

## A Short Guide to Tax Avoidance by the Use of Tax Havens

### Taxation

Most countries tax their citizens on earnings, capital gains, the profits from business transactions and worldwide income, but do not impose these taxes on citizens who choose to reside outside of their own country.

### Tax Avoidance and Tax Mitigation.

Tax avoidance (US) or tax mitigation (UK), is the use of various legal measures to reduce taxation and properly used may reduce or completely mitigate taxation on certain transactions.

### Tax Avoidance or Tax Evasion.

Tax avoidance is reducing, or eliminating, your tax by lawful means. We assist with this.

Tax Evasion is reducing, or eliminating, your tax illegally. We do not assist with this.

### Example of Tax Avoidance

One method for a person or company to reduce their taxation whilst remaining resident within their home country is to establish an offshore company, offshore trust or foundation, within a tax haven. The person or company's assets may then be transferred to the new offshore company so that gains, income and profits are earned by the offshore company in a country where these gains will not be taxed.

### Offshore Tax Havens

Offshore tax havens are countries where taxes are levied at a low rate or not at all. Different jurisdictions tend to be havens for different types of taxes, and for different categories of people and/or companies.

There are almost 60 different countries and states that are considered to be offshore tax havens.

### Caution

Known tax havens will always attract attention. If you value your privacy do not rely on the people who form your structure to be blameless when it comes to a possible breach of your privacy. Instead form the structure in a country with clean reputation and which is not regarded as a tax haven. Check your personal tax situation with your local tax adviser before proceeding.