

Mind and management in Anguilla

by

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New international rules

- New proposals by the OECD coming out of the April BEPS Report make it clear that the right to tax cross-border businesses will be linked to where economy activity is generated as opposed to where corporate entity is located
- For multinationals and High Net Worth Individuals (HNWIs) to take advantage of low tax jurisdictions they will need to be based there and or have economic activity there
- For HNWIs, this will be crucial for all except Americans of course
- In other words, substance must be in the jurisdiction, not just the corporate entity's domicile

Innovation

- Directorships/nominee shareholder positions are still valid but unfortunately, clients don't want to pay us to provide these
- Need to encourage clients to do more locally – will be a hard sell until the new international rules are put into effect and the concept of the shell corporation falls out of popular usage. As long as Nevis, Belize and Seychelles exist, we will have an uphill battle
- Intellectual property is a potential area which could attract persons to be based here – challenge is how to get in front of these decision-makers to promote our advantages. This can only come through linkages and unfortunately we don't have heavy-hitters here who are committed solely to Anguilla

Immigration and infrastructure issues

- Innovation will involve facilitating people on island – while government has its role, we cannot spend time whining about government's slow legislative approach or what is lacking such as direct airlift into Anguilla
- As is we can facilitate processing of self-employed work permits, leasing of office space, provision of other services such as housing – we must take the lead
- This would provide a gateway for more local directorships especially where the foreign owners need to spend time away while maintaining a linkage locally

Domestic companies

- In age of transparency, hiding behind the opaqueness of IBCs makes no sense so domestic companies may become a better option
- Could provide a gateway to adding substance locally in order to facilitate the opening of bank accounts if local activity by on-island director is required
- Need to coordinate with domestic banks – role for the FSC to assist, if I may say so, in helping NCBA to understand the financial services industry to assist this aspect of innovation
- Was always the hope that captive and other insurance companies would, over time, locate some mind and management here – could still be a possibility and others could follow as well

Other possibilities, seen and unseen

- As industry changes, what we can't imagine may just occur – TIEAs that Anguilla has signed, especially the one with Canada which gives treaty benefits to subsidiaries of Canadian companies doing active business in Anguilla, may be useful. We just have to make the connections
- Must remain open to persons who want to do active business and be based in low tax jurisdictions so that the Common Reporting Standards and other mechanisms can be complied with and while their activities remain outside of the revenue authorities of the countries of their birth
- The next big thing may be something that we already have but can't see its potential yet

Again

- “The future belongs to those who can imagine it, design it, and execute it. It isn’t something you await but rather create.” HH Sheik Mohammed – Ruler of Dubai
- Thanks for listening.