



DALE INTERNATIONAL  
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**India to renegotiate tax treaties**

"I have asked Revenue Department to reopen negotiations for all 77 double tax avoidance agreements with all countries which we have entered so far so that we can have real time exchange of information on tax evasion and tax avoidance," finance minister Pranab Mukherjee said at the India Economic summit.

**Hong Kong Moves to Introduce New AML Law for Financial Services**

The Hong Kong Authorities have responded to a FATF Evaluation by proposing the introduction of statutory requirements and sanctions linked to CDD and record keeping for financial institutions. Remittance agents and money changers will also be bought under a new regulatory framework. The FATF Evaluation of July 2008 provided a largely positive review of efforts to combat money laundering in Hong Kong. However, several areas for improvement were identified, particularly the fact that the key AML/CTF requirements are currently in the form of non-statutory guidance.

**East Africa to have fixed withholding tax**

EAST African Community (EAC) finance ministers have agreed to adopt a fixed withholding tax rate on dividends, interest and royalties throughout East Africa. The ministers meeting in Arusha, Tanzania adopted fixed rates for withholding tax at 5% on dividends, and 10% on interest, royalties, management and professional fees under the draft agreement on avoidance of double taxation. According to a press statement by the EAC secretariat, the ministers agreed that partner states should not negotiate with third parties rates lower than those in the EAC Double Taxations Act. They also approved the remission of duty on goods used in the manufacture of exports subject to conditions of the protocol establishing the EAC Customs Union. The ministers also agreed that the rates of the existing Double Taxations (DTAs) that partner states have with other countries be maintained until they

expire. Any renewal of existing DTAs with third parties should be in accordance with the new positions agreed," the statement reads.

**Kenya woos Saudi Arabia**

NAIROBI, Finance Minister Uhuru Kenyatta has called upon the Kingdom of Saudi Arabia to consider partnering with East African countries to improve the trade and investment climate in the region. The Minister also sought to assure the Saudi investors that the 200 million-people region had many opportunities in sectors such as agriculture, infrastructure, energy and tourism that could be exploited to offer good returns on investments.

**Dubai shocks investors amid debt fears**

Dubai has shocked investors by asking for a debt standstill at Dubai World, the government's flagship holding company that has developed some of the world's most extravagant real estate projects. Dubai also launched a restructuring of the government holding company, which oversees ports operator DP World, the UK-based P&O Ferries and troubled investment company Istithmar. The government's announcement came after the local stock market had shut and on the eve of the Eid holidays.

**Taxman targets exiles who keep UK toehold**

RICH Britons who claim to have moved overseas could find themselves back in the clutches of the taxman if they have hung on to a car, a mobile phone number or even a golf club membership in the UK. A new HM Revenue & Customs unit is

to probe the lifestyles of those who claim to have moved to the Channel Islands, Monaco and other tax havens. Inquiries will range from the homes of their close family to their children's schools and club memberships. HMRC's new high net worth unit, which monitors the tax contributions of the country's wealthiest 5,000 people, will examine the non-residency claims of the super-rich. Businessmen commuting to London from tax havens are expected to face particular scrutiny.

**BVI Banks: Secrecy is a fundamental cornerstone of BVI**

Many mutual and hedge funds, insurance companies, trading companies, expatriate individuals, intellectual property rights owners, property investors and just high net worth individuals use BVI banking offshore to pay fewer taxes and save wealth. There is no restriction on the nationality of the bank account owner, however most banks prefer that the individual accounts be opened along with corporate accounts, of companies incorporated in the BVI. Banking secrecy is a fundamental cornerstone of BVI banking services. A clients background may be divulged by a BVI bank only if there is a criminal investigation carried out by local police authorities in-land or when ordered by a court in BVI.

**Securities and Exchange Board of India ("SEBI") bans Barclays from issuing offshore derivatives**

Barclays Bank Plc was directed not to issue or subscribe or otherwise transact in any fresh or new offshore derivative instrument till such time as Barclays satisfies SEBI that it has put adequate systems, processes and controls in place to ensure

contact us

Dale International Trust Company Limited  
3rd Floor, Tower A,  
1 Cybercity, Ebene,  
Mauritius

Tel.: +230 464 1300  
Fax: +230 467 0155  
E-mail: info@dale-trust.com  
Website: www.dale-trust.com

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true and correct reporting of its ODI transactions to SEBI. The SEBI issued the order after finding that "Barclays has been non-compliant with the provisions of regulations and is not capable of providing information. Barclays in its report to the SEBI had said that ODIs were issued to the UBS AG. Later, the bank told the regulator that they were issued to Hythe Securities and not to UBS.

## Indian Government rules out tax on foreign funds for now

India will not tax foreign funds at their point of entry as the government believes the economy is resilient enough to absorb the dollar deluge. However, the finance ministry has set up a committee to review the existing policy on foreign capital inflows. Top officials said the committee's recommendations would be considered if the RBI and government see any negative impact on the economy. "Right now, we believe the inflow is manageable and necessary as it provides funds for our industrial recovery.

## UBS AFFAIR – Swiss regulator broke the law by naming UBS clients, says court

Switzerland's Federal Administrative Court has ruled that the Swiss financial regulator broke the law when it identified American clients of UBS to the US tax authorities last February.

## GUERNSEY – Plan to drop forced heirship

Guernsey's government will consider a proposal to abolish the island's forced heirship laws. A committee set up to review inheritance law has recommended that testators should be free to leave property where they wish instead of to their relatives.

## BANKING SECRECY – Hong Kong amends tax law to permit cross-border information exchange

Hong Kong has granted its tax authorities powers to exchange information on suspected tax evaders with other countries, reports the South China Morning Post.

## BANKING SECRECY – Swiss hand over Siemens' banking information

German prosecutors in Munich are to receive new banking documents to aid their investigation of giant engineering firm Siemens, after the Swiss Federal Criminal Court rejected an appeal seeking to prevent the disclosure.

## FRANCE – Permanent role for government's special offshore recovery task force

France's parliament has definitely adopted the new Finance Bill's provisions penalising offshore tax avoidance. The country's budget minister Eric Woerth later announced that his special unit for recovery of offshore assets, originally scheduled for closure at the end of 2009, will continue in existence. It has so far recovered more than Euro500 million in tax from Euro3 billion repatriated to France under a partial offshore amnesty.



## BRITAIN – Offshore bank account amnesty misfires

Britain's offshore bank account amnesty, which closed on Monday, has obtained a poor response, despite the tax authorities' claims of a last-minute surge. Many savers are looking to Liechtenstein for relief, with others planning to claim non-domiciled status.

## TAX EXILE – Channel Islands look more attractive than ever for Brits

Relocating from the UK to a tax haven in the Channel Islands is no longer an idle threat. Estate agents in Jersey and Guernsey say demand surged 15 per cent in the last quarter of 2009, driven by wealthy Britons fearing the new 50 per cent income tax.

## ITALY – Considers extending offshore amnesty

The Italian government is considering extending until 30 April 2010 the offshore tax amnesty that has wreaked havoc on Monaco's banking system. Some estimates say the extension could produce another Euro30 billion. The original amnesty having drained Euro3.25 billion of bank deposits out of San Marino and leaving the tiny country with only Euro2.2 billion.

## CAYMAN ISLANDS – IMF review finds progress but issues remain

The International Monetary Fund has published its assessment of the Cayman Islands' financial supervisory and regulatory framework. It found substantial progress has been made since 2003, but deficiencies still persist.

## BRITAIN – Chancellor doubles penalties for concealing offshore bank accounts

British chancellor Alastair Darling announced in the Pre-Budget Report that the penalties for failing to declare offshore assets will rise from 100 per cent of the unpaid tax to a "strict" 200 per cent. The penalty takes effect after the deadline for the UK's amnesty (the New Disclosure Opportunity) on 4 January. There is also a new requirement to notify HMRC when opening offshore bank accounts in certain jurisdictions.



## JERSEY – Government will consult before introducing corporation tax

Jersey's treasury minister Philip Ozouf has promised he will make no decisions on a new business taxation system without first consulting interested parties. The Crown Dependencies have been told that EU member states will not tolerate their existing "zero-ten" regimes.

## DALE INTERNATIONAL TRUST COMPANY LIMITED

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*The shareholders and directors of Dale Trust have been involved successfully in the financial services industry for years and are well versed in their line of business.*

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- Registered agent and registered office facilities
- Maintenance of books and accounting records
- Setting up and administration of Managed Trust Operations
- Establishment and management of Protected Cell Companies (PCCs)
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- Provision of back office services and Administrator of Funds
- Incorporation and management of companies limited by shares and by guarantees (hybrid companies)

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