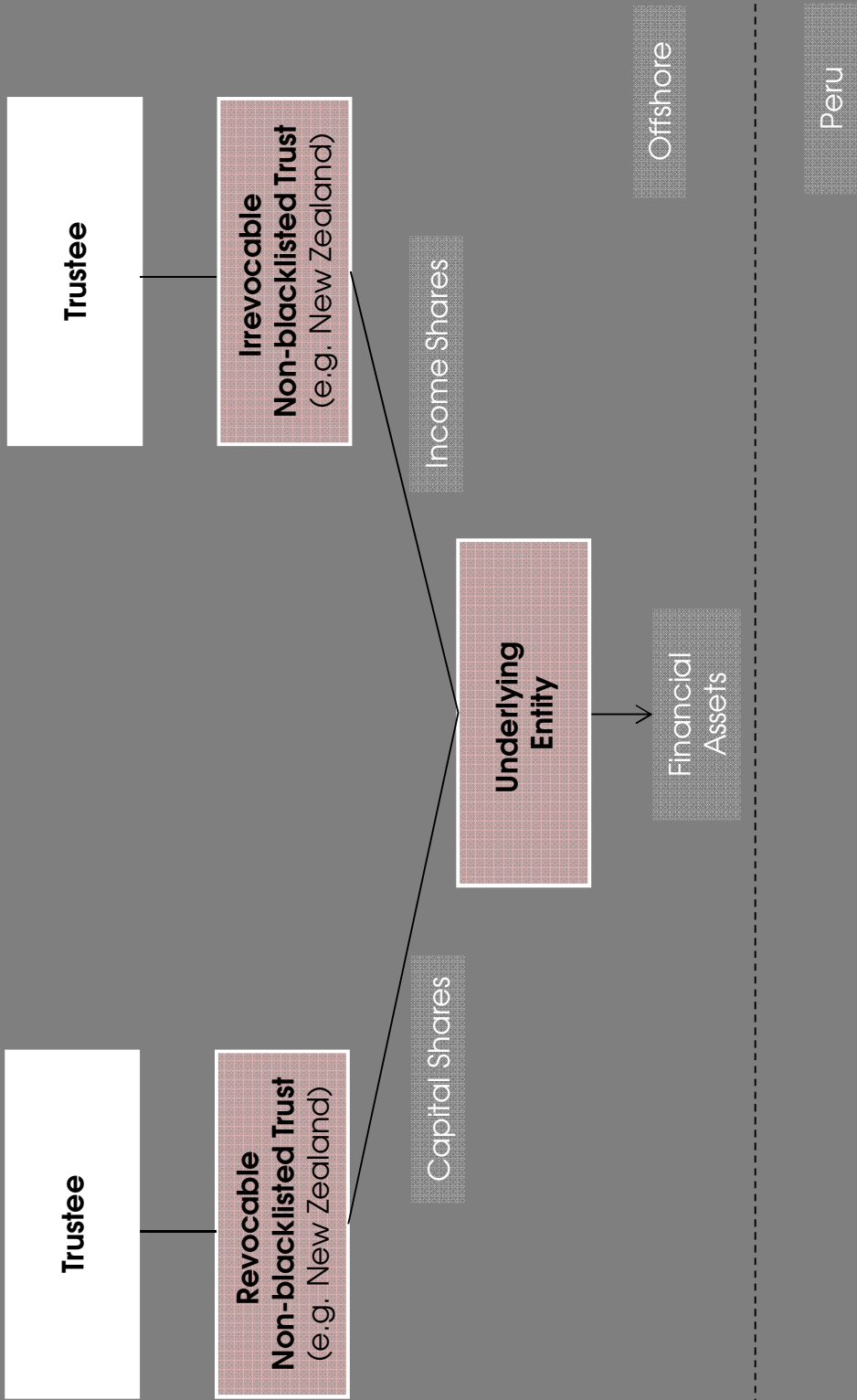


Offshore

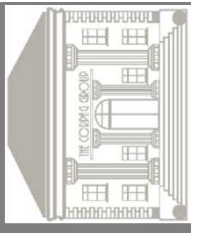
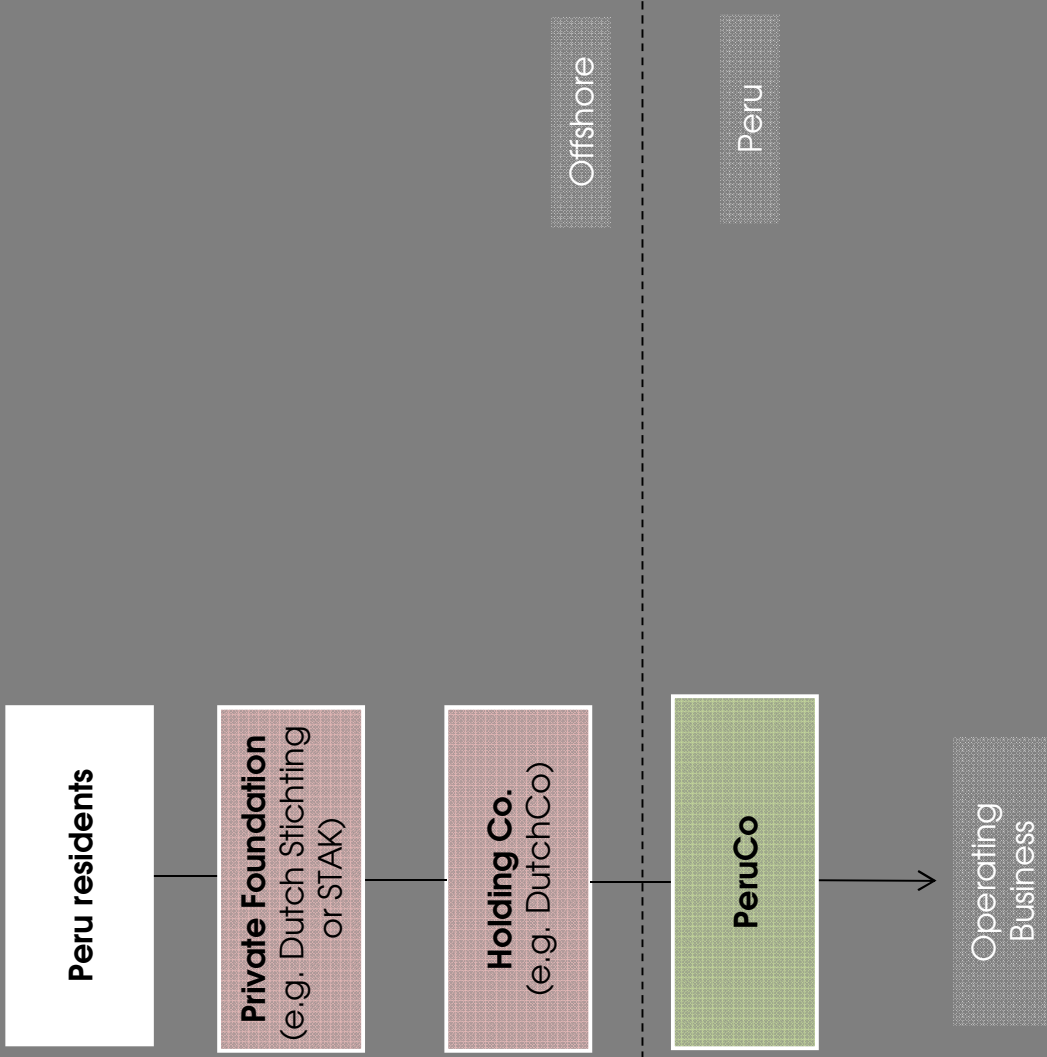
Peru



Peru



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Peru

