

## LIBERIA

## Details

<b>Population:</b>	c. 3,800,000
<b>Capital:</b>	Monrovia
<b>Time zone:</b>	GMT
<b>Currency:</b>	Liberian dollar (LRD)
<b>Political status:</b>	Unitary presidential constitutional republic
<b>Airport:</b>	Roberts International Airport

## Legislative update

**eCorp**

- In the first-half of 2010, the Liberian Corporate Registry initiated development of eCorp, a web-based application providing online access to the Registry to form new corporations and manage existing corporations, obtain Certificates of Incorporation and Certificates of Goodstanding, reserve names for new corporations, generate and review statements of account and pay fees. The formal rollout commenced in early 2011.

**OECD 'White List'**

- On 1 March 2011, the OECD Global Forum on Transparency and Exchange of Information for Tax Purposes moved the Republic of Liberia to its 'white list' of countries that are considered to have substantially implemented the internationally agreed tax standard. It followed the signing by Liberia of its twelfth Tax Information Exchange Agreement, with Ghana on 24 February 2011.

## Contacts

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# Re-Emerging as a Jurisdiction of Choice for Financial Planners

## REPORT SUMMARY

- History
- Corporate services
- International compliance
- Innovation
- Conclusion

■ by Stephen Frey

Liberia was one of the first offshore non-resident regimes to be established with legislation dating back to 1948. Perhaps best known as a leading shipping Flag State, it also has a very straightforward and procedural Corporations Law. The ease of administration of Liberian corporations was swiftly recognised and extended for use in other industries. Corporations registered under Liberian Law as non-resident domestic corporations are not permitted to conduct business in Liberia and are not subject to Liberian tax.

### History

Since inception, the Liberian Ship and Corporate Registries have been operated from the US. One of the main factors for their creation was the need to find a neutral state in the post-war period to register US-built Liberty ships in the name of corporations controlled by non-US nationals. As a result, the US structure of the Registry and the principles governing its administration are embedded into Liberian law. The strong US-Liberia alliance provides the Registry with the ability to participate in the international arena with key industry institutions.

The Liberian Registry is administered by the Liberian International Ship & Corporate

Registry (LISCR, LLC), a private, US-owned and operated company that provides the day-to-day management for the Republic of Liberia's Ship and Corporate Registries. The Registry provides, through the LISCR Trust Company, an exclusive registered agent service for all non-resident Liberian entities.

The Liberian Registry maintains full-service offices in Dubai, Hamburg, Hong Kong, London, New York, Piraeus, Rio de Janeiro, Singapore, Tokyo, Virginia and Zurich. In addition, the Registry is supported by a worldwide network of Liberian representatives and Special Agents who provide prompt and efficient, first-class service – 24-hours a day, seven days a week.

In 2006, Ellen Johnson-Sirleaf, a Harvard University graduate and former World Bank economist, was elected President of Liberia – the first elected woman to lead an African nation – and she quickly implemented a programme for Liberia's reform and renewal. These reform initiatives have significantly contributed to increasing transparency, strengthening the rule of law, and re-establishing the economic and industrial development of Liberia.

Liberia is home to the world's largest quality ship registry, with a current fleet of nearly 4,000 vessels of more than 125 million gross tons.



### About the Author

**Stephen Frey** is Director of the Liberian Corporate Registry. Stephen has been with the Liberian Registry since 2002. He earned his MBA in International Business from the Helsinki School of Economics and earned a Bachelor of Science in Marine Transportation from the US Merchant Marine Academy.

Over the past 10 years, the Liberian Ship Registry has grown by nearly 70 million gross tons, twice the growth rate of its nearest competitor over the same period, and its achievements have received international recognition. Liberia is now recognised at the top of every industry 'white list' including the International Maritime Organisation and the major Port State Control authorities such as the US Coast Guard as well as the Paris and Tokyo MOU regimes.

### Corporate services

Liberia is re-emerging as a jurisdiction of choice for financial planners who wish to take advantage of non-resident tax-free status. Liberia offers a variety of business entities to accommodate the needs of its clients. These include: Corporation; Limited Liability Corporation (LLC); Partnership; Limited Partnership; Private Foundation; and Registered Business Company

These entity types are governed by the Liberian Associations Law of 1977, as amended, which contains the Business Corporations Law, the Limited Partnership Law and the Limited Liability Law. In 2002, the Registered Business Company and Private Foundation Laws were enacted. The Liberian Associations Law is generally modelled on US Corporate Law. Liberian business entities can be utilised for a wide range of activities including international trade, real estate investment, joint ventures, holding securities and bank accounts, trust and estate planning, management of investment portfolios, asset ownership and any other non-licensable business activities.

Liberia is also a signatory to the Hague Convention Abolishing the Requirement of Legalisation for Foreign Public Documents, also known as the Apostille Convention. Both Liberia's Ship and Corporate Registries can issue Apostilled documents without delay.

### International compliance

In 2002, the penal law of Liberia was amended to make the laundering of the proceeds of criminal conduct a criminal offence and providing for the confiscation of the proceeds and value of such criminal conduct. Liberia's amended legislation is consistent with modern legal systems in that it defines money laundering as a criminal offence and provides for appropriate penalties. Liberia is not listed on the US Department of State's 2011 International Narcotics Control Strategy Report (INCSR) as a country of prime concern for money laundering.

Liberia does not encourage the financial service industry to establish a physical presence in Liberia and does not require non-resident entities to maintain a bank account in Liberia. This has also served to protect Liberia from international initiatives with regard to banking secrecy. Liberia simply has no tax information regarding foreign owners of non-resident entities because they are not holding assets in Liberia.

In April 2009, when the OECD Global Forum issued its first Progress Report on implementing the Internationally Agreed Tax Standard, Liberia had signed no Tax Information Exchange Agreement (TIEAs) and was included on the "grey list" of jurisdictions that had committed to, but not yet substantially implemented, the internationally agreed tax standard.

In February 2011, Liberia signed its twelfth TIEA with Ghana, bringing the number of agreements up to the international standard. As a result, the OECD moved Liberia into the 'white list' category of jurisdictions considered to have substantially implemented the internationally agreed tax standard. Liberia has currently signed agreements with Australia, Denmark, Faroe Islands, Finland, France, Ghana, Greenland, Iceland, India, Netherlands, Norway, Portugal, Sweden and the UK. In addition, Liberia has a longstanding

compliant double taxation Agreement with Germany.

The Global Forum Phase 1 Peer Review of Liberia in respect of its legal framework for transparency and exchange of tax information was scheduled for the second-half of 2011. Its Phase 2 Peer Review, to assess exchange of information in practice, is scheduled for the second-half of 2013.

### Innovation

In 2002, Liberia adopted the Electronic Transactions Law, enabling entities to conduct international business using electronic communications and transactions. This development paved the way for Liberia's Electronic Register, which facilitates prompt and efficient formation of entities and the filing and issuance of documents. Through the use of this web-based data network, the Liberian Corporate Registry provides service from its global network of regional offices, 24-hours a day, seven days a week.

In 2010, the Liberian Corporate Registry introduced its most recent project, which integrates the advantages of electronic communication and the Internet in developing a web-based client interface, known as eCorp. The eCorp application provides the Corporate Registry's clients with secure and convenient online access to their accounts, 24/7, to form new corporations, obtain Certificates of Incorporation and Certificates of Goodstanding, reserve names for new corporations, manage existing corporations, generate and review statements of account and pay fees.

### Conclusion

For more than half a century, Liberia has provided professional services to the world's financial and investment communities. Liberia has accomplished quantum leaps in terms of political stability, economic growth, and prosperity, and it continues to strive to restore its favourable reputation among business professionals.