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Will OFFSHORE jurisdictions disappear??

Anuschka Cova






















OFFSHORE JURISDICTIONS

























An OFC is a country or jurisdiction that provides financial services to nonresidents on a scale that is incommensurate with the size and the financing of its domestic economy.











































































—Ahmed Zoromé, IMF Working Paper/07/87

























OFFSHORE JURISDICTIONS (IFC OR OEC)






Country/Territory	Designated as offshore financial centres		
	IMF	FSI	OECD
 Andorra	✓	✓	✓
 Anguilla	✓	✓	✓
 Antigua and Barbuda	✓	✓	✓
 Aruba	✓	✓	✓
 Australia		✓	
 Austria		✓	✓
 Bahamas	✓	✓	✓
 Bahrain	✓	✓	✓
 Barbados	✓	✓	✓
 Belgium		✓	
 Belize	✓	✓	✓
 Bermuda	✓	✓	✓
 Botswana	✓	✓	✓
 Brazil		✓	✓
 British Virgin Islands	✓	✓	✓
 Brunei	✓	✓	✓
 Canada		✓	
 Cape Verde	✓		
 Cayman Islands	✓	✓	
 Chile			✓
 Cook Islands	✓	✓	✓

 Costa Rica	✓		✓	✓
 Curaçao ¹	✓		✓	✓
 Cyprus	✓		✓	✓
 Czech Republic				✓
 Denmark			✓	
 Dominica	✓		✓	✓
 Dominican Republic			✓	
 Estonia				✓
 France			✓	
 Germany			✓	
 Ghana			✓	✓
 Gibraltar	✓		✓	✓
 Grenada	✓		✓	✓
 Guatemala			✓	✓
 Guernsey	✓		✓	
 Hong Kong	✓		✓	✓
 Hungary			✓	✓
 India			✓	✓
 Indonesia				✓
 Ireland	✓		✓	✓
 Isle of Man	✓		✓	✓
 Israel			✓	
 Italy			✓	
 Jamaica				✓

 Japan				
 Jersey				
 South Korea				
 Latvia				
 Lebanon				
 Liberia				
 Liechtenstein				
 Luxembourg				
 Macau				
 Macedonia				
 Malaysia ²				
 Maldives				
 Malta				
 Marshall Islands				
 Mauritius				
 Mexico				
 Monaco				
 Montserrat				
 Nauru				
 Netherlands				
 New Zealand				
 Niue				
 Norway				
 Palau ^[4]				

 Panama	✓	✓	✓
 Philippines		✓	✓
 Poland			✓
 Portugal ³		✓	✓
 Qatar			✓
 Russia		✓	✓
 Saint Kitts and Nevis	✓	✓	✓
 Saint Lucia	✓	✓	✓
 Saint Vincent and the Grenadines	✓	✓	✓
 Samoa	✓	✓	✓
 San Marino		✓	✓
 Saudi Arabia		✓	
 Seychelles	✓	✓	✓
 Singapore	✓	✓	
 Sint Maarten ¹	✓		✓
 Slovak Republic			✓
 Slovenia			✓
 South Africa		✓	
 Spain		✓	
 Sweden		✓	
 Switzerland	✓	✓	✓
 Trinidad and Tobago			✓
 Turks and Caicos Islands	✓	✓	✓
 United Arab Emirates	✓	✓	✓

OFFSHORE JURISDICTIONS (IFC OR OFC)

 United Kingdom		✓	
 United States ⁴		✓	
 United States Virgin Islands		✓	
 Uruguay	✓	✓	✓
 Vanuatu	✓	✓	✓
Country/Territory	IMF	FSI	OECD



WHY OFC'S LAST 30 YEARS

At the start:

- Tax efficient structures
- Confidentiality
- Regulation or lack thereof

Later:

- Developed expertise
- Professional staff based in OFC's
- Lower overall cost
- Quality and sophistication



CHANGES THAT IMPACTED OFC'S

- 2008- Global Financial meltdown
- 2009- G20
- The IMF, FATF, and the OECD tax initiatives are all changing the way the Offshore Financial Center operates:
 - ❖ The IMF is doing more reviews on the OFC's to ensure that they comply with formal international regulatory standards that are set by Basel, the IAIS, and IOSCO
 - ❖ The FATF are fighting money laundering and the financing terrorism which is changing the inflows and outflows of money
 - ❖ The OECD tax initiatives will allow the US to help improve tax compliance involving foreign financial assets and offshore accounts. All three of these will affect the economy



IMPACT ON OFC'S

- More cooperation of OFC's
- Increased regulation
- Increased transparency (TIEA's/FATCA/MOU's)
- Some move towards onshore jurisdictions
- Increased cost for managers, investors and service providers



RESURGENCE OF OFC'S

- Innovative products or structures
- Changes in target markets
- Changes in how they brand themselves
- Increased competition
- Substance over form
- More efficient in order to keep afloat



EMERGENCE OF MIDSHORES

- IFCs that contain elements of both onshore and offshore
- Different business model as a hub for business
- Business-friendly tax policies, while still boasting robust onshore financial services industries
- Increase of multi-layered structures; jurisdictions are performing different roles along the chain based on their competitive advantages



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SOME EXAMPLES

- Cayman: enterprise city
- Curacao: hub strategy (ssc and export facility/ezone)
- Aruba: aircraft registration
- Anguilla: certificate of intellectual property residence and the certificate of economic purpose
- Midshores: private equity fund registered in Cayman with structure in Hong Kong that in turn holds assets in China or Netherlands trading company channeling its business via Seychelles, with the ultimate owners managing their business through a Singapore entity





CONCLUSION



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Today, there are many choices available, each with its own particular advantages and incentives. There is a trend towards combining the multiple 'shores' in order to create optimal structures.

When the recession begins to recede, OFC's will be less in the spotlight. Signs are evident already.

It appears that offshore jurisdictions or OFC's, will continue to have an important role to play in international finance for some time to come. That ship is not sinking anytime soon.





Thank you

anuschka.cova@vbkservices.com

+5999 5102872