

REDOMICILING COMPANIES
FROM ONE COUNTRY TO
ANOTHER

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WHAT IS REDOMICILIATION?

TRANSFERRING A COMPANY FROM
ONE COUNTRY TO ANOTHER
WITHOUT IT CEASING TO EXIST

NO LIQUIDATION

NO NEW INCORPORATION

ISSUES

COMPANY LAW

- IS IT ALLOWED?
- IF NOT, ARE THERE WAYS ROUND IT?

SOME TAX ISSUES

- IS IT TREATED AS A LIQUIDATION?
- FOR ALL TAXES?
- IS THERE A STEP-UP IN THE NEW COUNTRY?
- EXCHANGE DIFFERENCES

WHY?

NON-TAX

- SHAREHOLDER MOVES
- BUSINESS MOVES
- SAVES ENTERING INTO NEW CONTRACTS AND TRANSFER ASSETS

WHY ?

TAX REASONS

- AVOID TRANSFER TAXES ON REAL ESTATE
- AVOID DIVIDEND TAX
- AVOID REALISING GAINS
- USE BETTER TREATY
- CHANGE IN DEFINITION OF RESIDENCE
- LACK OF TIEBREAKER RULES
- USE ALLOWANCES NOT PERMITTED IF TRANSFERRED FROM RELATED PARTY

HOW?

- LEGISLATION OF BOTH COUNTRIES ALLOWS IT
- FOR SE JUST CHANGE PLACE OF ADMINISTRATION (NOT SIMPLE TO SET UP)
- EU RULES – BASICALLY IF RECEIVING COMPANY ACCEPTS DEPARTURE COUNTRY MUST ALLOW IT

ATTENTION

CROSS BORDER MERGER

- CAN USE EU MERGER DIRECTIVE
(BUT DOES NOT SOLVE EVERYTHING)
- MAY BE TREATED AS DISPOSAL IN
SOME PLACES OR SITUATIONS

TAXATION

SE TRANSFER AND MERGER COVERED
IN EU MERGER DIRECTIVE

OTHER COMPANY TRANSFERS ARE
NOT

NATIONAL GRID INDUS

- TAX ON DEEMED GAIN ON DEPARTURE CAN BE DETERMINED
- NO ACCOUNT TAKEN OF SUBSEQUENT CHANGES IN VALUE
- POSTPONEMENT OF TAX SUBJECT TO INTEREST

DIFFERENT FROM THE SITUATION WITH INDIVIDUALS

NEED TO CHOOSE COUNTRY
CAREFULLY

NEED TO CONSIDER DEEMED
DISPOSAL

BUT IT CAN BE USEFUL IN THE RIGHT
SITUATION