

Moores Rowland



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Moores Rowland







A world of excellence

MOORES ROWLAND INTERNATIONAL is an association of leading independent consulting and accounting practices, ranking as the tenth largest group worldwide. It brings together the capabilities of 177 firms in more than 90 countries worldwide; 29 firms have limited correspondent relationship.

MOORES ROWLAND INTERNATIONAL does not practice in the international name.

AN INTRODUCTION TO MOORES ROWLAND - MONACO

Moore's Rowland is a Société Anonyme Monégasque (A Monaco Limited Liability Company) established in 1976.

The practice is multidisciplinary and staffed by qualified multilingual professionals including specialists in international tax and law, trusts and company administration.

Through its membership of Moore's Rowland International the practice is able to access current fiscal and legal information and professional assistance in over 90 countries worldwide.

Moore's Rowland's position in Monaco is complemented by the presence of over 40 international banks. It is further enhanced by the stability of the Monaco government, which actively welcomes foreign investments and Monaco's customs union with France, which allows Monaco to benefit from the European Union (EU) without some of the disadvantages which full membership entails.

Moore's Rowland is a member of AMPA (Monaco Association of Corporate Service Providers).

Moore's Rowland



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SERVICES OFFERED BY MOORES ROWLAND - MONACO

INTERNATIONAL TAX PLANNING

ESTATE PLANNING AND ASSET PROTECTION

ACCOUNTING AND FINANCIAL ADVICE

FORMATION AND ADMINISTRATION OF COMPANIES

FORMATION AND ADMINISTRATION OF TRUSTS

YACHT SERVICES

ABOUT MONACO

and personalised approach

Moore Rowland



An International



onal Expertise

INTERNATIONAL TAX PLANNING

With our combination of legal and tax disciplines within the practice, our experience in the area of international tax planning, and in particular international double taxation treaties and EU directives, we can offer a wide range of tax advice.

Our areas of expertise include:

- Holding, finance, and royalty companies
- Minimisation of withholding taxes on dividend, interest, and royalty flows
- Cross-border mergers and acquisitions
- Group structures
- Takeover bid vehicles
- International trading
- Trusts for the minimisation of income and capital taxes
- Entertainers, artists, and sportsmen
- Immigration / emigration of individuals
- Minimisation of taxes in connection with real estate transactions

ESTATE PLANNING AND ASSET PROTECTION

As part of our expertise we can offer our clients international legal advice essential to a client's succession and estate planning, which involves the highly complex area of international private law.

Estate planning and asset protection necessitate both careful and professional planning to ensure that the wishes of the client are fulfilled. These services are particularly relevant to clients that are resident and or domiciled in one jurisdiction, and who own assets in another jurisdiction. Other factors such as nationality and marital status all impact on the advice given.

Without proper advice, not only at the outset but each time a client's situation changes, matrimonial, succession and tax problems may arise.

Unless therefore professional advice is sought at an early stage multi-jurisdictional succession and inheritance tax problems can arise on death since the law of one jurisdiction may well override another with unintended and perhaps disastrous consequences. At worst a client's wishes may be defeated, the estate subject to tax, and heirs faced with long running and complex problems to resolve.

By working closely together as a team our expert professional staff ensure that their knowledge and expertise is shared so that a client's particular issue is considered from all relevant perspectives.

Furthermore with our excellent international connections, not only can we advise on the best structure for estate planning and asset protection purposes from a legal and tax perspective but we can also form and subsequently administer the appropriate structure.

Moores Rowland





The protection of your assets



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ACCOUNTING AND FINANCIAL ADVICE

We can provide comprehensive accounting services for foreign companies, including preparation of :

- Financial statements
- Management accounts
- Cash flow forecasts
- Profitability reviews
- Budgets and business plans

and through our membership of Moores Rowland International, the provision of :

- Audits of financial statements, in conformity with local requirements
- Receivership and liquidation of corporate entities
- Management consultancy services, including assistance with strategic planning, personnel selection, financing planning and problem solving

Our accounting services are supported by multi-lingual qualified accountants and book-keepers, all experienced in a variety of industries and jurisdictions.



Moores Rowland



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FORMATION AND ADMINISTRATION OF COMPANIES

We can arrange the formation of companies, partnerships, and other suitable entities including foundations in various countries of the world with a view to maintaining confidentiality and minimising tax burdens.

A suitable jurisdiction will be subject to the client's individual requirements and will take into account the activity involved and the client's country of residence and domicile.

We can also provide administration and corporate secretarial services for foreign companies. Such services include maintenance of the corporate records, filing annual and other returns, and attending to the companies various statutory requirements.

Our administration staffs are able to deal with the day-to-day operations and provide the essential liaison between our clients and their customers, bankers, lawyers and other professionals.

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FORMATION AND ADMINISTRATION OF TRUSTS

As an integral part of our International Asset Protection and Estate Planning service, we are able to administer trusts for non-residents. Such trusts can be set up in recognised trust jurisdictions and administered tax-free from Monaco.

A trust is a unique vehicle that can be used for the following purposes:

- to ensure a settlor's estate or part of it is distributed according to his wishes
- to avoid a country determining how the settlor's estate or part of it is distributed on his or her death (forced heirship)
- for taxation reasons (income, inheritance, wealth taxes)
- to enable trust property to be held by persons trusted by the settlor, rather than being transferred directly to those who may be incompetent, too young, or spendthrift

Through our international network, we are able to establish trusts in many jurisdictions and administer them from Monaco.

Politically and economically stable, Monaco is an ideal location for the administration of trusts:

- it is outside the British Isles and the EU
- it has an efficient banking system and financial sector, including many of the larger world banks
- it has an excellent communications and transport system
- it is situated in the European time zone
- foreign trusts administered from Monaco are not subject to local tax

Whilst trusts may be established in recognised jurisdictions and administered in Monaco tax free, Monaco has its own trust law that permits, subject to certain criteria, the establishment of trusts in accordance with Law 214 (1936).

Moores Rowland are approved Trustees for this purpose and included in the official Trustee List established by the Monaco Court Of Appeal.



Moores Rowland




Tailor to your needs



YACHT SERVICES

In order to reply to our client's needs we have broadened our scope of professional activities by launching a new Yacht Division in January 2006.

Our aim is to offer a global approach to yacht management and consultancy as well as a comprehensive follow-up from yacht purchase, construction, refit or sale to the financing, insurance, registration, crewing, operation, management and company formation in various jurisdictions whether on or off shore.



Our areas of expertise include:

- Yacht and Ship registration
- Tax optimisation
- Marine Finance
- Insurance services
- Crew services
- Technical services
- Management & Administration
- Project management

Please ask for our Yacht Division brochure for more details.



Monaco,

The following section of this booklet is intended as a general guide to investment and taxation in the country and should not be acted on without further advice.

Investing



in Monaco

GENERAL INFORMATION

The Principality of Monaco is an independent sovereign state and a member of the United Nations. Monaco is not a member of the EU but is part of the Euro zone.

EXCHANGE CONTROL

Exchange control restrictions were completely lifted during 1990 and only certain reporting requirements remain. However, certain investment controls are still in force which can restrict the acquisition of existing enterprises by foreigners.

BUSINESS ORGANISATIONS AVAILABLE TO FOREIGNERS

There are seven possible forms of conducting a business operation in Monaco:

- Company limited by shares (société anonyme Monégasque)
- General partnership (société en nom collectif)
- Limited partnership (société en commandite simple)
- Partnership limited by shares (société en commandite par actions)
- Civil partnership (société civile) - reserved for non-commercial activities
- Sole proprietor
- Branch of a foreign corporation

With the exception of a civil partnership it is necessary to obtain permission from the Monegasque Government before commencing business operations. It usually takes at least two months to obtain such permissions.

Special regulations govern certain activities such as banking, insurance, financial institutions, pharmaceuticals, transport, arms and ammunition, chartering of ships, as well as the legal, medical, and accountancy professions.

SETTING UP AND RUNNING BUSINESS ORGANISATIONS

Société Anonyme Monégasque (SAM)

In contrast with many other jurisdictions, the objects clause of a SAM is drawn tightly and it is not possible to insert all-embracing clauses. The minimum issued share capital is EURO 150,000 which in practice must be paid up at the date of formation. Shares may also be issued in exchange for contributions in kind. There must be at least two shareholders and shares must be issued in registered form. There must be at least two directors, one of whom should be a resident of Monaco with full powers to manage the company. There are no restrictions regarding the nationality of shareholders or directors. It is necessary to file annual audited accounts.

Each SAM must have its own registered office and be either the owner or the tenant of the premises from which it operates. It cannot share the same premises with other companies and only certain premises are authorised by the Government for commercial or industrial use. Before granting authorisation, the Government will wish to be satisfied as to the adequacy and suitability of the premises selected. Each SAM must also be adequately staffed in order to carry out its business operations; there are no written rules on this, each case being treated on its own merits, but the Government prefers to see a minimum of four staff at least by the end of the first year of operation. Clearly "paper SAMs" cannot be formed and the Government looks for substance of operation.

Branch of a Foreign Corporation (BFC)

Before establishing a business operation in Monaco, a BFC must obtain permission from the Monegasque authorities. A standard application form is filed with the Minister of State by the person designated by the foreign corporation to act as the local branch manager ("agent responsable"). The application form is accompanied by the foreign company's statutes and certificate of incorporation, relevant board minutes, the last three years' audited financial statements, a copy of the lease of premises at which it is intended to conduct the branch operation and a business plan.

The "agent responsable" must be a resident of Monaco and have full powers to conduct the local branch operation. There are no minimum capital requirements for establishing a BFC however the local authorities would expect the BFC to be capitalised sufficiently to cover local set-up costs.

It is difficult to obtain authorisation for the branch of a foreign corporation which has been in existence for less than three years. However, there are no fixed rules and each case is judged on its own merits. A BFC is normally initially granted a two, three or five year licence, renewable on the same basis.

Smaller enterprises tend to operate under the form of general or limited partnerships or sole proprietorships. There are no minimum share capital requirements for these smaller enterprises and the reporting requirements are less onerous.

PROFITS TAX AND SOCIAL SECURITY

Profits Tax

Profits tax is levied on net profits at a rate of 33,33% and applies to :

- (1) Foreign and local enterprises, which include companies, branches, partnerships, and sole proprietors which engage in industrial or commercial activities in Monaco and whose turnover is derived at least 25% directly or indirectly from non Monegasque sources; and
- (2) Companies whose activities in Monaco consist of receiving proceeds from the sale or licensing of patents, trade marks, manufacturing processes or formulae, and literary and artistic copyrights, irrespective of their source.

Consequently the enterprises referred to in (1) above which derive more than 75% of their turnover from Monegasque sources are exempt from profits tax.

Headquarters operations are often given favourable tax status and advance rulings may be negotiated with the Monegasque tax authorities. In principle, they are taxed by reference to the profits normally realised by a Monegasque enterprise conducting the same activities, using the prices which this enterprise would invoice for its services to a third party. In practice, due to the difficulties in establishing such a profit, they are normally taxed on a national net profit, agreed in advance with the Monegasque tax authorities. The national net profit is expressed as a percentage of local expenditure and is usually fixed at 8%.



*Creating
in Monaco*

Social Security

Employers are required to make contributions to social security, pension, and unemployment organisations for each employee. In addition, life insurance cover and supplementary pension benefits have to be provided for executives. The total contributions are relatively high; rising to as high as 40% for Employers and 15% for Employees.

Monaco has social security agreements with both France and Italy so that contributions paid in one state are treated as qualifying contributions in the other state.

PERSONAL TAXATION

There is no income tax, capital gains tax, or wealth tax. There is a limited form of gift and inheritance tax which applies to assets in Monaco.

Assets are exempt from the gift and inheritance tax if bequeathed or donated to a spouse, ancestors or descendants, the local community, public hospitals, charitable organisations, or authorised private charitable foundations.

The rates of tax payable depend on the relationship between the donee and the donor or deceased as follows:

Relationship	Rate %
Brothers and sisters	8
Uncles, aunts, nephews, nieces	10
Other relatives	13
Unrelated parties	16

TAXATION AGREEMENTS

Monaco signed a limited form of agreement with France in 1963 and an agreement specifically covering inheritance taxes in 1950. These are the only tax agreements in force.

OTHER TAXES

Value Added Tax

Value added tax is levied in Monaco on the same basis and at the same rates as in France, pursuant to the customs union between the two countries. Monaco is therefore indirectly subject to the provisions of the EU Sixth Directive as amended, without actually being a member of the EU. The standard rate is currently 19.6%.

Registration Duty

Registration duties are levied on the transfer of certain property in Monaco. Listed below are some examples of the rates application.

	Rate %
Transfer of real estate in Monaco	7.5
Transfer of shares in a Monegasque real estate company (SCI) whose assets comprise of Monegasque real estate	6.5
Leases of real estate for life or unlimited duration	6.5
Leases of movable property for unlimited duration	5.0
Leases of real estate and movable property for limited duration	1.0
Subscription for shares on formation of a company	1.0
Transfer of shares and negotiable instruments	1.0

(Note that in the case of a SAM there is no obligation to submit the transfer of shares to registration formalities. The tax is therefore optional for a SAM)

Stamp duties exist in Monaco but are much less significant than registration duties and are normally fixed in amount. However, stamp duty of 0.5% is due on the nominal value of shares and bonds, increased by share premium if applicable, issued by companies.

PORTFOLIO INVESTMENT FOR FOREIGNERS

There are no restrictions on the acquisition of real estate nor on portfolio investments in Monegasque companies. As there is no income tax or capital gains tax, Monaco is an attractive place for such investments.

Bank accounts offer security and confidentiality and, due to the large number of international banks present, interest rates on bank deposits are competitive. No withholding tax is levied on interest derived from such deposit accounts unless the person is a EU resident in which case the Saving Directive will Apply.

THE MONEGASQUE TRUST

Monaco is one of the few civil law countries in the world to have a trust law. Under the trust law a foreigner whose country of nationality permits the establishment of trusts is entitled to establish a trust to dispose of his assets in accordance with the laws of his country of nationality. The trust may be either inter vivos or testamentary and represents a method for a foreign national to avoid the forced heirship provisions contained in Monegasque succession law.

The deed creating a trust is subject to a registration duty varying from 1.3% to 1.7% depending on the number of beneficiaries mentioned in the deed.



Living in Monaco

MONEGASQUE RESIDENCE PERMIT

EUROPEAN ECONOMIC AREA (E.E.A.) NATIONALS

As from 1st March 1998 the procedure for obtaining a Residence Permit in the Principality of Monaco has been simplified.

The applicant should go in person to the Monégasque “Sureté Publique - Service des Etrangers” in order to obtain an application form entitled “Demande de Carte de Séjour”. At the same time the date for an interview will be arranged.

At the interview, the applicant will have a meeting with an official and submit the duly completed application form together with the required documents. These documents will vary according to the personal situation of the applicant. Listed below are some of the documents frequently requested:

- A photograph
- A medical certificate
- A birth certificate
- “Casier Judiciaire” or “Police Record”
- Reference from a bank in Monaco confirming that the applicant has sufficient funds available to live in the Principality
- Proof of ownership of residential accommodation or a lease

If the person moves to Monaco for business or professional reasons, it will be necessary to produce a copy of the employment contract or the application for the authorisation to create a business.

If there are no objections, the application should be processed in approximately two months.

Initially the “Carte de Séjour” (Residence Card) will be a temporary “Carte de Séjour” valid for one year and renewable upon application. After three years it is possible to obtain an ordinary “Carte de Séjour” which is valid for a period of three years. After ten years of residence the status of “Privileged Resident” may be given and the “Carte de Séjour” will then be valid for ten years.

NON EUROPEAN ECONOMIC AREA (E.E.A.) NATIONALS

Nationals belonging to countries outside the E.E.A. wishing to obtain a Monégasque Residence Permit should first apply for a Long Stay Visa in France at the French Consulate General nearest to the place in which they reside.

Once the French Visa is obtained the applicant should proceed as described under the heading “EUROPEAN ECONOMIC AREA (E.E.A.) NATIONALS”

PRACTICAL INFORMATION

Communications

Monaco has excellent communications. Telecommunication services are supplied by Monaco and postal services are provided by France. In addition, private international courier firms collect documents daily in Monaco for delivery throughout the world. Monaco is linked to the French road and rail systems. The international airport of Nice is 25 kilometres away and there is a regular helicopter service between the airport and Monaco, which takes six minutes.

Language

The official language is French, but English and Italian are widely spoken.

Time

In winter (November - March) time is GMT + 1 hour and in summer (April - October) GMT + 2 hours.

Business hours

Office hours are normally Monday to Friday 9 a.m. to 6 p.m. and shops open Monday to Saturday 9 a.m. to 7 p.m.

Public holidays

<u>New Year's Day</u>	<u>1 January</u>
<u>Sainte Devote</u>	<u>27 January</u>
<u>Easter Monday</u>	
<u>Labour Day</u>	<u>1 May</u>
<u>Ascension</u>	<u>(6th Thursday after Easter Sunday)</u>
<u>Pentecost</u>	<u>(8th Monday after Easter Sunday)</u>
<u>Corpus Christi</u>	<u>(9th Thursday after Easter Sunday)</u>
<u>Assumption of our Lady</u>	<u>15 August</u>
<u>All Saints' Day</u>	<u>1 November</u>
<u>National Day</u>	<u>19 November</u>
<u>Immaculate Conception</u>	<u>8 December</u>
<u>Christmas Day</u>	<u>25 December</u>

MRI's Representation

MRI's member firms are located in:

Andorra	Lebanon
Australia	Lesotho
Austria	Lithuania
Bahamas	Luxembourg
Belgium	Malawi
Botswana	Malaysia
Brazil	Malta
Canada	Mexico
Cayman Islands	Monaco
Chile	Netherlands
China	Netherlands Antilles
Colombia	New Zealand
Cyprus	Norway
Czech Republic	Paraguay
Denmark	Peru
Ecuador	Portugal
Egypt	Puerto Rico
Estonia	Russia
Finland	Saudi Arabia
France	Singapore
Germany	South Africa
Gibraltar	Spain
Hong Kong S.A.R.	Sri Lanka
Hungary	Switzerland
India	Taiwan
Indonesia	Thailand
Ireland	Turkey
Isle of Man	United Arab Emirates
Italy	United Kingdom
Japan	United States of
Jersey	America
Jordan	Uruguay
Kenya	Venezuela
Korea	Zambia
Latvia	

Additionally MRI's correspondent firms are located in:

Argentina	Kazakhstan
Azerbaijan	Kuwait
Bangladesh	Madeira
Bermuda	Mauritius
Croatia	Morocco
Dominican Republic	Philippines
El Salvador	Poland
Ghana	Turks & Caicos
Guatemala	Islands
Guernsey	Ukraine
Israel	