



# CORPORATE@

Updates from the LIBERIAN CORPORATE REGISTRY

Welcome to the Autumn Edition of the Liberian Corporate Registry's quarterly electronic newsletter.

Issue No. 8: September 2011

## END OF YEAR SPECIAL – INCORPORATE FOR FREE!

The Liberian Corporate Registry recognizes that the global financial crisis has placed many challenges on business.

In appreciation of our clients' continued loyalty to the Registry, we are waiving all incorporation fees and providing a free Certificate of Goodstanding for all new corporations formed between now and Friday, 30 December, 2011.

Corporations will be formed the same day as requested and customers need only pay the \$450 annual fee at the time of the incorporation.

Please contact your local LISCR office for an incorporation instruction form.

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## A FRESH LOOK AT LIBERIA: YOUR PARTNER IN THE PURSUIT OF CORPORATE FREEDOM

### HISTORY

The Republic of Liberia, "land of the free", became an independent state and Africa's first Republic in 1847. It was founded by freed American slaves who formed a government based on the model of the United States, which consists of a President and a bicameral legislature. Monrovia, the capital of Liberia, and central financial centre for commercial activities, was named after the fifth President of the United States, President James Monroe, who was a staunch supporter of colonization. One hundred years later the Ship and Corporate Registries were established.

### PRESENT

Liberia is Africa's oldest republic and has maintained a legacy of survival despite its historical challenges. President, Ellen Johnson-Sirleaf, a Harvard educated economist, and former Minister of Finance for Liberia, assumed office in January 2006 and quickly implemented a program for reform and renewal. These reform initiatives have significantly contributed to political stability, increasing transparency, strengthening the rule of law, and ultimately making Liberia an attractive option for foreign investment as evidenced by its economic growth.

Liberia has maintained a stable position as a constitutional republic and representative democracy that is free from political and financial risk, accessible to reputable businesses, entrepreneurs and investors alike. Under the leadership of President Johnson-Sirleaf, several pre-existing multi-billion dollar agreements with some highly recognized multinational corporations, such as BHP Billiton, ArcelorMittal and Sime Darby, were renegotiated and signed. One of its oldest active agreements from 1926 with Firestone Tire and Rubber Company to continue operating the world's largest rubber plantation in Liberia was also renegotiated and extended for an additional 50 years.

This West African nation is also internationally recognized for its tremendous advances.

In fact, progress has been so spectacular that the World Bank listed Liberia as one of the ten most improved business reformers in its Doing Business 2010 report, which is a remarkable achievement in such a short span of time. The economic prospects in Liberia within the next ten years are very promising as they have entered into a three year offshore drilling and exploring program with the U.S. energy major, Chevron Corporation, in 2010. It is anticipated that the oil reserves will produce well above one billion barrels.

Although Liberia is not highly recognized for its manufacturing processes, iron ore mining and exploration, and agriculture are the mainstays for economic survival. The exportation of oil, coupled with the development of the country's other natural resources, will significantly help Liberia diversify its economy and further improve prosperity.

Currently, Liberia is a preferred jurisdiction for corporate investors, and home to the world's second-largest ship registry, which has doubled in size to more than 3,600 ships over the past ten years.



Mount Nimba, Liberia

Although the attraction of a jurisdiction that has been marred by civil war and corruption has been less than favorable among professionals and their clients, it is no small wonder why this country's reputation as a tax haven has been lost to the mind of many. However, there was a time when Liberia was a favored jurisdiction for ownership of assets and wealth protection. Today, it is apparent that Liberia's re-emergence as a jurisdiction of choice for financial planners who wish to take advantage of its status as a tax haven, while not attracting the negative connotation of an area of prime concern for money laundering. Liberia is one of the few tax havens that are not listed on the U.S. Department of State's 2011 International Narcotics Control Strategy Report (INCSR) as a country of prime concern for money laundering, whereas many of Liberia's competitors cannot make a similar claim. Liberia does not encourage and attract the financial service industry, and in fact, it does not require non-resident entities to maintain a bank account in Liberia. Fortunately, this has protected Liberia from accusations by the world community with regard to banking secrecy. It simply has no tax information regarding foreign owners of non-resident entities as they are not holding assets in Liberia.

### OECD WHITE-LISTED

Liberia is White-Listed with the OECD as a result of signing a minimum of twelve Tax Information Exchange Agreements.

It is common knowledge among the tax planning profession that tax is not the overriding factor which is considered when embarking on an investigation as to the most efficient way for a client to engage in overseas business. There are many other factors that are to be considered alongside of tax costs, such as political and economic stability of the jurisdictions to be utilized for investment and market and business viability, amongst other considerations.

The goal of an international tax plan is to eliminate, minimize, or in some instances defer, a foreign or domestic tax liability. The ultimate plan is to increase the total net amount of income at the ultimate destination of the income. The tax planner must therefore be aware of the domestic tax laws and treaties that affect cross-border transactions in the source country, in the intermediary country, if one is used, and in the residence country or country of domicile.

Article Continued — Back Cover

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CORPORATE@  
NOVEMBER 2011

## CORPORATE MATTERS: VERIFY THE EXISTENCE OF A LIBERIAN ENTITY

A Certificate of Goodstanding is an excellent tool to confirm the existence and current status of Liberian nonresident corporations and other Liberian business entities. Among other things, Certificates of Goodstanding confirm:

- The name of the entity
- The Date of incorporation/registration
- The Registration Number
- The name and address of the Registered Agent
- That the entity remains a subsisting entity in goodstanding

In addition, it is possible to order Certified Copies of publicly filed documents. Available documents may include:

- Articles of Incorporation
- Amendments
- Voluntary filings (Certificates of Election, Incumbency, Shareholding, POA, Minutes, etc...)
- Articles of Dissolution
- Proclamation of Annulment

Certificates of Goodstanding and Certified Copies cost \$150 each and can be ordered by email from any Corporate Registry Office. Please contact your regional office for a sample Certificate of Goodstanding.

[www.LiberianCorporations.com](http://www.LiberianCorporations.com)

## A FRESH LOOK AT LIBERIA (CONTINUED)

### ANTI MONEY LAUNDERING LAWS AND REGULATION

An Act to amend the Penal Law by adding a new Sub Chapter to the existing law was added in 2002, making the laundering of the proceeds of criminal conduct a criminal offense and providing for the confiscation of the proceeds and value of such criminal conduct. This legislation brings Liberia into line with most modern legal systems in that it defines money laundering and creates offenses and provides for appropriate penalties.

### ELECTRONIC TRANSACTIONS LAW

In 2002, Liberia adopted the Electronic Transactions Law enabling entities to conduct international business using electronic communications and transactions, thus paving the way for the adoption of its electronic register which allows for fast, accessible web based data network to facilitate prompt and efficient formation of entities and the filing and issuance of documents from all its branch offices worldwide at all hours of the day, seven days of the week.

### LIBERIAN TAX CODE

All income derived from sources outside of Liberia is exempt from taxation in Liberia, if the majority of the voting power of a non-resident

corporation is held by foreigners or non-residents.

Liberia has entered into one Double Tax Treaty and that is with Germany. There is no beneficial treaty shopping for third country residents.

Further, there is no accumulation of monies in Liberia and no location of assets in Liberia, as the law requires that non-resident entities do not carry on business in Liberia.

There is no need to fear any political or economic instability, even though there is no evidence now nor was it evident during the civil war, of any instances of expropriation by the government of privately held accounts and land.

Liberian Non-Resident Entities consist of the international business corporations, partnerships, limited partnerships, limited liability corporations (LLC) based on the Delaware model, Registered Business Corporations based on the UK model and Private Foundations based on the modern Austrian model.

### HIGHEST AND BEST USE OF A LIBERIAN NON-RESIDENT ENTITY

#### *Asset Protection and Wealth Planning*

Common structures for use with asset protection are a corporation, a form of partnership or hybrid or a

trust if the beneficial owner is from a common law country), alternatively a foundation (if the beneficial owner is from a civil law country).

The basis for this type of planning is protection of assets from possible claims from creditors in the future. This would include potential divorce plans or vexatious litigation claims. This type of planning has to take place long in advance of and without notice of any pending claims and forward planning is key, especially if the planner aims to provide a plan which is robust and solid.

The role of the Corporate Registry is not limited to asset protection and Shipping. Several IPOs on the New York Stock Exchange are based on Liberian corporations and Liberian corporations are being used for public offerings in countries like China for developing markets.

The Non-Resident offerings are used generally to facilitate wealth accumulation, investments, and the preservation of family estates.

Liberian non-resident entities are active in all major financial centers and are used for private and public investment.

The Corporate Registry is now offering an electronic web based system, eCorp, which allows for immediate incorporations and document generation. There is therefore no time delay in the request for a business entity and the production of the documentary proof of its existence.

The exclusive Registered Agent of all Liberian non-resident entities is managed and controlled outside of Liberia in branch offices located worldwide, and under the auspices of the Ministry of Foreign Affairs. All resident Liberian entities are administered in Liberia under the auspices of the Ministry of Commerce. There is only one licensed registered agent for all non-resident entities and that is The LISCR Trust Company, which is located in Monrovia.

### CONCLUSION

Liberia has overcome the economic and political pitfalls that resulted from the civil war and corrupt government activities through the implementation of various reform and renewal programs that were introduced under the new Democratic government. In fact, it has accomplished quantum leaps in terms of political stability, economic growth, and prosperity, and continues to strive to restore its favorable reputation among business professionals.

Liberia is a respected and professional provider of corporate and ship registration services. Since major international financial institutions routinely loan billions of dollars to Liberian corporations under ship finance arrangements, Liberian corporations are recognized by banking facilities and investors worldwide.

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