



International Expansion: Building your Business Overseas

In the following pages, IR Global members from multiple jurisdictions address questions that help businesses to survive and thrive as they establish themselves in different jurisdictions.

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IR Global – The Future of Professional Services

IR Global was founded in 2010 and has since grown to become the largest practice area exclusive network of advisors in the world. This incredible success story has seen the network awarded Band 1 status by Chamber & Partners, featured in Legal 500 and in publications such as The Financial Times, Lawyer 360 and Practical Law, among many others.

The group's founding philosophy is based on bringing the best of the advisory community into a sharing economy; a system that is ethical, sustainable and provides significant added value to the client.

Businesses today require more than just a traditional lawyer or accountant. IR Global is at the forefront of this transition, with members providing strategic support and working closely alongside management teams to help realise their vision. We believe the archaic 'professional service firm' model is dying due to it being insular, expensive and slow. In IR Global, forward-thinking clients now have a credible alternative, which is open, cost effective and flexible.

Our Founding Philosophies

Multi-Disciplinary

We work alongside legal, accountancy, financial, corporate finance, transaction support and business intelligence firms, ensuring we can offer complete solutions tailored to the client's requirements.

Niche Expertise

In today's marketplace, both local knowledge and specific practice area/sector expertise is needed. We select just one firm, per jurisdiction, per practice area ensuring the very best experts are on hand to assist.

Vetting Process

Criteria is based on both quality of the firm and the character of the individuals within. It's key that all of our members share a common vision towards mutual success.

Personal Contact

The best relationships are built on trust and we take great efforts to bring our members together via regular events and networking activities. The friendships formed are highly valuable to the members and ensure client referrals are handled with great care.

Co-Operative Leadership

In contrast to authoritarian or directive leadership, our group puts teamwork and self-organisation in the centre. The group has steering committees for 12 practice area and regional working groups that focus on network development, quality controls and increasing client value.

Ethical Approach

It is our responsibility to utilise our business network and influence to instigate positive social change. IR Global founded Sinchi, a non-profit that focuses on the preservation of indigenous culture and knowledge and works with different indigenous communities/tribes around the world.

Strategic Partners

Strength comes via our extended network. If we feel a client's need is better handled by someone else, we are able to call on the assistance of our partners. First priority is to always ensure the client has the right representation whether that be with a member of IR Global or someone else.



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FOREWORD BY EDITOR, ANDREW CHILVERS

International Expansion: Building your Business Overseas

Despite these uncertain times, expanding overseas can be a key driver for future growth for an ambitious business. International expansion can breathe new life into a company, drive huge value and set it on a path of continued success.

Expanding a business overseas is a strategic opportunity that will help diversify revenue streams, revitalise product development and give high returns on investment. But expanding a business into different jurisdictions takes time – this is a long distance run, not a sudden sprint to the finish line. Furthermore, expanding operations into a new jurisdiction can be fraught with challenges and risks that need to be addressed long before the first boots are on the ground.

For any company turning up in a foreign country, a multitude of tax and legal issues need to be addressed. This can be a labyrinthine experience and not for the faint hearted – but then faint hearted businesspeople seldom set their sights on overseas expansion.

Tax and compliance have to be at the top of any board's agenda, ensuring the correct steps are taken the moment the company representatives land in-country. It's pivotal to learn these issues to avoid any costly mistakes from the start.

Understanding local tax issues will best be done by ensuring the business seeks out and hires the best local tax advisor. The company will need to look at structuring the new operations and how local taxation affects the day-to-day running of the business.

Many businesses may prefer to open a subsidiary as a preferred business vehicle when expanding overseas, for tax and commercial reasons. With a UK company looking for overseas opportunities, for example, that subsidiary may be 100% owned in the UK. But depending on the jurisdiction this may not be allowed because of local restrictions, whether it's a certain industrial sector or region within a country.

In China and much of Southeast Asia, for example, the local ministry in charge of foreign enterprises prefers joint ventures with a local partner. This can help with compliance structures but also means different tax issues depending on the stakeholders and the type of profit extraction. So, again, it's crucial to ensure there is plenty of financial and risk management planning with local tax and legal advisors.

Interestingly, a survey in the UK by Trade & Export Finance found that 34 per cent of UK businesses were worried about misunderstanding local regulations. These statistics could be replicated by businesses across different jurisdictions as they struggle to comprehend compliance and governance requirements in their adopted countries. UK Trade & Investment stated: "Different business cultures, legal environments and languages increase the risk of confusion when you trade internationally." This is an important fact to remember.

Indeed, often what is considered legal in the home country is not legal in the new territory of operations. You need to know the local market intimately and only a local legal advisor can help you with that. Depending on the kind of business that is setting up, it's not just tax to watch out for, but compliance on a range of issues such as local health and safety laws, data protection, real estate, logistics and even culture.

Language can be the key to unlocking the door to local regulations. English is often the number one business language spoken around the globe, but it's arrogant to believe that all transactions and day-to-day business will be in English. To understand local compliance issues, multilingual advisors are key to smoothing through the risk of language ambiguity, particularly when it comes to local law. A simple grammatical error or wrongly spoken phrase can jeopardise deals and often result in a foreign business facing legal action.

Ultimately, for a business to thrive outside its own borders, it will need to be on top of all the local regulations – and these include how local culture reacts to foreign enterprise culture.

Crucial to ensuring all goes well is a level of local expertise, with advisors who will fill in the knowledge gaps, giving a degree of hand holding when needed and ensuring compliance. So the key takeaway is to do your homework and be very thorough:

- Know the market – remember a local firm already has the knowledge that could be a critical factor in saving time.
- Understand compliance – local firms will be able to ensure that the business will comply with all rules and regulations.
- Build your network – a local firm already has an established network, this can be easily tapped into and explored.
- Knowing the culture - any business expanding abroad should be familiar with the culture in the country. Understanding a country's culture is a sign of respect, as well as critical for communications with the right people and departments.

In the following pages, IR Global members across the world address questions that help businesses to survive and thrive as they establish themselves in different jurisdictions. From tax to corporate governance, our members take you on a journey that can help you understand how to expand your business internationally – with little or no pain.



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IR Global Contributors by Region

IR Global experts aim to lead the industry and are at the forefront of the constantly developing legislation in their respective jurisdictions. The group's success can be attributed to our emphasis on cost effective solutions, personal service and seamless communication when acting on client requirements spanning multiple jurisdictions. For these reasons, IR members are fast becoming the 'go to' global alternative for businesses requiring international support. Get in touch and see how we can help you.

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ISLE OF MAN

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Nick joined Peregrine in July 2007 and is responsible for the accounting and tax departments. His role includes overseeing the preparation of management accounts, financial statements and tax returns for clients as well as monitoring international tax compliance and VAT returns.

Having developed quickly in his role and having qualified as a Certified Chartered Accountant, Nick was invited to join the Peregrine board of directors in 2015. He was recently approved by the Isle of Man Gaming Supervision Commission ("GSC") allowing him to be a director on e-gaming companies licensed by the GSC.

Nick Kelly
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QUESTION ONE

What are the main government incentives available in your jurisdiction to attract multi-nationals and FDI investment?

The Isle of Man Government is keen to attract multi-nationals and FDI investment and is continually working on various initiatives to encourage growth on the Island. The current, main focus initiatives are:

- **The Employee Relocation Incentive** – if your business is interested in relocating an employee to the Isle of Man, then the employee relocation incentive means that your business could receive up to 20% of your employee's first year's salary costs. This incentive provides a 20% grant of up to £10,000 towards the cost of a relocating employee's first year net salary (minimum salary must be £25,000) paid one year post successful recruitment, and it can be used for existing or new roles within the organisation and includes back filled positions.
- **The National Insurance Holiday Scheme** – those taking up employment in the Isle of Man could be up to £4,000 better off in their first year of work. The National Insurance Holiday Scheme came into effect in April 2019, and provides a refund on National Insurance contributions paid in the first 12 months of employment. The scheme is open to anyone in any role with a gross salary of £21,000 or more.
- **The Key Employee Concession ("KEC")** – this ensures that an individual will only be liable to Manx income tax on Manx source income, so in essence, only the individual's Manx source employment income, including benefits in kind and rent arising from property in the Isle of Man is subject to Manx income tax.
- **The Tax Cap election** – the Isle of Man offers a Tax Cap for new and existing resident individuals of £200,000 per annum and was specifically introduced for those who have annual income such that their tax liability would otherwise exceed the Tax Cap. Individuals who are resident in the Isle of Man for income tax purposes are able to benefit from the Tax Cap. The maximum liability for a jointly assessed couple is £400,000.

QUESTION TWO

What industries do you feel there are opportunities in for international investors/businesses in your jurisdiction? What factors do you think contribute to inward investment?

- **Tech** – The Island has the infrastructure which has been ideally set up for anyone in the tech space. The rapid development of the e-gaming industry on the Island now means there is an incredibly talented pool of tech staff available here. Although competition for the best staff is high in this sector, the availability of this calibre on your doorstep can't be beaten.
- **Gaming** – The e-gaming sector itself is a huge success story on the Isle of Man and we continue to see it grow as one of the choice jurisdictions for gaming businesses in need of a business friendly and well respected regulator.

- **Banking** – Another unexpected growth area is banking. With the recent introduction of the Alternative Banking Regime, the Government has worked with industry to provide a framework to encourage entrants to settle on the Island to better service the large financial sector here.
- **Crypto and Blockchain** – Building further on the advantages of starting a tech business on the Isle of Man, the business focussed Government has actively encouraged the use and development of crypto technology here and is working with businesses to establish a reputable regulatory system to provide consumer confidence and grow the use of crypto on an international scale, also providing a Blockchain Office and Sandbox to assist tech development.

QUESTION THREE

Why is it important to hire a local firm to support international expansion? How can you help smooth the process for your clients and overcome common pitfalls?

Using a local firm on the Isle of Man, like Peregrine, has its advantages. As we work with other companies on the Island, over time, we have built good relationships with them and have become familiar with how they work, which can often make the process a lot easier as well as understanding where we can direct our clients for the best possible service depending on their needs.

We have also gained some strong contacts within the Isle of Man Government's Department of Enterprise, having worked with them on several joint events over time, so we are well placed to help with any queries in relation to the Island as a whole.

Other businesses that we have worked with provide a full concierge service for those looking to relocate. This covers assistance with immigration and work permits, finding accommodation as well as assisting with finding the best fit schools and social communities to help integrate you into life here.

As documented in question one, there are several schemes to encourage businesses and individuals to relocate to the Island. Whilst this is clearly a positive, it can become daunting when there is so much information to navigate through. Peregrine can assist in ensuring you are able to apply for and take advantage of the most appropriate options for those looking to move to the Island.



Peregrine Corporate Services Limited ("Peregrine") was first established in 1986 to provide company and trust administration services on the Isle of Man to a worldwide client base.

We have a rich heritage of providing high quality, professional services to our clients, utilising our background in Accountancy with a team of professionally qualified Accountants on our board of directors.

With almost 35 years of experience, we pride ourselves in offering a professional, friendly service to our clients from a longstanding, knowledgeable workforce. With a very low turnover of staff we are able to put client relationships first, ensuring that clients know our team and vice-versa.

Top tips for successful expansion in the Isle of Man

- Make sure you use a professional firm – as mentioned above, professional firms set up new companies and re-locate companies day in and day out, so they will make the process both smoother and a lot easier for you. Not only that but they will have their own contacts which will help at each step of the way.
- Visit the Island – while it's easier said than done at the moment thanks to Covid-19, I'd definitely recommend visiting the Island to get a feel of where you are moving too. The Isle of Man is such a beautiful place so there are plenty of things to do and see.
- Getting to know the regulator – using a professional firm will assist in this regard but if you are looking to do business in a regulated sector, taking the time to meet with the regulator face to face and discuss your proposals with them before making a formal application will give you a clear understanding of what they expect of you, as well as giving them the best impression and showing you're committed to your plans to move here.



ENGLAND

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Paul Beare founded Paul Beare Ltd having worked in a previous accountancy firm, following his involvement in a successful merger and acquisition in 2014.

With an extensive support network of international providers that Paul has built up over the years, clients and potential UK in-bound start-ups regularly approach him for UK and international expansion support. He is referred by many clients as their trusted advisor.

Paul Beare

Founder, Paul Beare Ltd

irglobal.com/advisor/paul-beare

QUESTION ONE

What are the main government incentives available in your jurisdiction to attract multi-nationals and FDI investment?

There are various schemes and initiatives available to encourage investment in small and growing UK-based businesses. Certainly, encouraging investment in small businesses has always been a priority for successive UK governments, and there are a number of incentives in the UK to attract multi-nationals and FDI investment.

Two main schemes to deliver this investment are the Enterprise Investment Scheme (EIS), which launched in 1994, and the Seed Enterprise Investment Scheme (SEIS) which came along in 2012.

Enterprise Investment Scheme (EIS)

The EIS offers investors potentially significant income tax and capital gains reliefs when they make an investment into an EIS eligible start-up or business. For a wealthy investor, the benefits are clear: they can claim back up to 30% of the value of their investment in the form of income tax relief. So, a HNWI making an investment of £10,000 can save £3,000 in income tax.

Seed Enterprise Investment Scheme (SEIS)

The SEIS scheme aims to help earlier stage companies that have yet to generate much in terms of sales or revenue. The principle is similar – investors receive attractive tax refunds to encourage them to invest. Under SEIS rules, investors are allowed to claim back up to 50% of their investment via income tax relief as well as being eligible for significant capital gains tax reductions.

SEIS is especially popular for companies looking to raise finance via crowdfunding and it has so far proved a successful tool in matching investors with funds to deploy with companies in need of investment.

QUESTION TWO

Why should businesses consider your jurisdiction for setup?

The UK is one of the leading business locations in the world and offers an attractive location for businesses with easy access to customers, product innovators, suppliers and partners.

The UK operates in a central time zone meaning that communications with overseas companies can take place more easily. The English legal system is replicated in many other jurisdictions throughout the world and is there to support and protect business interests.

The UK's proximity to Europe and its integrated system of airports, seaports, rail and road means businesses located in the UK have options with how to move people and freight between major cities and locations both within the UK and internationally. Also as one of the countries with the lowest tax rates in the G7, this makes it a natural choice for businesses to locate to and setup.

The UK is an easier place to start a business than many other major European economies and the use of the English language amplifies this. There is familiarity in phrases and terminology worldwide. However, there is one bit of advice we would give when it comes to language. There can often be two meanings to what you are saying; for example, talking about thongs in the UK has a very different meaning to that of the word used in Australia!

We also like to highlight to clients the importance of culture when considering to set up overseas. The UK business culture is more formal than other countries such as Australia – for example, a 'smart casual' business attire would generally consist of a suit or jacket with an open shirt. A formal 'business attire' would include the use of a necktie.

QUESTION THREE

Why is it important to hire a local firm to support international expansion? How can you help smooth the process for your clients and overcome common pitfalls?

Setting up in the UK can be a complex process; for example, deciding on which type of legal entity, establishing a bank account and navigating UK employment law can be confusing if you are based overseas.

At Paul Beare Ltd, we focus on overseas companies looking to operate in the UK market, and provide services aimed at making their UK expansion as seamless as possible. Seeking our expert advice from the beginning of their UK setup can save the company money in the long run.

In our experience, there are typical functions an overseas company needs to set up and succeed in the UK. Some will not be required on day one, but most can only be arranged after the entity has been setup. Here is a list of how we can help your company through the process:

- Formation/registration of UK entity (branch, subsidiary)
- Registration for Corporation Tax
- Registration for Payroll scheme and processing
- VAT Registration
- Use of a client trust bank account
- Open a UK bank account – we complete all the forms on your behalf
- Sponsor Licence and Intra-Company Transfer Visas
- Support and advice during setup and post-setup
- Preparation of an employment contract
- Setup of a compliant workplace pension scheme for auto-enrolment
- Produce Letter of Agreement/Engagement
- Complete full anti-money laundering (AML) and know your client (KYC) checks. A requirement for all new clients and with your permission – passed to your UK banking partner.



Paul and his team support the needs of overseas companies setting up and operating in the UK.

One element is overriding among every client – they all need support and expert guidance. They advise around the appropriate legal entity, payroll, VAT, banking and company secretarial services. Clients range from publicly-quoted companies, through to owner-managed businesses. Paul travels frequently to Australia, New Zealand and the US.

Paul has been heavily involved in IR Global for seven years, using the support network for clients when they are using their UK company to expand further. Clients will use this as a foundation for further expansion into Europe and beyond.

Paul Beare has particular expertise in helping clients with overseas companies to expand into the UK, while choosing between a UK branch or a UK subsidiary.

Top tips for successful expansion in England

- **Consider your entity structure.** Before setting up a new company in the UK, you will need to decide on the type of legal entity and you should ensure you are aware of all your legal obligations for a foreign company setting up in the UK.
- **Have a clear strategy.** New markets provide many new opportunities but it is important to be considered in your approach. Performing key research ahead of time will provide you with analysis of the potential new market, identifying regions that should be targeted while also pinpointing the relevant skillsets required from staff.
- **Choose a good overseas advisor.** Having an advisor that is based in the country you want to expand into is key to success. Otherwise taking on the decision-making process by yourself in your home territory might end up costing your company more financially than it really needs to. We provide this service to a number of our clients because we have the experience, local knowledge and a network of people in international markets that we can introduce you to.



IRELAND

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Damien Malone was the founder of Malone & Co. over a decade ago. He holds an Honours Degree in Business & Accountancy and is a Fellow of both the Association of Chartered Certified Accountants and the Institute of Taxation in Ireland.

He is passionate about assisting SMEs and their owners in developing sustainable, compliant and efficient structures for their business. Among his other business and commercial interests, he is chairman of the Damone investment group. He has spoken at numerous events on various tax and financial matters and has delivered business and taxation seminars for Irish state enterprise bodies.

Outside of the office Damien is a national hunt racing follower and a Liverpool supporter. He also has a keen interest in Gaelic Games and assists a number of local community and voluntary bodies at committee level.

Damien is looking forward to helping all IR Global members with their clients' requirements in Ireland and to talking with other members about our clients' international needs.

Damien Malone
 Founder and Managing Partner, Malone & Co
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QUESTION ONE

What are the main government incentives available in your jurisdiction to attract multi-nationals and FDI investment?

Foreign Direct Investment (FDI) has and continues to play a pivotal role upon which Ireland's economy has thrived. Ireland's ability to attract and retain FDI is the result of a number of factors and consistent policy-making by the Irish Government over many decades, which has resulted in mutual success and benefit for the Irish economy and Foreign Investors alike.

Fundamental to this success is Ireland's position with regards to global markets and working relationships, competitive taxation rates, various tax reliefs, investment in education, membership of the European Union and a highly reputable standing on an international level.

Ireland offers very attractive incentives for FDI which include the following:

- A cornerstone of Ireland's corporation tax policy is maintaining a corporation tax rate of just 12.5% on Irish trading income.
- Knowledge Development Box is a Corporation Tax relief on income from qualifying assets that are the result of qualifying R&D carried out by the company qualifying for the relief.
- The Research and Development (R&D) tax credit is open to all companies in Ireland that are undertaking qualifying research and development activities in Ireland or within the European Economic Area.
- New companies may qualify for start-up relief which could potentially shelter the taxable profits/gains of up to €960,000 in the first three years of trading.
- Capital allowances
 - A company may claim capital allowances for capital expenditure incurred on specified intangible assets such as patents, copyrights, trademarks and know-how against the income from 'relevant activities' of a company.
 - A company can claim an Accelerated Capital Allowance (ACA) of 100% for the following:
 - Energy efficient equipment including electric and alternative fuel vehicles
 - Gas vehicles and refuelling equipment
 - Equipment in a creche or gym provided by the company to its employees.
- IDA Ireland is the State's inward investment promotion agency that is tasked with growing and sustaining FDI in Ireland.

QUESTION TWO

What industries do you feel there are opportunities in for international investors / businesses in your jurisdiction? What factors do you think contribute to inward investment?

Ireland is home to the following:

- 8 of the top 10 global software companies
- 15 of the top 15 US technology companies
- 10 of the top 10 global pharmaceutical corporations
- 9 of the top 10 global medical technology companies
- 20 of the 25 leading financial services firms globally
- 9 of the 10 global aviation lessors.

There are many spinoff businesses that set up in Ireland linked to the above and we would work with many of these clients. We are particularly keen to work with software and technology companies that are looking to invest into their product or into new product ranges. With our attractive three-year Start Up exemption relief from corporation tax and our favourable "Knowledge Development Box" tax rate, it can be possible for such companies to have no tax liability on their first €1M of profit and only 6.25% on the remainder of profits generated from qualifying activities if structured correctly.

We provide compliance and advisory services to overseas property investors that have Irish real estate investments. We can further assist with sourcing and identifying property investment opportunities in Ireland up to mid-market levels, and we would have investor clients consistently earning double digit rental yields that are also holding large capital appreciation increases in their Irish asset portfolios.

Finally, we are working with many companies that have re-located to Ireland as part of their Brexit plans to enable them to continue to trade into the EU. In addition, we are also seeing many companies adapting to changes by choosing Ireland as the location for valuable IP which further bolsters substance and functions carried on in Ireland.

QUESTION THREE

Why is it important to hire a local firm to support international expansion? How can you help smooth the process for your clients and overcome common pitfalls?

There are many advantages for hiring a local firm for the expansion into Ireland by global companies. These include the following:

- Knowledge of the market – instead of spending time doing research into the market, a local firm would already have this knowledge which could be a critical factor in saving time.
- Compliance – local firms will be able to ensure that the company will comply with all rules and regulations established in Ireland. This would include Company Law, Irish Tax Laws, Immigration, etc.
- Easier to build a network – as a local firm already has an established local network, this can be easily tapped into and explored. They will be able to recommend other local businesses/suppliers that the company may be able to use.
- Knowing the culture - any business expanding into Ireland should be familiar with the culture in the country. Understanding a country's culture is a sign of respect. It also helps to foster effective communication, a vital factor in business success.

Working with a local firm of our size and structure, can help smooth the process of expanding into Ireland. We have the experience of incorporating businesses, arranging the opening of bank accounts, and the provision of bookkeeping, accounting and tax services. We have the expertise to assist companies in business plan models, forecasts, arranging finance and grant aid support in Ireland. With our international client experience we can ensure that companies do not fall into the common pitfalls of international expansion such as underestimating the local competition, not doing enough research or having inadequate financing levels.

Malone & Co. are available to answer any queries that may arise during the expansion process.



Malone & Co. are a firm of Chartered Certified Accountants, Registered Auditors and Chartered Tax Advisors headquartered in Dublin and based across the province of Leinster.

We assist clients from all over the world on a daily basis who wish to locate business to Ireland and we have developed extensive business support contacts including with the inward investment agencies in Ireland for the benefit to our many overseas clients.

At Malone & Co. we have the on the ground knowledge and experience in Ireland of structuring new business for our clients to avail of the many attractive benefits of the Irish tax regime and to identify all supports available for FDI.

Top tips for successful expansion in Ireland

- Work with connected advisors who are a good fit for your size and sector
- Use local management
- Develop your KPI model, prepare a budget and implement a robust, periodic management review system



CANADA – EAST

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Isabella Bertani is the Founder and Chief Client Strategist at BERTANI, located in Toronto, Canada. With over 25 years of experience, Isabella has worked extensively with both private and public companies in numerous industry sectors including manufacturing, food processing, technology, telecommunications, and retail and distribution.

A recognized leader in the area of foreign direct investment, Isabella frequently advises foreign corporations globally with regards to expansion into the Canadian market. Her clients include numerous foreign subsidiaries of significant global entities. Isabella has spoken on topics relating to globalization including doing business in Canada, global expansion, CETA, NAFTA and the USMCA, global trade and migration, and global client management. She has a particular interest in FDI and its impact on global sustainability.

Isabella is a graduate of York University's prestigious Schulich School of Business holding both a Bachelor of Business Administration in accounting and a Master of Business Administration with a focus in policy and finance.

Isabella Bertani
 Founder and Chief Client Strategist, BERTANI

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QUESTION ONE

What are the main government incentives available in your jurisdiction to attract multi-nationals and FDI investment?

Canada provides numerous government incentive and grant funding programs at both the provincial and federal levels. These are mainly targeted at job creation and research and development (R&D). Canada's largest R&D grant funding program is the Scientific Research and Experimental Development (SR&ED) tax incentive program. It is the largest single source of grant funding for R&D provided by the Canadian program. The program awards over \$3.5 Billion to 21,000 taxpayers annually, the majority of which are small businesses. Companies of any size that invest in research can apply under this program providing they meet the criteria required including foreign held business.

The SR&ED program provides tax incentives to Canadian businesses that advance technology "leading to new or improved product, processes, materials or devices, including incremental improvements." Most claims occur within commercial operations and facilities as opposed to dedicated research facilities and are in the fields of science and technologies spanning all industry areas including manufacturing, information, life science and bio-technology, medical, chemical, food and beverage, and other fields.

The tax incentives come in the form of cash for companies that are controlled by Canadian resident shareholders. For companies that are foreign held (controlled by non-resident shareholders), the incentives come in the form of a reduction in corporate income taxes. Where there are no taxes payable, the tax credits may be carried forward up to 20 years and applied against future taxes payable.

In order to meet eligibility, a project must meet the definition of SR&ED under Section 248(1) of the Income Tax Act as a "systematic investigation or search carried out in a field of science or technology by means of experiment or analysis that is basic or applied research, experimental development and support work."

QUESTION TWO

What industries do you feel there are opportunities for international investors/businesses in your jurisdiction? What factors do you think contribute to inward investment?

Canada has become a popular gateway into North America because of its openness to trade and immigration as well as its competitive tax rates when compared to the United States. In addition, ease of immigration of workers has made it a popular choice for companies looking to set up North American headquarters. In some cases, difficulty in renewing H-1B visas in the US has resulted in many companies moving their North American headquarters from the US to Canada. Advanced manufacturing and automotive engineering are two key industries in Ontario, particularly along with the Toronto region's technology corridor, which links into several world class universities to provide a highly educated and skilled workforce. When combined with the various government incentive programs for research and development (R&D), mentioned above, Canada is an attractive destination.

Canada also has complex assurance and tax regulations, legislation designed to prevent money laundering and fraud, detailed workplace legislation and requirements around payroll deductions for employees.

Canadian companies have access to markets through 14 free trade agreements currently in force and a number of others in various stages of negotiation. These include the Canada-United States-Mexico Agreement (CUSMA), the Canada-European Union Comprehensive Economic and Trade Agreement (CETA), and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). Access to all three of these agreements provides companies with the ability to use Canada as a gateway to access other countries markets provided they meet the rules of origin.

Accordingly, the potential upsides – and the potential hazards – mean that to succeed in Canada, organizations need support from advisors who are familiar with the issues they might face, and what to do about them.

QUESTION THREE

Why is it important to hire a local firm to support international expansion? How can you help smooth the process for your clients and overcome common pitfalls?

It is critical to utilize the services of a firm that has experience in managing companies through the process of global expansion. At BERTANI, we have developed a soft-landing program for foreign companies specifically and uniquely designed to assist companies in setting up their business in Canada.

There are many questions and answers on any expansion including how are you going to operate? As a sales office? Will the new entity create a self-sustaining operation in Canada and operate independently from the parent? What are the tax implications? Through our soft-landing program, we will manage the process.

As COVID-19 impacts the supply chains around the world, countries are looking to ensure that they will not be faced with shortages, particularly after the crisis, created with the shortage of PPE at the initial stages of the pandemic. This doesn't necessarily mean globalization will end; however, it does change how global companies will operate within the nations they expand to. This could mean companies must immerse themselves in the economies of those nations they expand to and produce within those nations as opposed to simply taking a sales office approach.

BERTANI

AUDIT • TAX • STRATEGY • GLOBAL

BERTANI is a boutique audit, tax and advisory firm located in Toronto, Canada. Founded in 2001, BERTANI specializes in foreign direct investment into Canada and private companies with growth objectives and global interests.

As a member firm of IR Global, BERTANI is connected to over 1000 collaborative member firms in over 155 jurisdictions covering 70 practices areas across the globe. The world is changing and the role of the advisor is becoming more and more important.

Top tips for successful expansion in Canada

- Understand your objectives. Why are you expanding? Access to trade agreements? Expanding your market footprint? How will the company operate?
- Do your research! Understand your market, do your market research.
- Expand to one jurisdiction at a time – don't take on more than you can handle.

GLOBAL BRANDS • LOCAL MARKETS



NEW ZEALAND

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Richard has more than 30 years' experience with New Zealand (NZ) taxation, and particularly enjoys dealing with land tax issues and the GST regime.

Having spent the majority of his early career in the investigation's unit of the New Zealand Inland Revenue, Richard's passion for tax stuck and he eventually became Gilligan Sheppard's tax partner.

He deals with clients of all types and sizes and provides tax opinions on the appropriate treatment of items of income and expenditure. He also assists clients with IRD risk reviews and audits, and can assist clients who are having difficulties meeting their tax payment obligations to make suitable repayment arrangements with the IRD. Richard also provides cross-border tax advice, both to existing clients looking to expand their operations offshore, and to offshore persons looking to either establish a NZ presence for their business or to relocate themselves personally to NZ more permanently.

Richard Ashby
 Partner, Gilligan Sheppard
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QUESTION ONE

What are the main government incentives available in your jurisdiction to attract multi-nationals and FDI investment?

With International trade making up around 60% of New Zealand's total economic activity, the New Zealand Government advocates free trade. Consequently, it is relatively easy for an MNE to establish a business presence in New Zealand.

In saying that, however, there are minimal Government targeted incentives for MNE's, to encourage their investment into the New Zealand market. From a taxation perspective, for example, whether the MNE itself trades as a branch operation in New Zealand, or whether it establishes a wholly-owned New Zealand subsidiary company, the corporate tax rate applied to the MNE's New Zealand profits is the same as that applicable to New Zealand-owned companies, a flat 28%.

Equally though, the MNE's New Zealand business is usually entitled to claim tax incentives available to any other New Zealand business; for example, the Research & Development (R&D) tax credit, which can provide a 15% refundable tax credit to businesses undertaking R&D activities in New Zealand, provided the results and ownership of the R&D activity remains in New Zealand at all times.

Consequently, an MNE that undertakes regular R&D activities could see New Zealand as an attractive jurisdiction within which to undertake its R&D activity, due to the potential tax credit available.

New Zealand also does not have a capital gains tax regime presently. Consequently, a MNE can establish a New Zealand business, build incremental value within that business, and the subsequent disposal of the New Zealand business either by way of a share sale or via disposal of the business assets themselves, will in the main not be exposed to any New Zealand income tax imposition (certain components of a business asset sale may still trigger income tax consequences, such as the disposal values assigned to trading stock and depreciable assets).

QUESTION TWO

What industries do you feel there are opportunities in for international investors / businesses in your jurisdiction? What factors do you think contribute to inward investment?

New Zealand is well known for its tourism industry (pre-Covid obviously), primary related businesses of forestry, sheep and cattle farming, and dairy production (milk, cheese, butter) and viticulture.

In more recent years, New Zealand has also experienced a developing film industry (due to numerous breath-taking scenic location opportunities for international film makers), a growing computer gaming market, and the increasing recognition of having a talent pool of highly skilled information technology personnel.

Rich in potential diversified business investment opportunities, however, New Zealand's primary downfall is a lack of available domestic investment capital to fund these industries. This capital shortfall creates an ever-increasing need for foreign investment.

To support the much needed in-flow of foreign investment capital, and what is likely to be attractive to the international investor, is the security sought by any investor looking for offshore opportunities of New Zealand's relatively stable political environment. In addition, it's robust banking environment (ease of flowing funds both in and out of New Zealand), the low level of corruption risk, and the availability of investor friendly trading structures such as a limited partnership.

In this regard, the latter provides the necessary structural freedom to offshore investors, to be able to have flexibility of choice of individual investment vehicles that will potentially provide the optimal outcomes for the investor in their home jurisdiction.

Finally, as mentioned previously, the lack of a capital gains tax in New Zealand provides the potential for the foreign investor to derive a greater return on their investment. This gives them a larger chunk of the disposal proceeds from an investment sale, being returned to the investor's home jurisdiction pre-tax compared to similar investment returns they may get from investing in a jurisdiction that does have a capital gains tax regime.

QUESTION THREE

Why is it important to hire a local firm to support international expansion? How can you help smooth the process for your clients and overcome common pitfalls?

Any investment into a foreign jurisdiction is not without its risks, and particularly in respect of a country like New Zealand, which is seen to be somewhat remote from the rest of the world.

Arguably, it does not need to be said that there is no better way to mitigate the risks of investment in the new jurisdiction than by having a trusted local advisor on the ground to guide the foreign investor appropriately with their international expansion plans.

Finding a suitably qualified local advisor is also key to getting robust inbound investment advice (clearly you want someone "who knows their stuff"). IR Global membership has certainly helped to smooth this process. At the outset of any engagement there is already a certain level of trust and confidence when reaching out to the local country member that your client will be well serviced and receive competent advice.

Using a local firm also ensures that the appropriate investment structure is selected to match the scenario at hand and, more importantly, that the offshore investor does not trigger any local compliance obligations unnecessarily, which are then difficult to reverse.

As an example of ensuring that the offshore client gets it right first time around, we are often approached by offshore advisors (or their client directly post an initial introduction from the advisor) to help with the set-up of a New Zealand company. Due to our experience in dealing with inbound investment, we have found that the request for this type of structure is often because of the "vanilla" approach – "I've heard that everyone else structures in your jurisdiction in this way, so I'd better do the same". However, rather than simply proceeding to follow instruction, we will firstly ensure that we understand exactly why the client thinks they need to establish the structure.



ACCOUNTING | ADVISORY | INVESTMENT

enriching lives

Gilligan Sheppard is a different kind of accounting practice that does more than just accounting. Firstly, we listen. Then we provide a no-nonsense, cut to the chase solution that will be tailored to each individual circumstance and need.

We're different. We challenge. We consider. Then we deliver.

Gilligan Sheppard takes the time to understand each client and the particular challenges they face moving forward, given what they would like to achieve. We then methodically evaluate the options ahead, vigilantly considering the potential short and long-term outcomes, to ensure that you get the best possible advice.

And we deliver that advice in a very simple, straight-talking manner that will always clearly elucidate the decisions that need to be made. Some of our clients have called it a breath of fresh air, which is fortunate, because we are not terribly comfortable operating any other way.

Top tips for successful expansion in New Zealand

- Seek a suitably qualified local adviser in the relevant jurisdiction.
- Even with global time zone differences, multi-jurisdictional conference calls/Zoom meets can always be arranged and are invaluable in ensuring the client gets the best advice and gets it right first time.
- Ensure the client understands exactly what level of activity they will be undertaking in the foreign jurisdiction and why they may be requesting a certain type of structure to be implemented.
- Have an appreciation of the client's likely exit plan – are they in it for the long-term, or simply to build appreciable value and then sell.
- Plan well in advance, as international expansion will take time – opening foreign bank accounts, registration with local Government authorities etc.



AUSTRALIA

John Glover

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John Glover is the owner and operator of three companies - Pendragon Management, OZ Migration and Your Australian Business. Between the three companies, plus the external skill sets that they work with, John can advise and help individuals and companies to set up and work in Australia.

John was born in London; he left school at 18, and now has more than 40 years of business experience. He worked in various industries and has owned and operated his own companies since 1989. John is fully aware of the value of a great team giving great service in order to have a great company. Having moved to Australia in 1991 and owned and operated Pendragon since 1998, the experience and knowledge within the team are second to none when it comes to moving and starting up in Australia.

John Glover
Managing Director, Pendragon
irglobal.com/advisor/john-glover

QUESTION ONE

What are the main government incentives available in your jurisdiction to attract multi-nationals and FDI investment?

Government incentives

The Australian Government provides incentives for companies engaging in research and development (R&D) in Australia. The R&D tax incentive provides eligible companies with a tax offset for expenditure on eligible R&D activities undertaken during the year. R&D activities conducted overseas are eligible under certain circumstances.

The Australian Government and state and territory governments provide support to assist investors in setting up and running a business in Australia. The form of assistance available will vary by location, industry, and the nature of the business activity.

Assistance is available to businesses through grants, finding and training employees, R&D tax incentives, major project facilitation, and for exporting.

There are two main ways in which foreign residents or companies can invest funds in the Australian economy:

- Portfolio investment refers to the purchase of securities (such as stocks or bonds) or equity and debt transactions that do not offer the investor any control over the operation of the enterprise. Common examples include the purchase of property, shares in Australian companies or government bonds by foreign superannuation or pension funds.
- Foreign direct investment (FDI) is when an individual or entity from outside Australia establishes a new business or acquires 10 per cent or more of an Australian enterprise, and so has some control over its operations. Common examples include the establishment of Australian branches of multi-national companies or joint ventures between Australian and foreign companies.

Why invest in Australia?

Australia offers many advantages compared with other countries seeking foreign investment including:

- Pre COVID consistent economic growth
- Highly skilled workforce
- Strategic Asia-Pacific location
- Strong governance and legal systems
- Good infrastructure
- Friendly business climate.

QUESTION TWO

What industries do you feel there are opportunities in for international investors/businesses in your jurisdiction? What factors do you think contribute to inward investment?

There are opportunities everywhere in Australia. But the best way to look at Australia from an international investors point of view is to look at what industries the Government is stating should be invested in and at the same time are willing to allow foreign investment, to assist with their growth.

The main factors that contribute towards inward investment is the need for the country to have or to improve a particular product, industry or service. If the Government see the need to invest in specific industries, then those industries are usually also open to foreign investment along as it's within the guidelines set out in Australia's foreign investment policies.

Which Australian industries attract foreign direct investment? 2019, A\$ billion

Rank in 2019	Industry	2017	2018	2019	% of total	% change 2018 to 2019
1	Mining & quarrying	347.8	373.0	360.1	35.3	-3.5
2	Manufacturing	101.8	110.8	131.4	12.9	18.6
3	Financial & Insurance activities	79.1	114.1	113.2	11.1	-0.8
4	Real estate activities	91.4	103.3	110.9	10.9	7.4
5	Wholesale & Retail trade	56.7	60.6	60.3	5.9	-0.5
6	Information & Communication	25.5	27.7	30.5	3.0	10.0
7	Transportation & Storage	22.0	23.0	23.3	2.3	1.4
8	Electricity, Gas & Water	20.4	22.2	21.7	2.1	-1.9
9	Construction	23.2	20.3	18.1	1.8	-11.0
10	Accommodation & Food service activities	6.8	8.9	9.3	0.9	5.0
	Other/Unallocated	122.3	130.4	140.6	13.8	7.9
	All industries	896.9	994.3	1,019.5	100.0	2.5

Based on ABS catalogue 5352.0. Last updated: May 2020

QUESTION THREE

Why is it important to hire a local firm to support international expansion? How can you help smooth the process for your clients and overcome common pitfalls?

Having a local company on the ground that can investigate or have the right connections to get the information you need to make the decision on your international expansion is a great asset.

Having someone local can assist you with the following:

- Information on the Australian business and regulatory environment
- Market intelligence and investment opportunities
- Identification of suitable investment locations and partners in Australia
- Advice on Australian government programs and approval processes.

The different costs involved in the way you approach your international expansion is considerable; imagine the full-blown cost of setting up from scratch, compared to investing into an existing company, or down to the most economical approach of employing an Australian and utilising back-office services to check the market out before you make a move.

All of these approaches are achievable if you have connections on the ground. That is why using a local firm that is in the know and connected within the jurisdictions removes a lot of the costs and hurdles from doing it yourself.

If you wish to establish a presence in Australia, we can assist you further.

Our services include but are not limited to:

- Business registration
- Visa and Immigration
- Industry reports
- Premises location nationwide
- Australian director
- Insurance
- HR, Payroll and back office support
- Finance and legal advice
- Marketing
- Relocation services
- Product distribution

Contact us today – we'd be happy to discuss your plans for investing in, expanding to or opening a subsidiary in Australia.



The Pendragon Management Group assists many international businesses wanting to start, build or expand into Australia with ready-made and tailored packages. We have a qualified team of professionals waiting to provide you with the key services required for a soft landing in the vibrant Australian marketplace and enabling speed to market. Our support network of on-the-ground professionals is geared to ensure traction into the market and create a nurturing environment of business incubation. We are an independent, privately-owned Australian entity incorporated in 1998 that has no affiliation with any government department. But we have relationships with all the relevant government departments as well as the relevant corporate and commercial networks throughout Australia.

Other useful links include:

www.pendragon.net.au
www.ozmigration.net.au

Top tips for successful expansion in Australia

- Check out the existing market you are investing in or service you are providing
- Find out the most cost-effective way to get into that market or service
- Make sure your service or product is required in Australia
- Talk to as many local business people as possible to get the feel for the market
- Have someone working with you on the ground with your best business interests at heart



NETHERLANDS

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Roland Rompelberg holds academic degrees in industrial engineering, management and business administration and is qualified as a CPA (in The Netherlands as well as in Luxembourg). Before co-founding Maprima in 1999 Roland held financial and operational management positions in multinational companies and worked in audit at Deloitte.

He is the lead partner for both corporate clients and wealthy families. His area of expertise lies within real estate investments as well as international holding and asset protection structures. Within Maprima, Roland focusses on business development, both for the Netherlands and Luxembourg.

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Mr. Theo Coulen has been a Partner at Maprima since 2005 and has more than 20 years' experience as a tax advisor. He served as a Member of various Management Boards of internationally operating companies. Mr. Coulen started his career at Arthur Andersen and served at Deloitte Touche Tohmatsu and ZR Belastingadviseurs. At Andersen and Deloitte, Mr. Coulen specialized in international and national corporate income tax. He applied this knowledge to internationally related tax issues for wealthy individuals at ZR Belastingadviseurs.

Mr. Coulen practiced all aspects of tax law and was responsible for clients listed at stock exchanges as well as wealthy individuals. He holds a University degree in Tax Law from the University of Maastricht with a specialization in European and International Tax Law.

Roland Rompelberg

Partner, Maprima

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Theo Coulen

Partner, Maprima

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QUESTION ONE

What are the main government incentives available in your jurisdiction to attract multi-nationals and FDI investment?

The Netherlands offers a competitive and supportive fiscal climate for international companies wanting to do business in Europe. First off, the statutory corporate income tax is being lowered and will be levied at the following rates:

Taxable income	2020	2021*
€ 0 - € 200,000	16.5%	15.0%
> € 200,000	25.0%	25.0%

* The tax rates for 2021 have not been officially confirmed yet. The current proposals include lowering the tax rate in the lower bracket to 15% in 2021, and expanding the lowest bracket to include a taxable income up to € 400,000 in two steps over the next two years.

The Dutch government offers a number of attractive fiscal features to stimulate foreign investment and entrepreneurship. The Netherlands has concluded bilateral double taxation and investment treaties with over 100 countries, making it one of the world's largest networks, and allowing foreign investors to make use of the advantages of the Dutch fiscal regime without risking double taxation. An important feature for start-ups is the possibility to offset losses with profits generated in the previous year, or the next six years.

Another fiscal incentive, particularly attractive to holding companies, is the Dutch participation exemption regime. The Dutch participation exemption provides for a full tax exemption of capital gains realised and dividends received from qualifying participations. This exemption is exceptionally interesting for international companies considering to set up a (European) HQ in the Netherlands.

Companies performing research and development activities can greatly benefit from incentives such as the "innovation box" and a tax credit for research and development ("WBSO"). The innovation box allows companies to benefit from an effective tax rate of only 7% on profits derived from in-house developed intangible assets, whereas the WBSO lowers the wage tax for employees performing R&D activities by up to 32% (start-ups are eligible for a discount of 40%).

Multinationals wanting to bring in their own staff from abroad, can benefit from a special tax regime for expatriates ("30% facility"). Under the 30% facility, employees may receive up to 30% of their wages tax free for up to 5 years.

QUESTION TWO

What industries do you feel there are opportunities in for international investors / businesses in your jurisdiction? What factors do you think contribute to inward investment?

Geographical location. The Netherlands is strategically located in the heart of the European Union and has a world class infrastructure and logistical capabilities. From here, companies have access to all of mainland Europe's national markets in only a few hours. This makes the Netherlands an attractive jurisdiction for any multi-national wanting to optimize their trading into or inside the European

Union. It is home to Europe's largest seaport, and one of Europe's busiest airports. Incoming goods can be transported easily by train or using the extensive network of roads and highways to other European destinations.

Membership of EU. The Netherlands is one of the founding members of the European Union. Doing business in the Netherlands provides foreign companies free access to the largest and wealthiest consumer market worldwide.

Digital infrastructure and education. Apart from the physical infrastructure, the Netherlands also has a dense, high quality digital infrastructure. Furthermore, the Dutch are highly educated, and multilingual. The government's incentives pertaining to research and development further supplement this high-tech environment. Combined, they offer great opportunities for multinationals and other foreign investors wanting to set-up, improve or expand their R&D department or software/digital development teams. Over the years, Dutch research laid the foundation for many inventions, including Wi-Fi and Bluetooth. On the other hand, non-IT industries like pharma, (petro-)chemical or the food industry can benefit from these advantages as well.

QUESTION THREE

Why is it important to hire a local firm to support international expansion? How can you help smooth the process for your clients and overcome common pitfalls?

Entrepreneurs and investors typically deal with many legal and tax aspects in their home market, and for many they become a routine operation. When moving or expanding their business into other jurisdictions, they may run into differences in culture, customs and bureaucracy. Having boots on the ground who can recognize these differences upfront can save a lot of time, money and headaches. Whether choosing the correct type of legal entity, registering a new company with the trade register, or advising on the specifics of labour law, statutory filing requirements or tax regulations, having a local firm with in-depth knowledge, and who speaks the language and knows the culture, can really make a difference.

Especially for these types of entrepreneurs and investors we have developed the concept of **corporate liaison services**. Although companies usually have an internal officer looking after their (foreign) affairs, these officers may not always be fully up to speed with all the local regulations and procedures abroad. Our corporate liaison service can advise these officers, if and when needed, on our local legislation and procedures so that they become familiar with them. This service is provided on demand, meaning that we only step in when we're needed.

Our involvement is often requested when companies need the assistance of specialized lawyers, tax advisors, real estate agents, insurance brokers or other consultants, but do not know who to engage or what specific questions to ask. Depending on the issue at hand, a very seasoned specialist may be needed, whereas in less demanding situations a generalist will do. This is where we can help, by recommending the most suitable (and not necessarily the most expensive) specialist from our extensive network of advisors.



Maprima is an established professional service provider with a track record of almost 20 years. The practice is a BeNeLux based firm with offices in the Netherlands, Luxembourg and Belgium. Most of its clients are internationally active companies and wealthy families, who have long-standing relationships with Maprima.

The firm has been advising and servicing international clients and wealthy individuals and families since 1999. They offer services to corporate clients, start-ups as well as wealthy individuals and their families through various service lines, including fiduciary services, business support and family stewardship.

Top tips for successful expansion in the Netherlands

• Local support

In order to maximize the advantages and minimize the risk, local support is indispensable. Especially in the early stages of the expansion, when local staff are not (fully) operational yet.

• Commitment

A mid to long-term focus, and commitment to the international strategy are key factors in a successful expansion. Expanding 'on the fly' can be a very risky operation.

• Willingness to adapt

Expanding into new territories means introducing your company to new, foreign culture and legislation. What works in your home country doesn't necessarily work in the country you're expanding into.

• Balance responsibilities

While early on it may be tempting to keep the expansion on a short leash, a balance in HQ and local responsibilities should be found in such a way that HQ can give guidance and set the parameters, while the local team can translate and adapt these guidelines to the local situation, legislation and culture.



LUXEMBOURG

Thierry Stas

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Thierry Stas has 20+ years of experience in the financial and reinsurance sector assisting local and international clients – from solopreneurs, startup founders to multinational groups and investment firms as well as international families – in their business and in their estate planning.

After finalizing a bachelor's in accounting, he worked for an international bank in Brussels before moving to Luxembourg in 1995 to serve international clients for the management of their reinsurance captive companies. After 12 years in the reinsurance, he moved to a Trust & Corporate services provider as Tax and Accounting Manager becoming a Luxembourg Chartered Accountant in 2011.

In 2012, he joined Maprima as Partner to open the Luxembourg office of the Group. Thierry is a Chartered Accountant (OEC) since 2011 and a Trusts & Estates Practitioner since 2018.

 Thierry Stas
 Partner, Maprima

irglobal.com/advisor/thierry-stas

QUESTION ONE

What are the main government incentives available in your jurisdiction to attract multi-nationals and FDI investment?

Luxembourg offers various incentives and financial support programmes for companies starting businesses.

They range from employment / recruitment / training programmes, for example: the creation of a work-integration job for a long-term unemployed person, support for the re-employment of older unemployed people, re-employment support, deducting relocation expenses for highly skilled workers recruited or posted from abroad, financial assistance for company-sponsored continuing vocational training, and subsidies for Luxembourg language courses.

There are also financial support programmes for R&D and innovative projects. The programme can cover a percentage of the eligible costs, depending on the size of the company and the type of project or programme.

There are also programmes dedicated to SMEs, such as investment financial assistance, consultancy services for SMEs, assistance to businesses which participate in a trade fair for the first time, assistance to new businesses and financial assistance to tourism infrastructure related projects.

Luxembourg also offers investment assistance for the protection of the environment, as well as within the context of the greenhouse gas emission allowance trading scheme.

Financial support for regional investments is available to large businesses and SMEs that invest in specific regions within Luxembourg.

There are also specific schemes called "Fit 4" aid schemes dedicated for start-ups (Fit 4 Start), for digitalization (Fit 4 Digital), schemes assisting with the improvement of customer services, and a scheme supporting innovation (Fit 4 Innovation).

The Government has also implemented State-backed or State-guaranteed financing, such as those provided by the SNCI (Société nationale de Crédit et d'Investissement).

As you can see, there are a lot of incentives that cannot be detailed, but together with the various government bodies Maprima can assist any foreign company expanding in Luxembourg.

QUESTION TWO

What industries do you feel there are opportunities in for international investors / businesses in your jurisdiction? What factors do you think contribute to inward investment?

Luxembourg is a small but extremely multi-cultural country located at the heart of Europe and is the centre of the so-called "Greater Luxembourg", an economically integrated area of more than 11 million people spanning regions located in four countries. Bordered by France, Germany and Belgium, the Grand Duchy is a founding member of the European Union and a member of all major international organizations. Over the years, the migration flows of highly skilled workers have turned Luxembourg into an open-minded and cosmopolitan center of excellence.

The Luxembourg business market has always been open to foreign investors. Over the course of the last 100 years, Luxembourg governments – irrespective of their backgrounds – have worked to generate a favorable, stable business environment, flexible and proactive policies, as well as an attractive tax regime for both individuals and businesses. Luxembourg also boasts a healthcare and social security system which is one of the most comprehensive in the world.

The government has always pushed for a diversified business market. Indeed, the financial sector represents a big part of the GDP; this includes the Private Banking sector, the Fund industry but also the Insurance sector.

Also worthy of note, Luxembourg has always promoted the ICT sector, R&D-driven businesses and Fintech. The country has one of the best digital infrastructures in the world with an important presence of Tier IV data centres in the country.

The startup ecosystem in Luxembourg is vibrant and dynamic. The country has developed the infrastructure and ecosystem required to facilitate the creation of startups.

Being located in the middle of Europe and at the crossroad of important rail and road arteries, has evolved Luxembourg into a logistic hub. This has been further developed by its air cargo infrastructure and facilities (Luxembourg is the 4th air cargo center in the EU by volume).

QUESTION THREE

Why is it important to hire a local firm to support international expansion? How can you help smooth the process for your clients and overcome common pitfalls?

Entrepreneurs and investors typically deal with many legal and tax aspects in their home market, and for many they become a routine operation. When moving or expanding their business into other jurisdictions, they may run into differences in culture, customs and bureaucracy. Having boots on the ground who can recognize these differences upfront can save a lot of time, money and headaches.

Whether choosing the correct type of legal entity, registering a new company with the trade register, or advising on the specifics of labour law, statutory filing requirements or tax regulations, having a local firm with in-depth knowledge, and who speaks the language and knows the culture can really make a difference.

Especially for these types of entrepreneurs and investors we have developed the concept of corporate liaison services. Although companies usually have an internal officer looking after their (foreign) affairs, these officers may not always be fully up to speed with all the local regulations and procedures abroad. Our corporate liaison service can advise these officers, if and when needed, on our local legislation and procedures so that they become familiar with them. This service is provided on demand, meaning that we only step in when we're needed.

Our involvement is often requested when companies need the assistance of specialized lawyers, tax advisors, real estate agents, insurance brokers or other consultants, but do not know who to engage or what specific questions to ask. Depending on the issue at hand, a very seasoned specialist may be needed, whereas in less demanding situations a generalist will do. This is where we can help, by recommending the most suitable (and not necessarily the most expensive) specialist from our extensive network of advisors.



Maprima is an established professional service provider with a track record of almost twenty years. We are a BeNeLux based firm with offices in the Netherlands, Luxembourg and Belgium. Most of our clients are internationally active companies and wealthy families. We are proud to have developed long standing relationships with these clients. Our team consists of more than 20 hands-on professionals (administration, reporting, fiscal compliance, legal, management) working together in a flat organization. Our size allows us to offer the technical expertise, continuity and experience needed in English, French, German or Dutch. At Maprima we do not consider our clients as "files," clients are the very reason for our existence. The absence of a large overhead allows us to offer services at a reasonable fee level.

Top tips for successful expansion in Luxembourg

- Assisting clients in the preparation of the business plan based on our experience of the local conditions is a key action. As a local service provider, we are aware of local rules, obligations, taxes, rental cost, wages and type of cost a company is generally facing.
- Based on the business plan and needs of funding for the first few months, we could also advise on the way the company should be financed (various forms of equity and debt financing as well as provisions for increasing/reducing these).
- Choice of the most appropriate legal form is also an important action based on the activities contemplated, the need for an auditor or on the type of ownership envisaged.
- Assisting the client on their choice of location in the Grand-Duchy based on the type of activities, type of potential clients, visibility.
- Introducing clients in various local business network or trade associations.



DUTCH CARIBBEAN

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Rooted in a rich Caribbean and European family history, Sentinel's Managing Director, Marlon G. Matser, was born and raised on the island of St Maarten. Educated in the Netherlands, he has over 20 years of international and regional experience in various fields. Marlon has held positions as a board member of various corporations and organizations, successfully completing diverse corporate projects and reorganizations.

M. Gary Matser
 Partner, Sentinel Accountants & Consultants
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QUESTION ONE

What are the main Government incentives available in your jurisdiction to attract multi-nationals and FDI investment?

- Flexible Business Incorporation and Directors' Licensing
- Profit/Corporate Tax Exemption.
- Hotel Renovation Tax Exemption
- Land Development Tax Exemption
- Tax Facilities for Industrial Enterprises.

St. Maarten public sector developments include:

- Airport Terminal Reconstruction
- New General Hospital
- Solid Waste Management and Environmental Improvement
- Public Housing Projects
- Infrastructure Improvements and Road Network Expansion
- Enterprise Support Project (MSMEs)
- Emergency Income and Support & Training.

QUESTION TWO

What industries do you feel there are opportunities in for international investors / businesses in your jurisdiction? What factors do you think contribute to inward investment?

Industries that offer great opportunity and return are:

- Real Estate
- Marine Sector
- E-commerce
- Luxury/High-end Tourism
- Corporate Residency.

What the country offers towards inward investments;

- Profit/Corporate Income Tax Holiday
- Foreign Labor Force Policy and Guidelines
- Multi-Lingual Work Force
- No Property, Capital Gain, or Sales Taxes
- Duty Free
- Attractive Foreign Currency Exchange
- International educational institutions
- Modern air and sea infrastructure (Hub)
- Ideal Regional Trade location.

QUESTION THREE

Why is it important to hire a local firm to support international expansion? How can you help smooth the process for your clients and overcome common pitfalls?

A guaranteed benefit of hiring a local firm like Sentinel is its expertise in corporate governance, structure and its insight into processes specific to its territory.

The firm supports international expansion with 20 years of experience and an impressive portfolio of concluded projects. The management and its multinational staff (comprising individuals with over 60 years of combined experience on St. Maarten and in the region) engage jointly to assist clients in achieving business and investment objectives. Their proven formula is to always put the client first – the team listens and focuses on the client's needs and each client is partnered with an associate, offering tailored solutions and services for ensured results.



Sentinel Accountants & Consultants, a firm based on the Dutch Caribbean island of St Maarten, offering business advisory as well as accounting and tax consulting services. For over two decades the firm has supported sectors such as aviation, education, semi-government, law, and logistics in realizing business goals and compliance.

Top tips for successful expansion in the Dutch Caribbean

- Market & Culture Research
- Clear Product / Service Strategy
- Compliance Review
- Partner Up with Local Firm
- Lean Cost Approach



GERMANY

Andrea Tomlinson

Tax Consultant
FRTG Group – Franz Reißner
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Andrea has been working for FRTG Group since her studies in business administration and has been employed full-time since 2012. During her long affiliation with the company, she has driven the digitalization of the firm and its services.

In her daily work she mainly advises small and medium-sized corporations in business and tax issues. In 2017 Andrea acquired the title of tax consultant and has become the team leader of the tax department at the head office in Düsseldorf. Her goal is to provide each client with the best possible basis for their operational success through specific advice.

Andrea Tomlinson
Tax Advisor, FRTG Group – Franz Reißner Treuhandgesellschaft
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QUESTION ONE

What are the main government incentives available in your jurisdiction to attract multi-nationals and FDI investments?

Direct investments in industrialized countries have been declining steadily for decades. Emerging and developing countries have become more attractive locations for foreign investment for most companies. Whereas in 1990 these countries accounted for around 17% of global investment flows, by 2018 the proportion had risen to 54%. The EU's share of global FDI was only 21% in the same year. However, Germany is among the top 10 recipients of FDI worldwide and a study by Ernst & Young in 2019 on the attractiveness of the European Economic Area found that Germany takes first place as an investment destination. Germany owes this success to various efforts resulting in hard location factors such as political and social stability, legal certainty, infrastructure and employee qualification.

Direct investments can be distinguished between company start-ups and company participations/takeovers. Start-ups can be set up free from any restrictions in all company forms in Germany and are not subject to an investment examination according to the regulations of the Foreign Trade and Payments Ordinance (AWV), which is one of the top driving factors for FDI in the domestic market. In addition to these regulatory freedoms, Germany supports investment with three different promotional measures: direct grants, reduced-interest loans and public deficiency guarantees.

The amount of the subsidy in the case of direct grants depends on the project plan (company size, investment location and investment sum). It is important to note that the criteria are based on those set at the EU level. As a rule, small and medium-sized enterprises receive the highest support, while large companies receive less support. Additionally, operational business can benefit from measures to promote the labour market, development of the infrastructure or subsidies for research and development. The most prominent and latest example is probably the construction of the Tesla plant in Brandenburg, for which the US Company has been promised up to 280 million Euro in funding from the state.

QUESTION TWO

What industries do you feel there are opportunities in for international investors/businesses in your jurisdiction? What factors do you think contribute to inward investment?

In our opinion, all market segments are eligible for direct investment in Germany. There is actually no industry that would not find all of the prerequisites that they may need for their project. German infrastructure is in an excellent condition and directly connects not only local but also global markets. In addition to the international hub of Frankfurt Airport, there are many other major airports spread across German territory, and the sea connection is traditionally ideal, for example via the port of Hamburg.

In addition, Germany offers a large pool of qualified personnel. Many countries envy Germany for its traditional dual training path via practice and school that prepares for the daily work routine because students are being trained in the actual business, not just theoretically. The workforce possesses good and important language skills to be successful in international corporate groups.

The connection, especially to local markets, is highly reliable. Our home base in North Rhine-Westphalia offers companies 18 million consumers within a radius of only 100 km, and there are over 80 million potential customers throughout Germany. With a stable and growing economy over the last decade, Germany offers a high demand value and therefore is an ideal market for investments.

One aspect that has long been criticized by international investors is the insufficient digital infrastructure. Local politicians recognized this flaw a long time ago and are working continuously to become the leader in this area as well.

A large part of FDI is still concentrated on German industrial and high-tech companies. In our view, this trend will continue, as market saturation in this segment is far from being reached. German industry is traditionally one of the strongest in the world and will continue to offer enormous growth opportunities in the future while undergoing digital change.

QUESTION THREE

Why is it important to hire a local firm to support international expansion? How can you help smooth the process for your clients and overcome common pitfalls?

Developing a foreign market presents investors with various challenges. In addition to the legal framework regarding the decision between founding a company and taking over a business or parts of a business, another significant factor is the future tax implication of the investment. Local firms know the common pitfalls as well as the advantages of different set ups. To find the ideal strategy for an investment, the question of the desired result must be answered. It is only in the context of this question that the optimal decision can be made regarding the founding of a company (partnership or corporation) or the participation in an existing company. A possible exit plan and the associated taxation of profits should also not be neglected. In the case of foreign investments, these must be analyzed with regard to both income taxes and the Foreign Tax Act.

One of the deciding factors about the success of a business is arguably the performance of the (local) market. The assessment of market potential and the degree of saturation of the local economy is an essential part of business and investment planning. We pride ourselves in our knowledge about the conditions, chances and the current development of the German market in various business fields.

Furthermore, local firms usually have a longstanding network of partners in different areas of consultation of which the investor can take advantage during the initial investment process as well as during the ongoing business in the future, whether that is legal, economic or tax consultation. The subsidy regulations in Germany are complex, as responsibility is divided between the EU, federal and state levels. The requirements for individual subsidy programmes can vary greatly, while others can be claimed in parallel, which is why the investor's partners need to be informed about the subtleties of local regulations to be able to assist in application procedures and develop an optimal strategy.



The FRTG Group is an association of five tax consulting companies. This means the group can draw on a pool of experts who are able to provide their clients with qualified, comprehensive and personalised advice in different specialist areas. FRTG Group provides clients with individual solutions tailored precisely to their needs, from a single source for national and international companies of any legal form and size, entrepreneurs, associations, foundations and private individuals in the following areas;

- Auditing
- Tax consulting
- Services
- Business management consulting
- Restructuring

Independent institutes and magazines have awarded the FRTG Group several times already.

Top tips for successful expansion in Germany

- Get to know your playing field: analyse the foreign market you want to enter as a first step in your expansion plans. How big is the market potential and the demand for your specific products and services? Do you just want to change the production site in order to achieve cost advantages?
- Preparation of sound financial planning: expanding in foreign markets is an investment in the future and contains high initial capital requirement, especially when the investment is directed in production plants, not just marketing measures.
- Get familiar with the local economic legislation: a local representative (foreign representative of the chamber of commerce) or a trustworthy contact person on site will be helpful during the set-up phase and later on. Find a legal and tax adviser that knows your business and can help locally.



CYPRUS

Andria Andreou

 Partner
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Andria is a dual-qualified UK trained lawyer, admitted to the Law Society of England & Wales and Cyprus Bar Association. She is a seasoned professional with a wealth of experience and knowledge gained whilst acting for institutional and private clients in various sectors including: Corporate and commercial law; Establishment and ongoing support of tax planning and wealth management structures; Proactive, solution driven, added value directorship services; Corporate services for all types of cross-border corporate vehicles, structured finance vehicles, and corporate holding structures; Advisory and consultancy services in the hemp and medicinal cannabis industry covering licensing, regulatory and business opportunities.

Andria is also: Director of Cyprus-India Business Association; Committee member, disciplinary panel of STEP; Member of Fintech Committee of Cyprus Investment Funds Association, and President of Cyprus Cannabis Association.

Andria Andreou
 Partner, Athos Group
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QUESTION ONE

What are the main government incentives available in your jurisdiction to attract multi-nationals and FDI investment?

Cyprus offers one of the most attractive tax regimes in Europe, fully compliant with EU and OECD regulations. This, combined with many other benefits discussed below, makes Cyprus a premier international business jurisdiction for doing business in the region and beyond.

Corporate tax

A company is a Cyprus tax resident if it is managed and controlled from Cyprus. A Cyprus tax resident company can enjoy several tax benefits. In general, the (worldwide) business profits of a Cyprus tax resident company are subject to 12.5% corporation tax. Some income sources are exempt from tax, such as:

- Profits from disposal of shares, bonds and other financial instruments
- Dividend income (subject to conditions)
- Profits of overseas Permanent Establishments
- Foreign exchange (FX) gains, except those arising from trading in FX.

Other significant tax deductions and benefits for Cyprus resident companies include:

- Notional interest deduction from taxable income upon the introduction of new equity in the form of paid up share capital or share premium, which can potentially reduce the effective tax rate to as low as 2.5%.
- Wide network of tax treaties: Cyprus has an extensive network of more than 65 bilateral tax treaties for the avoidance of double taxation.
- Withholding tax: Cyprus does not impose any withholding tax royalties for use outside of Cyprus or on payments of dividends and interest to foreign investors.
- IP regime Deemed Deduction: new regime incorporates the OECD recommended "nexus approach", according to which qualifying companies can claim a tax deduction of up to 80% of their net profit resulting from the exploitation or disposal of intellectual property.
- Unilateral Tax Credit Relief: Relief for taxes paid abroad is in the form of a tax credit if the respective income is subject to tax in Cyprus. The relief is given unilaterally irrespective of the existence of a tax treaty.
- Actual Interest Deduction: interest expense incurred can be deducted for acquiring assets used in the business as well as shares in wholly owned.
- Gains Tax Capital Gains tax: this would apply on profits arising only from the disposal of immovable property located in Cyprus.

Personal taxation

Cyprus is one of the most favourable EU jurisdictions attracting expatriates who live and work there.

QUESTION TWO

What industries do you feel there are opportunities in for international investors / businesses in your jurisdiction?

As President of the 'Cyprus Cannabis Association' formed under the auspices of Cyprus Chamber of Commerce & Industry in October 2019, I am bound to advocate strongly legal Cannabis as a fast growing and dynamic industry with unlimited potential for new revenue streams and job creation. Cyprus is positioned as an attractive centre of excellence for production; research; genetics; and intellectual property from which the legal Cannabis industry can flourish.

Other growth sectors include:

- **Shipping:** Cyprus is an established world-class international maritime cluster offering high quality services amidst a broad range of related activities
- **Real estate:** construction continues to thrive with increased demand in recent years for prestigious large-scale projects and an influx of foreign investment
- **Tourism and hospitality:** the natural beauty of Cyprus, excellent weather, hotels and food make tourism one of its most strong and resilient economic sectors making a significant contribution to the country's GDP
- **Energy:** world-class natural gas discoveries have attracted worldwide interest. The discovery of hydrocarbons in Cyprus' EEZ has created new exciting prospects with significant investment from leading energy giants
- **Investment funds:** its robust legislative and regulatory regime has allowed Cyprus to become a key regional domicile for set-up and administration of investment funds as well as establishment of asset management companies for pan-European reach
- **Innovation and start-ups:** creating value through ideas and nurturing Cyprus' entrepreneurial spirit are amongst its top priorities. Many successful tech companies have relocated or expanded in Cyprus using its strategic location as a gateway to and from EU, Middle East and Africa
- **Filming:** as well as its natural beauty and resources, production companies choosing to film in Cyprus will also benefit from various tax incentives
- **Education:** Cyprus offers a large variety of cost-efficient advanced and fully accredited undergraduate and postgraduate programs are provided by educational establishments that are internationally recognised.

QUESTION THREE

Why is it important to hire a local firm to support international expansion? How can you help smooth the process for your clients and overcome common pitfalls?

Understanding the local market environment is vital to successful international expansion; economic climate; culture; social customs; banking and business practices and procedures are different in each country and can often present challenges and make all the difference between success and failure.

Local professionals including lawyers, accountants, tax and other specialists should, of course, be consulted to ensure legal, tax, commercial and compliance issues are well covered in advance.

Athos Group is a multidisciplinary family office headquartered in Switzerland and operating also from key locations in Anguilla, Liechtenstein, Luxemburg, Malta, Monaco, and the Netherlands. It is set up as an independent partnership to guarantee continuity and long-term client commitment. On behalf of private clients; internationally active entrepreneurs; wealthy families and their businesses, we specialize in:

- the setting up and ongoing management of multi-jurisdictional asset protection structures;
- pro-active solution driven directorship services;
- succession and estate planning structures;
- exit structures;
- investment funds, set up and ongoing administration;
- immigration and citizenship services.

Most of the structures under our management have a cross-jurisdictional element which allows us to work seamlessly across borders with hands-on participation of partners across the Group, according to streamlined and automated compliance and other internal practices and procedures, thus saving time and money for our clients.



Athos Group

Family & Business Services

Athos Group is a highly regarded provider of trust and corporate services, specialising in multi-jurisdictional tax planning, asset protection and tax-efficient exit structures for private clients, entrepreneurs and family owned businesses.

The firm is an international trust boutique with offices in key locations worldwide, including Switzerland, the Netherlands, Cyprus, Malta, Luxembourg, Liechtenstein, Czech Republic, Estonia, United Kingdom and the Caribbean.

The partners and senior staff of the Athos Group consist of highly experienced tax advisors, lawyers and accountants with a broad knowledge of international tax planning, asset protection structures and the fiduciary services industry.

By co-designing and implementing effective and creative solutions, Athos Group attracts clients who are accustomed to Expect Success.



SOUTH KOREA

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Mark is a Consultant to Ahnse law offices. He is an English solicitor currently non-practising. He began his career in the City of London with Abrahams Dresden Solicitors, becoming a partner there before moving to rhw Solicitors. He has lived and worked in Asia since 2007 spending time in Indonesia before moving to South Korea.

Mark has worked with Ahnse since 2013. He works with the firm's foreign clients – inbound and outbound. He works with a team of South Korean lawyers to provide advice on a broad range of issues. In his free time, Mark enjoys ultra endurance sports, literature and history.

Mark Benton
Partner, AHNSE Law Offices

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QUESTION ONE

What are the main government incentives available in your jurisdiction to attract multi-nationals and FDI investment?

South Korea is an economic powerhouse with the world's 12th largest economy by GDP, one place below Russia and immediately above Spain. Initially, growth was driven by heavy industries and construction, then later it was manufacturing, automobiles, electronics, IT and biotech. After the financial crisis of the late 1990s, South Korea sought to liberalise its economy and attract more foreign technology and capital. It enacted a legislative framework to promote greater inward foreign investment.

The primary legislation in this regard is the Foreign Investment Promotion Law (FIPL) and accompanying enactments which create foreign investment, free economic and free export zones. The FIPL confers certain benefits for qualifying investments – which include certain intellectual property, long-term loans (in excess of 5 years), or a minimum cash investment of KRW100 million (around US\$82,000).

The benefits involve guaranteed remittances to the home country and equal treatment with local companies. Investment visas are also more likely to be issued. In general terms, there are no restrictions on the proportion of equity in the local company that the foreign investor can take; however, there are certain restricted industries such as defence, broadcasting and agriculture.

The government does provide certain additional incentives at both a national and local level to promote foreign investment. These include taxation incentives – either tax reductions or exemptions – particularly in new growth driver industries. Other incentives include certain cash grants – again at both a local and national level and also industrial site support.

QUESTION TWO

What industries do you feel there are opportunities in for international investors / businesses in your jurisdiction? What factors do you think contribute to inward investment?

South Korea has historically been an export economy. Korean electronics and automobile brands are household names across the world. The dominant nature of these companies has caused some problems domestically. Korea also has one of the lowest birth rates in the world; its population is rapidly aging.

In recognition of this, the South Korean government announced that it would be investing around US\$27 billion before 2022 in new growth technologies including super intelligence, smart factories, smart farms, fintech, new energy industries, smart cities, drones and autonomous vehicles.

More recently, the Ministry of Trade, Industry & Energy introduced a policy of nurturing five future industries: electric and autonomous vehicles, the Internet of Things, biohealth, new energies and semi-conductors and displays. These are perceived to be the main future areas of growth driving the South Korean economy and the government is likely to keep policies in place to encourage foreign investment thereto.

The country is also a popular place for foreign funds that invest in the local financial markets and in real estate.

In a more general sense, there are a number of factors which make South Korea a propitious venue for inward foreign investment. It is essentially a manufacturing economy. It has become a global leader in certain sectors such as electronics. It has first class infrastructure and logistics and a highly educated work force.

South Korea also has a number of Free Trade Agreements with countries and economic blocs around the world, notably the EU, the USA, ASEAN, Australia and New Zealand. While the USA has historically been Korea's long-term strategic and economic partner, South Korea is likely to forge more strategic partnerships with other countries thereby mitigating its risk to China and the USA.

QUESTION THREE

Why is it important to hire a local firm to support international expansion? How can you help smooth the process for your clients and overcome common pitfalls?

The decision to enter any new foreign market is a significant one and as such should be undertaken very carefully. The obvious first step is to commission a feasibility study. These can range from the cheap to the rather expensive. Market entry experts may also assist in finding a local partner.

It is also important to bear in mind that South Korea is dominated by the chaebol – large family owned conglomerates. It would generally be considered a mistake to attempt to compete with these groups due to the amount of horizontal and vertical integration these corporate behemoths have. It would therefore be preferable to seek to work with them, and if not, then not to directly compete. Of course, the extent of domination varies from sector to sector and the country does have a nascent and thriving start up culture.

This may be self-evident but Korea has its own language and culture. What works in the home market will not necessarily work in South Korea. It is important for foreign companies and their dispatched employees to be open minded. Often foreign staff take the view that they will be in South Korea for 2-3 years; their horizons are limited accordingly. This can lead to friction. The corollary to this is that local staff then start taking a short-term view. This is a mistake because foreign companies are often perceived to be preferable places to work compared to local companies.

The need to hire local professionals is also obvious. They would be skilled in navigating the often labyrinthine laws and regulations. They would be able to advise on the maximisation of any government incentives etc. It is also important to develop more than simply "transactional" relationships to enable your professional advisors to keep an eye on the long term for you.



Ahnse is a boutique Seoul-based firm which has been providing quality legal services to foreign clients for over 15 years. We have and continue to represent numerous well known multi-national companies. Our Senior Partner is also outside counsel to a number of different government departments and NGOs. We advise our clients on both commercial and legal risk; we like to have an understanding of our clients' strategy – when we have a better appreciation of what our clients are trying to achieve, we can provide better advice on business risk.

Top tips for successful expansion in South Korea

- Choose your partners with care. Conduct your due diligence on them especially if you are planning to work with them in the long term.
- Any new venture will present commercial and legal risk. Try to mitigate your commercial risk as best you can. An agreement tends to follow what has been commercially agreed. A good agreement will not necessarily mitigate a bad commercial deal. Cover both angles.
- There are numerous incentives and grants that the government provides. These are often at the macro level; however, grants and subsidies are also available for established companies. Get expert advice so you can maximise those incentives.
- Try not to be simply transactional. If you form relationships with advisors who see your broader vision, they are more likely to give you better and more strategic advice.



UNITED ARAB EMIRATES

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Thomas Paoletti is the founder and general manager of Paoletti Legal Consultants. He has more than 20 years of experience in sophisticated corporate, real estate, finance and technology related matters, on all sides of a transaction, be it the buyer, seller, lender, borrower, investor, or the director.

He has an active role in several organisations in the UAE, including President of the Italian Business Council and Vice President of the Italian Social Club of Dubai. He is also listed as a lawyer at the Italian Embassy in Abu Dhabi, Italian Consulate in Dubai and the Italian Trade Commission in Dubai. Before moving to Dubai, Thomas was partner at Studio Legale Paoletti in Rome for more than 10 years. Thomas received his Law degree from the University of Rome, after completing his graduation thesis as a visiting scholar at Yale.

Thomas Paoletti
 Founder & Managing Partner, Paoletti Legal Consultant

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QUESTION ONE

What are the main government incentives available in your jurisdiction to attract multi-nationals and FDI investment?

Foreign direct investment (FDI) inflow into the UAE soared over 34% to \$14 billion in 2019 as compared to \$10.4 billion in the previous year following major investments by US private equity firms in the Abu Dhabi's energy sector.

Thanks to the political and economic stability of the country, the UAE has been capable of attracting new investors from less stable countries in the region. The UAE was the largest FDI recipient in the subregion of West Asia in 2019, as a consequence of major investment deals in oil and gas sectors and specifically into Abu Dhabi National Oil Company (Adnoc) assets.

Other sectors which have been the recipients of FDI in the last few years are trade, real estate, finance and insurance, manufacture and construction. The main investors are the United Kingdom, India, the United States, France and Saudi Arabia. The strengths of the UAE include its easy access to oil resources, low energy costs, a strong aspiration to diversify the economy. Dubai, for example, one of the seven Emirates of UAE, started many years ago a diversification process pushing and shaping the economy towards different sectors such as tourism, and becoming an international trading and serviced hub, combined with a high quality of life, absence of direct or indirect business and personal taxation (with the exclusion of few sectors, such as Oil & Gas and Banks). Moreover, the UAE can count on 45 free trade zones which allow foreigner investors to own 100% the capital invested into the company and the new UAE Foreign Direct Investment Law (the FDI Law) that introduced a new framework under which foreign investors may apply to own more than 49% of the shares in the capital of companies incorporated "onshore" in the UAE. On March 17 2020, the UAE issued a Cabinet Resolution setting out the "Positive List of Economic Sectors and Activities in which Foreign Direct Investment is Permitted".

QUESTION TWO

What industries do you feel there are opportunities in for international investors / businesses in your jurisdiction? What factors do you think contribute to inward investment?

E-Commerce. If real estate and infrastructure were the solution to emerge from the 2008 financial crisis, nowadays the post-pandemic crisis is more likely to look for investing in the digital economy and its infrastructure considering that the UAE's digital economy is nowadays contributing 4.3% of the GDP and it has anticipated spending \$900 million by 2023. Furthermore, Dubai's e-commerce industry is set to account for AED12 billion of the local GDP by 2023. The entire GCC region is becoming a growth market and public cloud spending in the MENA region is expected to grow to \$5.3bn by 2023.

Fintech. The MENA fintech market is expected to be worth \$2.5 billion by 2022. The UAE is the third-largest market for remittances globally, with \$44bn of payments made in 2019 providing a direct route to the \$3tn digital wallet market across Asia.

Cybersecurity. The GCC ranks in the Top 10 in the region for COVID-19 cyber-attacks showing that organisations need to do more to tighten their cybersecurity solutions and processes. Cybersecurity has become a core technology to keep companies secure as they go online, especially with the emerging Artificial Intelligence, Machine Learning, Blockchain solutions.

Logistics. The country's busy air cargo routes, high maritime freight connectivity, well-established warehousing network and strong logistical system, are key pillars for the UAE sectors. The pandemic has proven Dubai's strong case as a hub for re-exports, value-added logistics services including testing, packing, labelling for domestic and international markets and cross border e-commerce fulfilment.

Clean Energy. The UAE has planned investments up to \$163bn in generating power from clean energy sources. Dubai seeks to secure its power supply by providing 75% through clean energy by 2050. Dubai's strategy and federal investment has set an overarching goal to have the smallest carbon footprint in the world by 2050.

QUESTION THREE

Why is it important to hire a local firm to support international expansion? How can you help smooth the process for your clients and overcome common pitfalls?

It is fundamental for a consultant law firm to understand the client's requirements and objectives in order to provide the proper legal advice. The UAE legal framework can be a tangle of rules, regulations and policy that each Authority and Free Zones (UAE has 45 different free zones, and each of them has its own legal system) have adopted. Providing alternative legal solutions in order to overcome or mitigate the applicability of the 49/51 rules (as per UAE Federal Law 2/2015) for the onshore company, as an example, is a complex process that requires deep knowledge of the legal system and capability to utilise different frameworks (English law combined with the UAE law).

It is often necessary to proceed with a backward path and start from the final goal before you can suggest the optimal solution for the client. Did the client win a construction project in Abu Dhabi? Is the client aware of the classification criteria issued by the Abu Dhabi Municipality and how they differ from the Emirate of Dubai? Or, moreover, is the client aware that for a certain type of construction work it is not allowed to participate in a tender in the form of a joint venture? If the project is related to Oil & Gas, is the client aware that he may need to satisfy additional requirements? These are the typical examples of preliminary legal assessment that we conduct at the early stage in order to support the client's initiative and investment.

Meeting these challenges is the way, as Corporate Lawyers, we can be useful to our clients, by adding value and playing a valuable role in the client's business and in the local society, leveraging our international experience, creativity and legal knowledge.

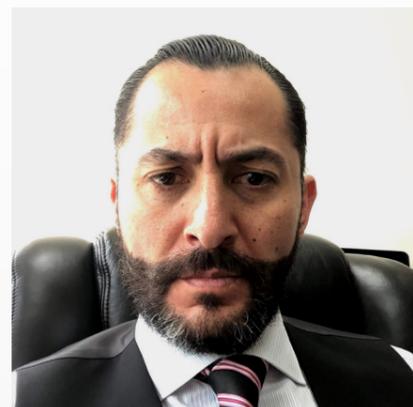


Paoletti Law Group is a global legal and business services firm advising clients across the Middle East, EU countries and the rest of the world.

It provides value adding and cost-effective solutions for national and multinational businesses in a wide range of sectors including corporate domestic and cross border transactions, finance, new technologies, construction, and oil & gas. Headquartered in UAE, the firm maintains offices in Rome and Shanghai, and grants its clients access to a worldwide network with operational desks in key jurisdictions around the world.

Top tips for successful expansion in United Arab Emirates

- Know the UAE legal and regulatory framework. A client who wishes to enter into the market has different options which range from conducting trading activities from abroad, or availing the service of a local agent/distributor, or setting up a new company (mainland, branch, free zone or off-shore), or establishing a joint venture or acquiring an existing legal entity. Each scenario has its pro and cons.
- Compliance. Nowadays, many new rules and regulations have been adopted in the country, and companies require proper guidance in order to be in compliance with such new regulations. An example is the Economic Substance Regulation which has been recently adopted in 2019, which has set a deadline of June 30 2022, but most of the Free Zone has provided the requirements only 30 days before the deadline.
- Network. To do business in UAE, it is crucial to have a solid network of contacts who investors can rely on from the very beginning. Having access to those contacts may result in the client saving time and money.



MEXICO

Oscar Conde Medina

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Oscar Conde Medina was born in Mexico City in 1973. He has a law degree (1994) and is bilingual (Spanish and English). In 2009 he participated in the special program (ACE) at Georgetown University in Washington, DC. Oscar has more than 20 years of experience dedicated to attracting, consulting and assisting the direct foreign investment in Mexico with the highest ethical, professional and commercial standards.

From 1998 to 2005 he was part of the experts that supported and participated in the acquisitions of financial institutions in Mexico, as well as participated in the most relevant credit restructuring operations in the north of Mexico, including the merger and the public stock sale of the Coca-Cola bottling company (Arca). From 2005 as of today, Oscar has been implementing strategies of businesses expansion in Mexico, helping clients grow by providing them with opportune legal services oriented towards protecting the clients' personal, economic and commercial interests.

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QUESTION ONE

What are the main government incentives available in your jurisdiction to attract multi-nationals and FDI investment?

The main incentives provided by the Mexican government include foreign trade programs and tax incentives, which jointly allow for businesses to lower the costs of their supply chain and operation of subsidiaries in Mexico. On one side, foreign trade programs provide different types of benefits for the importation of raw material – such as preferential import tariffs, which seek to promote specific industry sectors – as well as temporary importation licenses, which allow businesses to avoid import tax and, in its case, compensatory duties. Along with that, local and federal tax incentives, including the Value-Added Tax (VAT) certification, allow businesses to avoid VAT payments for the purposes of the operation of temporary importation licenses.

In addition to that, Mexican Tax Law provides several other tax incentives, including the promotion of research and development of technology, as well as the production of equipment of power supply for electrical vehicles.

QUESTION TWO

What industries do you feel there are opportunities in for international investors / businesses in your jurisdiction? What factors do you think contribute to inward investment?

The industries with the most foreign investment in Mexico are manufacturing in general, including automotive, mining, aerospace, petrochemical and construction. However, technology development-related industries, such as robotics, data mining, artificial intelligence, nanotechnology, e-commerce, internet of things, technology-based services of information technology, as well as other Industry 4.0-related areas, have also become attractive due to the implementation of tax incentives intended to promote technology development, as well as its growing market.

Among the main factors that contribute to the investment in these industries are the multiple free-trade agreements ratified by Mexico, which makes it the second country with the most free-trade agreements with a total of 44 countries. Such free-trade agreements include the United States-Mexico-Canada Agreement which promotes more economic openness, elimination of customs tariffs and more regulation regarding working conditions, such as salary, as well as union-friendly regulatory environments.

Along with the fact that the labour force in Mexico is young, skilled, specialized and growing, its geographic location is also significantly beneficial for commercial purposes, given the proximity with central and south America, as well as with the US. Being bordered by both the Pacific and Atlantic Oceans, its seaports allow for products to be exported to Europe and Asia. Along with that, the internal market of Mexico is also significant, with a population of 126 million people.

QUESTION THREE

Why is it important to hire a local firm to support international expansion? How can you help smooth the process for your clients and overcome common pitfalls?

It is not only important to hire a local firm to support international expansion, what really matters is to hire the corresponding experts on this matter. When facing a business expansion you must hire at least 3 (three) experts: law firm; accountants and import/export tax experts and real estate brokers. These three services will help you to define: what type of Mexican commercial company works better for your business; the way to tribute, import/export according to Mexican tax law and the best place to be located considering logistics of importation and exportation of products.

At Legem Attorneys at Law we have a specific area where business consultants are involved and which is actually our core business. We support the growth of foreign investment in Mexico. We have years of experience implementing strategies of businesses expansion in Mexico, together with national and international business alliances (legal and accounting firms) that allow us to offer an integral service to our clients. Our commitment is to help our clients grow by providing them with opportune legal and business consultant services oriented towards protecting the clients' personal, economic and commercial interests. In Legem Attorneys at Law we know our business culture and the business culture abroad.



Legem Attorneys at Law, SC is a law firm comprising professionals who specialize in a variety of legal disciplines with offices in the north, bajo and central Mexico, ensuring the highest ethical, professional and commercial standards are maintained.

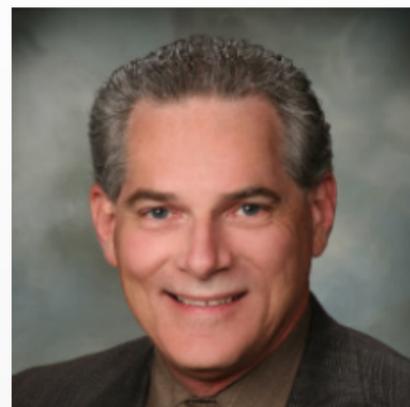
Our commitment is to help our clients grow by providing them with opportune legal services oriented towards protecting clients' personal, economic and commercial interests.

The firm's areas of practice include litigation in civil, commercial, criminal, family, administrative, amparo law and tax law; counseling which includes corporate, banking, immigration and real estate law, among others; as well as compliance covering topics such as money laundering prevention, protection of personal data, anticorruption, evaluation and management of legal and regulatory risks programs, among others.

We are a dedicated law firm supporting the growth of foreign investment in Mexico. We have years of experience implementing strategies of businesses expansion in Mexico.

Top tips for successful expansion in Mexico

- **Consider every factor regarding the expansion:** Take into consideration the commercial, tax, import/export and legal aspects of the expansion and seek for expert advice for each of the factors.
- **Hire local experts:** In order to fully understand the operation of your business at a determined country, hire a local firm that fully understands the specific conditions and requirements of the region.
- **Seek for joint expert advice:** Considering the multiplicity of factors affecting the expansion, hire experts with business partnerships with other areas of practice, as well as with other advisors abroad. This will allow for the expansion process to be more organized and smoother.



US – CALIFORNIA

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Dave Thompson combines his passion for logic and his innate skill with numbers to help small businesses and their owners increase profits, reduce tax liabilities and push through the opportunities and issues that strengthen businesses. He excels at establishing a strong and personal relationship with domestic and international clients, and actively collaborates with them on business needs and issues. As an attentive and responsive advisor, Dave relates well to clients. He merges his private industry background with his public accounting knowledge to help clients' reach their financial goals.

Having grown up in San Diego, Dave is familiar with the area, people and culture. Prior to joining Hutchinson and Bloodgood LLP, Dave managed his own accounting practice. In addition, he previously held Contoller/CFO positions within the construction and real estate industries, assisting those companies that helped shape San Diego. Dave was impressed with H&B and its focus on forward thinking. He joined the Firm in 2005.

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QUESTION ONE

What are the main government incentives available in your jurisdiction to attract multi-nationals and FDI investment?

The US' 50 states make up a very large community. With a population of over 320 million people with a high GDP per capita, its highly productive and educated workforce and access to strong capital markets make it an attractive place to invest.

The 2017 Tax Cuts and Jobs Act reduced the corporate tax rate from 35% to 21%, the sixth lowest rate among the G20. Some now consider the US to be a tax haven. In 2019, these competitive tax rates together with pro-business regulations and economic expansion helped the US to another year of leading foreign direct investment.

The Research and Development (R&D) Tax Credit is one of the more lucrative federal incentives for businesses to reduce their tax liability. Companies from a wide-range of industries can qualify for federal and state tax savings high enough to allow them to hire new employees, invest in new products and service lines, and grow their operations. Start-ups and small businesses may qualify for up to \$1.25 million (or \$250,000 each year for up to five years) of the federal R&D Tax Credit to offset the Federal Insurance Contributions Act (FICA) portion of their annual payroll taxes.

Consideration must also be given to location as each state has its own tax system with rates between 0-12%.

States and local governments' incentive packages attract investment by offering millions to billions of dollars that can include grants, loans, tax incentives and job training/creating subsidies and/or credits. Just like taxes, incentives vary by state. A 2015 analysis by Upjohn research indicates that among the states with particularly high incentives (greater than 3 percent of value-added) are New Mexico (4.23 percent), New York (3.53 percent), and Louisiana (3.33 percent). Among the states with particularly low incentives (less than 0.5 percent of value-added) are Washington (0.09 percent), Nevada (0.23 percent), Virginia (0.27 percent), Maryland (0.36 percent), and California (0.47 percent).

QUESTION TWO

What industries do you feel there are opportunities in for international investors / businesses in your jurisdiction? What factors do you think contribute to inward investment?

In 2018, the US was ranked number two in inward foreign direct investment globally by industry sector. Foreign direct investment in the US was concentrated in the manufacturing sector, which accounted for 40.8 percent of the position. There was also sizable investment in finance and insurance (12.1 percent).

Foreign multinational enterprises earned income of \$208.1 billion in 2018 on their cumulative investment in the US, a 19.7 percent increase from 2017. Other factors that contribute to inward investment were:

- The US has a population of over 320 million people with a high GDP per capita
- The US has the first world economy, with solid performance in various sectors
- A dominant position in R&D
- A flexible and reactive employment market
- A very good quality of national statistics
- Public debt mainly held by Americans.

- The American workforce has a comparatively high level of qualifications and is considered to be one of the most productive and innovative in the world
- The dollar is central to the world economic system
- Notably thanks to the shale gas, the country is on its way to energy autonomy
- The development of regional 'clusters' (collections of companies in the same activity sector in a geographic area) is very attractive to foreign investors.

QUESTION THREE

Why is it important to hire a local firm to support international expansion? How can you help smooth the process for your clients and overcome common pitfalls?

Your business can take you all over the world. To remain competitive and profitable, it has become essential to expand internationally. But understanding the risk and opportunities involved can be difficult.

Local firms can play a critical role in a successful launch of an enterprise that includes foreign direct investment. The US comprises 50 states, District of Columbia and 14 territories and each have their own legal and tax rules and regulations. It is nearly impossible, if not impossible, to know all the rules and regulations of every potential jurisdiction.

A proper evaluation of who, what, where and when should include local firm support in the country of outward direct investment as well as in the country of inward direct investment. Consideration should be given to the appropriate location in that country designed to maximize the foreign direct investor's opportunity for success. Access to skilled labour, education, standard of living will be key to putting together a strong team.

Local firms are in an excellent position to provide the necessary support, having a thorough knowledge base of activities close to home. Finally, local firms with international expertise are poised to provide assistance navigating international tax treaties, evaluating entity structures and vetting transfer pricing opportunities with their firm counterpart in the country of origin.

We can help. Whether you are an international company entering the US market, or you are a domestic company doing business globally, our local international experts can support you in expanding your business. Fortifying our capabilities, our affiliation with IR Global, Allinial Global, PKF International and ProVisors has helped our clients gain access to resources in countries including Australia, Brazil, Canada, China, Denmark, Germany, Greece, France, Korea, Japan, Mexico, Norway, Netherlands, Russia, South Africa, the United Kingdom and more.



Since our inception in 1922, we have lived by the philosophy "To Serve the Client."

We deliver accounting and consulting services that maximize your wealth and position your business for growth. We offer a wide range of services including assurance, tax compliance and planning, technology consulting, and business advisory services. To understand and meet your unique needs, we have assembled an extraordinary team of 30 partners and over 100 team members with diverse backgrounds and experiences in public accounting and private industry. Our goal is to exceed your expectations.

We believe that our team's diversity is at the core of our success and a key element that allows us to provide the most innovative services in the world. With varied work experiences, education and talent, our team unites to develop solutions that are based on a range of perspectives and ideas, that are robust and optimized.

Top tips for successful expansion in the US

- **Who** – local advisors that work internationally will ensure that you are covered at home and away.
- **What** – consideration should be given to the entity structure that meets your goals and minimizes taxes.
- **Where** – what incentives are there for you to set up shop in another country?
- **When** – timing is everything; first is not always best, while last rarely ever is.



POLAND

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Robert is the founder and managing partner of Dr Lewandowski and Partners and head of the Warsaw and Wrocław offices. He previously worked for major legal firms in Warsaw and London and has written many legal books and taught university courses in English, German and Polish.

Robert studied mathematics and German philology at the University of Warsaw, before studying law at the University of Mainz and passing the second state legal examination in Mainz in 1998. He enrolled on the list of German attorneys in Frankfurt am Main (2000) and from 2001–2005 worked as a lawyer at Gleiss Lutz in Warsaw, which included a secondment to Herbert Smith in London.

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QUESTION ONE

What are the main government incentives available in your jurisdiction to attract multi-nationals and FDI investment?

Legal regulations in Poland, particularly in the sector of corporate law, are based in general on the principal of reciprocity, which refers to mutual exchange of privileges between states, businesses or individuals.

For instance, a foreign entity may establish its business in a form of organization within Poland if this form of business would also be permitted for a Polish entity seeking to open its businesses in a foreign country. Poland is committed to this principal and keeps its doors open to any FDI investment, unless imposing limitations required by law or, in certain cases, by International Treaties.

Polish law limits foreign ownership of companies in selected strategic sectors, and restricts acquisition of real estate, especially agricultural and forest land. In addition, Poland, as a member of the European Union, adheres to the principal of free movement of capital, labour and investment within the European Union. However, on 25 March 2020, the European Commission issued a guidance to all EU Member States subject to foreign direct investment and free movement of capital from third countries and the protection of Europe's strategic assets. The key message of the guidance was to ensure that any FDI investment does not have a harmful impact on EU assets. The Member States should use all tools available, both on the EU and national level, to avoid loss of crucial assets and technology, to protect public safety, order and health.

The guidance reflects the Regulation (EU) 2019/452 establishing a framework for the screening of FDI within the European Union. In light of the aforementioned EU-measures, the Polish legislature introduced a new Polish FDI law that became effective as of 23 July 2020.

QUESTION TWO

What industries do you feel there are opportunities in for international investors / businesses in your jurisdiction? What factors do you think contribute to inward investment?

Poland, despite the outbreak of the Covid-19 Pandemic, remains one of the most attractive investment countries in Europe, especially within Eastern Europe. FDI inflows to Poland remained stable in 2019, reaching \$13.2 billion, slightly up from \$13.9 billion. The total stocks of investments in the country stood at \$236.5 billion in 2019, an increase of 26% when compared to the 2010 level.

Poland is the largest recipient of inward investment in Central Europe. Poland's main assets are its strategic position, a large population, its European Union membership, economic and legal stability, cheap and skilled labour costs and a fiscal system attractive to businesses. Furthermore, Poland has a number of dynamic Special Economic Zones, in which foreign investors might be exempt from paying taxes and the government has founded the Polish Investment and Trade Agency (PAIZ) to improve conditions for FDI. Overall, the Polish business climate is good and is attracting considerable FDI Investments and it is a hope that this development remains in the future. The most attractive industries in Poland include manufacturing, financial and securities activities, retail trade including e-commerce, real estate, technical and scientific services. The Polish Government has also encouraged foreign investors to participate in most of the major privatisation programmes and this especially applies to the banking sector, where foreign-controlled banks hold over 70% of assets. Major privatisations have been completed and the current focus is on consolidation and improvement of efficiency in entities still being under state control.

QUESTION THREE

Why is it important to hire a local firm to support international expansion? How can you help smooth the process for your clients and overcome common pitfalls?

When it comes to making an FDI investment in Poland, it is vital to hire a local firm which can provide extensive and comprehensive legal and tax support to the foreign investor. A business attorney will assist in almost every aspect of FDI business, from basic zoning compliance and copyright and trademark advice to formal business incorporation and lawsuits and liability. The accountant will take care of all financial documentation including bank accounts statements and prepare all of necessary tax declaration and returns. To avoid any pitfalls it is necessary that the local firm understands the nature of FDI investments and tailors this investment to the appropriate legal regulations and requirements.

dlp DR LEWANDOWSKI & PARTNERS
 Dr Robert Lewandowski & Partners sp. k.

Dr Robert Lewandowski & Partners (formerly Derra, Meyer R. Lewandowski) has been advising clients for more than 15 years in all areas of commercial law. We offer clients legal services at the highest level. We specialise in providing legal services to entrepreneurs and private individuals in the business sector. Our main fields of expertise include M&A, company law, financing, insurance law, real estate law, bankruptcy and restructuring law.

Dr Robert Lewandowski & Partners offers legal advice to domestic and foreign entrepreneurs in local and cross-border cases, based on cooperation with international partner law firms in cooperation.

Top tips for successful expansion in Poland

- Learning the most important local legal and tax regulations in the foreign country prior to any FDI investment.
- Knowledge of mechanism (rules) protecting FDI investment in a foreign country (in Poland).
- Weighing weak and strong points against each other for FDI investment in Poland such as growing economy, multilingual workforce, central location in Europa, stable banking sector, resilient economy, even in the times of the Covid-19 Pandemic (advantages), and rather slow administration procedures, present Polish currency PLN in deficit due to the Covid-19 Pandemic, failure to adopt the Euro (disadvantages).
- Engaging a local firm able to provide comprehensive and highly professional legal and tax advice on all aspects of FDI investment in a foreign country.



BRAZIL

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With more than 15 years of combined in-house and law firm experience, Jonathan is a corporate law generalist with relevant experience in capital markets, M&A, compliance and risk management. Jonathan has advised large corporations in securities offerings, domestic and cross-border M&A transactions, supported business teams in key commercial agreement negotiations and defended companies in strategic administrative/judicial litigation and arbitrations.

Jonathan holds a bachelor's degree in Business Administration from Fundacao Getulio Vargas – EAESP-FGV, a bachelor's degree in Tax and Corporate Law (LL.B.) from University of São Paulo – USP, and completed a Risk Management specialization at Harvard Business School.

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Cauê worked in renowned law firms in São Paulo, international banks and multinational companies as a tax consultant, advising financial institutions and companies, while structuring and implementing financial transactions in Brazil and abroad, including regulatory, accounting and tax issues.

He has a solid ground expertise on tax matters related to the Brazilian and international capital markets, such as financial institutions, asset managers and placement agents.

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QUESTION ONE

What are the main government incentives available in your jurisdiction to attract multi-nationals and FDI investment?

Brazil is a very attractive market for international investors, considering it has extensive natural resources; an internal market of more than 210 million inhabitants (6th largest population in the world); a strategic geographic location, which allows easy access to other South American countries; low external debt; a diversified economy, well-anchored in international exchanges; and a favourable exchange rate against currencies such as the US dollar and the Euro, which favours exports, especially of industrial goods.

According to the United Nations Conference on Trade and Development's list, Brazil received \$75 billion in external investment in 2019, compared to \$60 billion in 2018. After this increase, Brazil took the 4th position in FDI, only behind the US, with USD251 billion; China, with USD140 billion; and Singapore, with USD110 billion.

On the other hand, Brazil's tax burden is heavy when compared to other jurisdictions. Taxation is complex and bureaucratic, and labour legislation can be considered a strict one. However, the current federal government is committed to a deep tax reform.

In relation to the international treaties, Brazil has signed 27 bilateral investment treaties (BITs) and 19 treaties with investment provisions (TIPs), showing great institutional commitment regarding FDI.

As an incentive, dividends paid by Brazilian corporations, including stock dividends and other dividends paid to foreign investors, are currently not subject to withholding income tax (WHT) in Brazil.

The currency exchange transactions carried out for the inflow of funds to Brazil in connection with FDI are subject to tax on FX transactions (IOF/FX) at a rate of 0.0% in the case of investments in the Brazilian financial and capital markets. This is also the case with acquisitions of shares of Brazilian publicly held companies, and 0.0% for the outflow of funds from Brazil related to these types of investments, including payments of dividends and interest on shareholders' equity and the repatriation of funds invested in the Brazilian market.

QUESTION TWO

What industries do you feel there are opportunities in for international investors / businesses in your jurisdiction? What factors do you think contribute to inward investment?

The infrastructure industry has historically been highly incentivized in Brazil. Transport, logistics, power generation and basic sanitation are key issues for the development of Brazil, as well as excellent business opportunities.

According to the Ministry of Economy, Treasury and Planning, Brazil today invests BRL133 billion in infrastructure industry, but it would need to reach BRL295 billion to maintain and repair the sector.

To maintain and repair ports, airports and highways, Brazil needs BRL162 billion more than it currently invests – consequently, the government encourages the private sector to invest in this type of industry.

In this context, the federal government has some tax incentive programmes, such as REIDI and REPORTO. REIDI is a special incentive scheme for infrastructure development in which the Brazilian government grants exemptions from VAT tax - PIS (Social Integration Program) and COFINS (Contribution to Social Security), to infrastructure companies in the sectors of transport, ports, energy, basic sanitation and irrigation. These companies may qualify to obtain incentives through this regime for VAT tax exemption on the acquisition of any new assets.

REPORTO is a special regime that incentivises the modernization and expansion of the port infrastructure, granting exemption from Tax on Industrial Products (IPI) and tax on imported assets and services.

There are other economic incentives in Brazil, specifically regarding technological development, which provide an effective tool to stimulate business performance in technology and innovation, providing direct tax benefits and effective cash gains.

QUESTION THREE

Why is it important to hire a local firm to support international expansion? How can you help smooth the process for your clients and overcome common pitfalls?

When planning for international expansion, finding a balance between global and local advice at each new jurisdiction is a fundamental part of sound risk management. No one knows the business as well as its trusted advisors, and no one knows a new market as well as qualified local advisors. For the benefit of the client, both teams should be able to work well in coordination in order to provide strategic legal advice that is both useful and objective, in the most efficient way possible.

Organizations looking to expand internationally cannot do so without having a clear understanding of a new market's critical laws and regulations that will apply to all relevant aspects of their business. Those that are part of legal, compliance, and risk structures of such organizations know that the process of finding and retaining the right local advisors might not be quick or easy. For companies that cannot afford to wait for the lengthy conflict checks and, later, to pay for the large overhead costs of global firms, having a trustworthy reference network can be very helpful.

This is how companies such as a Norwegian telecoms carrier were able to expand into new markets such as former Soviet Union and Asian emerging countries. For this specific company, an example that has become – literally – a business-case, is how it entered the Myanmar market by successfully managing the relevant local risk concerns involved.

This was achieved by this telecom's ability to coordinate a centralized risk-based approach with consistent local legal and compliance advice. This is no small feat considering that the concerns involved ranged from a legacy of corruption and political instability, to an estimated 50% of all potential suppliers and business partners being included in international sanction lists.



The firm is structured to provide specialised legal services for players in the capital markets and wealth management industries, as well as for corporations, building true connections and real relationships with clients by overcoming the challenges presented on a daily basis.

It has developed an extensive network including corresponding offices domestically and globally to provide multidisciplinary work. This is key as most projects involve corporate, contractual, and tax aspects, as well as finance and accounting elements.

The firm's commitment to excellence and transparent communication enables it to simplify complexities and deliver tailor-made solutions, while also enhancing its understanding of the clients' businesses and, over time, developing long-lasting relationships as a valuable partner to its clients.

It is also noted for its experience in providing tax, governance and regulatory advice to local and foreign mutual funds, asset managers, institutional investors, individuals and corporations on financial markets, private equity and venture capital transactions.

Top tips for successful expansion in Brazil

- No one knows the business the way its in-house team and trusted external lawyers do; and no one knows a new market as well as experienced local advisors. A successful international expansion project benefits from the seamless integration of these resources.
- Finding quality local advice in a new jurisdiction can be challenging. Having a trustworthy reference network can help an organization to keep its expansion project on track and on time.
- Brazil currently has a number of business opportunities for foreign investors in many industries, as well as relevant tax incentives, and keeping up with such a dynamic environment can only be done in an effective and efficient way by having access to local experts.
- Brazil has a specific and complex legal system. Finding a team with a high know-how that combines corporate and financial experience with legal intelligence is essential for a successful international expansion.



RUSSIA

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Alexander Titkov is Head of Corporate Law Practice at SCHNEIDER GROUP. He has been practicing law since 1989. He has substantial experience in advising on corporate law, M&A, investments, transactions, capital markets, and other legal issues in Russia, Ukraine, and Kazakhstan. Alexander Titkov focuses on corporate legal work and civil law.

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Artem Ardashev is Senior Tax Expert at SCHNEIDER GROUP. Artem advises Western & Russian businesses from various industries (including automotive, chemicals, engineering, food and consumer goods, fashion, and IT) on investment, financing, and other projects in Russia. Artem has specialized in transfer pricing for over 6 years.

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QUESTION ONE

What are the main government incentives available in your jurisdiction to attract multi-nationals and FDI investment?

Import substitution, SPIC, industrial parks, special economic zones (SEZ) and territories of advanced socio-economic development (TASED).

Import substitution is aimed at reducing imports of certain goods by localizing their production in Russia / Eurasian Economic Union (EAEU). The main import substitution tools, which include prohibition / restriction of admission of foreign goods and services to state and municipal procurement (e.g. certain heavy machinery goods, software, clothing) and prioritizing all Russian goods and services procured by state-owned organizations, encourage the locally-based production.

Under a special investment contract (SPIC) an investor is obliged to create or modernise production in Russia and in return receives state support: this results in stability of the business, obtaining the status of "Made in Russia" and other incentives.

According to the SPIC, the following tax incentives are available:

- Zero profit tax rate, if SPIC products account for at least 90% of the taxable income
- There is a possibility of separate income (expenses) accounting within the SPIC framework
- Increased amortisation is allowed in certain cases, but is limited to two
- In certain regions additional property and land tax incentives may be granted
- Non-application to the investor of the amendments to the Tax Code, which worsen its position.

There are also incentives associated with the placement of production in an industrial park, a SEZ or a TASED. Industrial parks have the necessary infrastructure and legal regime for production. SEZ and TASED are parts of the territory of the Russian Federation (RF) and a region of the RF, respectively, with a special business regime. Depending on the territory, residents can count on ready-to-use infrastructure, tax, financial, customs and / or administrative privileges.

QUESTION TWO

What industries do you feel there are opportunities in for international investors / businesses in your jurisdiction? What factors do you think contribute to inward investment?

Tax incentives for IT companies

Tax	Description
VAT	Granting rights for software and databases registered in a special registry; rights to use such software are exempt
Profit tax	Federal budget 3% Regional budget 0%
Social contributions	7,6% in total

To benefit from these incentives a taxpayer must receive special accreditation, revenue from IT activity must be not lower than 90% and number of employees must be at least 7 persons.

Special economic zones (SEZ)

In Russia, there are four types of SEZ: industrial production, technology and development, tourism and recreation, and logistics.

Residents of a SEZ can benefit from tax incentives, free customs zone regime, and also ready-to-use infrastructure. For better understanding the tax rates and timing, regional laws should be considered.

Tax	Description
VAT	20% (0%)* *if goods will be sold in SEZ
Profit tax	Federal budget – 2% Regional budget – 0%-13,5%
Property tax	0% for up to 10-12 years
Land tax	0% for up to 5-10 years
Transport tax	RUB 0 for up to 10 years

QUESTION THREE

Why is it important to hire a local firm to support international expansion? How can you help smooth the process for your clients and overcome common pitfalls?

- 1) Local business legislation can be unpredictable. Local advisors have a better understanding of the most frequently used business models. In some cases, research and development of complex legal structures is not required.
- 2) In certain cases, it will be less expensive to hire local advisors for a project rather than hire outside specialists.
- 3) From a practical perspective, outsourcing some functions will help you receive high quality services for predictable results – and also meet requirements set for local business arrangements, e.g. incentives for small and medium-sized enterprises, number of employees required in an enterprise.
- 4) Hiring a well-established local firm with history and reputation will reduce the risks of fraud and/or misconduct compared hiring individuals.



SCHNEIDER GROUP has been helping businesses to expand into Russia and the CIS since 2003. Providing expert consulting and first-class business support services, we efficiently guide our customers through the complex process of entering new markets, help them establish branches and subsidiaries that are fully transparent to international management and compliant with local legislation, while our experts offer valuable advice on best practices to optimize processes, mitigate risks, and cut costs.

Top tips for successful expansion in Russia

- Planning is a key driver of success. However, it is not always easy to make long-term plans in the CIS. Additional budgets for prompt financing should be available.
- Primary accounting documents should be adjusted when considering local requirements. This will make the interaction of local offices with customers or authorities less time consuming. Primary accounting documents really matter in Russia.
- Awareness about the local legal landscape, primarily tax, corporate, commercial, antitrust, customs, employment and administrative regulations, will avoid mistakes, plan expenses and be on the safe side in terms of compliance and reliability of business activity.
- The right place for doing business, including taking into account the opportunities provided by industrial parks and territories with a special status, is one of the success factors.
- Reliable information about the situation on your target market will allow for promoting products and services more effectively.

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