



INSIDER

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CONTENTS

GGI Conferences and Meetings
***Cyprus: A land of cherished memories, a centre of business opportunities
***Austria meets Atlanta
***Update to the Information of Tax Havens
***India – Family Businesses
***New Members

Further Conferences and events

DIARY

08-10 June 2007EasyCount
London, U.K.
*****14-16 June 2007**Latin American
Conference,
Mexico
*****07-09 September 2007**German Speaking Chapter
Vienna, Austria
*****22 September 2007 (tbc)**Practice Group Meeting
International Taxation
Zurich, Switzerland
*****22-25 November 2007**World Conference
New Delhi, India

GGI WORLD CONFERENCE IN NEW DELHI, INDIA 22-25 NOVEMBER 2007

India is a fascinating country of many facets. Who could possibly fail to be aware of its consistently strong economic growth, its workforce of ambitious, highly qualified young graduates, the richness of its culture, its enchanting and varied countryside and the ancient traditions permeating Indian life?



This year's World Conference will take place in the fast-growing capital of New Delhi. From **22 to 25 November 2007**, all the arrangements at the **Taj Mahal Hotel** in **New Delhi** will be geared towards networking. Our host, Raghu Marwah of R.N.Marwah & Company Chartered Accountants, is extremely well-connected locally and is sure to invite some interesting representatives from the world of politics and finance to the conference.

You will have received the invitation to the World Conference on May 10. Our host, Raghu Marwah, has recommended a destination management agency, which has suggested some very interesting excursions and you can contact CIM direct to book the tour of your choice.

Andrew Lindsay has recommended an alternative tour company, which has been researched by his daughter, Laura Lindsay, who spent some time working in India last year. The New Delhi based firm is Trinetra Tours (P) Ltd, details below:

*Tapas Banerjee**Managing Director***Trinetra Tours (P) Ltd.**607, Ansals Majestic Towers, Vikas Puri,
New Delhi - 11 00 18, India

Tel: 011 - 41586631, 41586632 Fax: 011 - 41586639

e-mail: tritours@del2.vsnl.net.in; trinetratours@sify.comwww.trinetratoursindia.com; www.trinetratours.com;www.destinationsindia.comwww.jaipurjodhpurudaipur.com; www.rajasthantraveltours.com;www.indiavacationpackages.com

Kindly return the fax form to GGI Head Office to register for the conference **by June 8**. The hotel operates very strict terms and conditions, and late bookings cannot be guaranteed.

FIRST EASYCOUNT IN LONDON, 08-10 JUNE 2007

After the great success of the GGI EasyLaw, Mr. Keith Richardson, Citroen Wells Chartered Accountants, London, will be organizing the first **GGI EasyCount** from **08 until 10 June 2007**.

On Saturday the meeting will take place, split into a morning and afternoon session. Start is at about 9.30am and finish 4 - 4.30pm. You will then have time to get ready for an evening out – a trip on the London Eye (see picture) followed by a meal. If you have not registered until now you can do so by directly contacting Keith Richardson on keith.richardson@citroenwells.co.uk. You can find the application form and further information in the GGI's website members only area.



Topics to be discussed

1. Summary of the principal taxes in delegates' countries and regions including income tax, capital taxes, value added tax and other taxes you feel would be of interest.
2. Accounting principles and taxation matters relating to intangible assets.
3. Structures of business organisations and their advantages/ disadvantages e.g. limited companies, partnerships, LLPs, GmbH etc.
4. Requirements for filing documents with central authorities in respect of the structures in 3 above and how information can be obtained e.g accounts, members, directors, security given etc.

GGI PRACTICE GROUP MEETING INTERNATIONAL TAXATION 22 SEPTEMBER 2007 (TBC), ZURICH



Robert van den Wall Bake, Chairman of the Practice Group International Taxation, has organized a practice group meeting in Zurich for 22 September 2007 (tbc). The invitations will be sent out in due course. If you wish to receiving already further information on the meeting or to join the practice group please contact robert.van.den.wall.bake@dknco.nl.

GGI GERMAN SPEAKING CHAPTER, 07-09 SEPTEMBER 2007

Dr. Karin Reisinger, Wirtschaftsprüfungs- und Steuerberatungskanzlei Dr. Reisinger, Vienna, will host the next German Speaking GGI Chapter. All German speaking members are invited to participate and invitations will be forwarded in due course. The meeting will take place from **7 to 9 September 2007 in Vienna**. Details to follow.



REVIEW GGI EASYLAW IN AMSTERDAM

Third successful meeting of lawyers: informal, instructive, low profile, low priced!

May 11th, 10 minutes from Schiphol Airport, 28 lawyers from about 12 different jurisdictions came together in the very Dutch bar from Novotel Amsterdam. Casual, relaxed, Heineken and snacks. A lot of familiar faces and some new cheerful participants. Friday evening chill out at a tapas bar with real wall paintings of a famous Dutch artist, and a lot of drinks.



May 12th, after a wonderful and nutritious breakfast, serious occupations: in the morning an interesting workshop about Intellectual property, with an illustrative case. A lot of knowledge sharing and useful information. Some specialists and some not.

In the afternoon, a practical and inspiring workshop on Employment law, more specific: dismissal. Amazing how different the law is in different countries. Protection of the employee seems to be truly different in each country/jurisdiction.



After a very long walk in and around Amsterdam Center: Leidseplein, Muntplein, Dam, Red Light District and Rembrandtplein, dinner in a private but cosy atmosphere. And last but not least clubbing till 5 in the morning at Jimmy Woo. The place where the contacts are being intensified. And even though Karl was not clubbing with us, he still got the point what EasyLaw is all about:

Dear Floor,

Thank you very much for the wonderful Easymeet in Amsterdam. It was very good to meet again lawyers from so many different countries. I very much enjoyed the workshops on IP and Labour Law. It was very interesting to learn about other countries' laws and have lively discussions. It was also a pleasure to get to know closer thereby the colleagues from the other jurisdictions. The social program – including dinner in the area „De Pijp“, city walk, guided tour through the red light district and above all the excellent dinner in a restaurant located in a beautifully restored ancient building – was very enjoyable. Katja also very much enjoyed Amsterdam (having had a stroll through the old city on Sunday morning/afternoon). I hope to see you again at one of the next events (Easymeet in Paris and/or GGI European Meeting in Noordwijk).

Best regards and many thanks again also to your colleagues

Karl

*Dr. Karl Friedrich Dumoulin
Rechtsanwalt, FPS Fritze Paul Seelig Dusseldorf*

REVIEW GGI EUROPEAN CONFERENCE IN CYPRUS, 19-20 APRIL 2007

Cypriot hospitality has made a lasting positive impression. A combination of warmth, openness, professionalism, superb weather and our spacious conference hotel, Le Meridien Limassol Spa & Resort, all shaped this conference.



Impressions Le Meridien Limassol Spa & Resort

It was particularly delightful to make new friends and be reacquainted with old ones and exchange experiences, ideas, visions and knowledge in this magical atmosphere.



Cypriot Members

The Cypriot folk evening at the Karatello Restaurant in Limassol was memorable, not just because of the numerous prominent guests, but also due to the friendly atmosphere of the restaurant, once a carob mill and storage silo. There was much interesting and animated talk over the Cypriot meze and there was certainly no lack of appreciation for the dancing.

GGI would like to once again express sincere thanks to Marios Eliades, Eliades Pachalides & Co for the superb organization and generous sponsorship of this unforgettable evening at the Karatello Restaurant.



Michael Constantinides, Permanent Secretary of State for Transport and Public Works and Andreas Christou, Mayor of Limassol

You can log onto the website for more photographs of the conference and minutes of the workshops (those we have received), as well as information on the practice groups. The website is also where you can download the **Debt Collection Handbook**, the **M&A Practice Group Directory** and the **Tax Information Matrix** for various countries. Please let us know if you would like us to amend your entry in the publications mentioned above, or if you would like to register a new entry.



Working in a beautiful surrounding

CYPRUS: A land of cherished memories, a centre of challenging business opportunities



Marios Eliades

Some weeks ago a good number of GGI members from all over the world had gathered in Limassol Cyprus attending the GGI European Conference 2007. GGI management and our firm have since been receiving feed-

back on the event from many participants suggesting that the conference was very successful. Participants and their partners left Cyprus with very positive feelings about the contents of the conference, the magnificent venue where it took place (Le Meridien Limassol Spa & Resort) as well as the overall atmosphere and surroundings complementing a worth remembering experience. Our firm as the host of the conference is particularly happy to have modestly contributed to the success of the event.

Cyprus however is not simply about rich experiences and pleasant memories. It is now also about unique business opportunities that are offered to European and international entrepreneurs and business people who are diligently considering their global business and tax strategies. For the benefit therefore of all GGI members, those who have attended the conference but more so for those who for whatever reason did not finally make it, we have pleasure in providing herein below the main advantages currently offered by **Cyprus as an international business centre.**

- As from May 2004 Cyprus is a **full member of the European Union**. As a result its legal and tax regime is fully endorsed and sanctioned by the E.U.
- As from the same date it has also **fully satisfied OECD criteria** relating to international business centers.
- It has a **highly conducive tax system** with a corporate tax rate of 10%, the lowest in the European Union and one of the lowest internationally.
- It has concluded **double tax treaties** with more than 40 countries.
- It has **bilateral investment agreements** with 17 countries.
- It has complete freedom of movement of foreign currency and as from January 2008 it is expected to **adopt Euro as its currency**.

Cyprus was fully aware that in order to develop into an attractive and reputable international business centre it also had to put in place an attractive tax regime. Through a number of carefully considered legislative and administrative steps that resulted in the Tax Reform of 2002, Cyprus managed to satisfy all European Union and OECD requirements and at the same time develop a modern and flexible tax system which maintains and enhances the competitiveness of Cyprus as an international business centre.

The following are the main elements of the new tax legislation of Cyprus.

➤ **Low corporation tax:** All companies are subject to a uniform tax rate of 10%. A company is tax resident in Cyprus when its management and control is exercised in the Republic. Its taxable income includes both income earned in Cyprus and abroad. A non-Cyprus tax resident is taxed only on income earned in Cyprus.

➤ **Tax on dividends:** Cyprus tax-resident companies are exempt in respect of dividends received from other Cyprus resident companies. The exemption applies, subject to conditions, to dividends from non-resident companies.

➤ **Tax on interest:** Interest income arising from, or closely connected to, the ordinary activities of the company is taxed at the corporate tax rate of 10%. Moreover, 50% of all other interest income is exempt from income tax and is subject to special defence contribution at 10%.

➤ **Tax treatment of losses:** Tax losses can be carried forward and set off against future profits indefinitely. In addition, the loss of a Cyprus tax resident company can be set off against the profit of another company in case they belong to the same group of companies. Losses from a permanent establishment abroad can be set off against profits earned by a company in Cyprus.

➤ **Profits of permanent establishments abroad:** The profits of permanent establishments abroad are not subject to tax in Cyprus.

➤ **Reorganisations:** Transfers of assets and liabilities between companies in the course of reorganizations, such as mergers, demergers, transfer of activities in exchange of shares, are not subject to tax.

➤ **Disposal of securities:** Profits gained from the sale of securities are exempt from tax for all companies.

➤ **Foreign tax credit:** Tax paid abroad on income that is subject to tax in Cyprus is credited against Cyprus tax payable on the same income.

➤ **Personal income tax:** Individual tax resident of Cyprus is an individual who stays in the Republic for 183 days in the year of assessment. Cyprus tax residents are taxed on income earned both in Cyprus and abroad. On the contrary, non-tax residents are taxed on income earned only from Cyprus sources. The tax rates are among the lowest in Europe with the higher rate being 30% for taxable income over CY£20.000 (approx €34.000). Dividends are exempt from income tax and are subject to a special defense contribution at the rate of 15%, applicable only to tax residents.

A feature of the tax regime of Cyprus worth carefully considering is that of the Holding Company. It has proved very attractive to the international business community and as a result thousands of such companies are being registered every year.

Some five years after the implementation of the Tax Reform legislation in Cyprus it has become evident that same has contributed substantially towards the idea of developing Cyprus into an international business Centre of European and international reputation.

Thousands of overseas enterprises are already making use of Cyprus as a base for their operations and take full and legitimate advantage of its uniquely favorable tax environment.

Marios Eliades

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AUSTRIA MEETS ATLANTA

At the beginning of 2007, Mr. Bruce Jackson, Partner of Arnall Golden Gregory LLP (AGG), Attorneys at Law, Atlanta, Georgia, www.agg.com, took one of his clients to Tramposch & Partner Vienna and in February 2007, Christian Seidl, Managing Partner of Tramposch & Partner, Vienna, took the opportunity to visit Bruce Jackson and the offices of AGG in Atlanta.

AGG is a law firm with a team of 125 attorneys, practicing in more than 25 areas of the law. Bruce Jackson and his colleague, Wilhelm J. Ziegler, already attended the GGI World Conference in New York, so that some of you might already know him.

After visiting a mutual client's headquarters in the morning, Bruce Jackson arranged to meet some members of the AGG "German" and international team. Meeting a number of the attorneys and partners, discussing and comparing litigation and trial practices as well as potential business opportunities, was a perfect way of becoming better acquainted with AGG and creating a sound basis for a successful cooperation based on mutual trust.

I can highly recommend everybody to visit GGI members during each journey and take the time to become better acquainted with the partners and their offices. Personal contact is most important and I am convinced that this is the right way to strengthen the level of contact and intra-network cooperation still further.



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YOUR GGI CONTACT DETAILS

All GGI members have received an Email on 23 May 2007 in which they were asked to check their contact details on GGI's website and update them with GGI head office, if necessary.

Please inform GGI head office on all changes in your contact details or if you e.g. open a new office, if you have new partners and also on your recent success stories.

UPDATE TO THE INFORMATION OF TAX HAVENS OR NULL-TAXATION-TERRITORIES FOR THE SPANISH TAX AUTHORITIES

JAVIER CARRETERO & ASOCIADOS



In the previous GGI magazine “Insider” (issue no. 32) an article was published on the Fiscal Reforms and Anti-Avoidance Rules recently approved in Spain focused in Real Estate Transactions. The article aimed to provide some basic guidelines to the new rules without entering in specific details of its regulation.

In Spain, the definition of Tax Haven is not regulated yet, this is left to a secondary implementing regulation. In the meantime, the full list published in the 1991 Decree (RD 1080/91) we referred to in our article remains in force until an updated List is published.

However, as it was roughly indicated in the article, the Law introduced two new categories to be added to the traditional concept of Tax Haven: the null-taxation-territories or countries and those with no effective exchange of information (in accordance with the latest OECD criteria).

Since these two concepts leave the possibility open for the territories included the 1991 Tax Haven list to be removed by signing with Spain an agreement on the exchange of tax information or a tax treaty with an exchange of information clause, the concept is not precise.

The material set out herein is for information purposes only and does not constitute legal or professional advice. No responsibility will be accepted for loss occasioned directly or indirectly as a result of acting in reliance upon information contained herein.

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In fact, to our knowledge, **at least two of the territories included in the mentioned list dated 1991 have recently signed respectively double taxation and anti-avoidance measures Treaties with Spain**: we refer to **Malta** (Treaty published in the Spanish Official State Gazette “BOE” on 05.11.2006) and **United Arab Emirates** (which came into force only a few weeks ago – 03.04.2007). These two countries **will be excluded from the consideration of Tax Haven** as long as the provisions in the respective treaties signed are respected. Nevertheless, we must point out that the 1991 list will not be renewed until the new regulation to be implemented defines exactly what a Tax Haven is under Spanish law.

May, 2007.

INDIA: FAMILY BUSINESSES IN A RAPIDLY EVOLVING BUSINESS ENVIRONMENT



*Rajeev Vasudeva, Egon Zehnder International
New Delhi and Jeddah*

Despite the radical changes both local and global markets have gone through over the last decades, family companies still dominate the global economy: Not only are 80 percent of companies worldwide family-owned, they are also to a large extent still managed by members of the founding family.

Not surprisingly, India is no exception. Like family businesses in any other country, Indian family-owned firms also need to contend with the issue of succession planning and the separation of management from ownership. In addition to the challenges of corporate governance, they also need to keep pace with the changes resulting from rapid globalization and the availability of foreign capital in the country.

In the ongoing debate on the impact of globalization, much has been written on the impending disappearance of family businesses. So far, however, there are no signs of this prediction being fulfilled, and the family member as owner-manager of the family business is likely to be with us for some time to come. Indeed, there are many examples of globally successful family-owned businesses – like Wal-Mart, the world's largest retail company, which counts S. Robson Walton, son of founder Sam Walton, among its directors.

Challenges from within

Whether they are active globally or not, one of the major issues family companies have to contend with is the interaction between three groups of stakeholders: family managers, professional managers and family shareholders. For most Indian family companies – especially when the second and third generation of family owners have taken over the reins – the key challenge on the governance side is to set up a structure that separates family interests from business interests.

Simply hiring professional managers does not guarantee the success of a family owned company. There are many examples of family owned companies that have been run into the ground by professional managers. What does matter is an environment of transparency and meritocracy that allows the company to attract and retain the best executive talent, and a structured process to guide and supervise the executive management in the best interest of its shareholders. In such companies, the debate over family or professional management becomes much less important.

A new local business environment

On the one hand family management can input significant amounts of entrepreneurship, but it can also lead to inward-looking companies, disconnected from external realities. As greater foreign capital flows into India, the business environment is expected to undergo radical change within the next ten years. Family companies will increasingly have to decide whether or not to sell out. Family-managed companies that do not just leave this decision to their boards will have to demonstrate not only drive and motivation, but an acute awareness of the far-reaching changes affecting in their business environment.



The fast-changing business backdrop has also made succession planning – traditionally a difficult issue for family businesses – more crucial than ever. Most Indian family firms still have no formal succession planning. Owner-managers may have run a company successfully for many years, but if the firm is to stay successful, they need to define their objectives for five or ten years from now and select their successors accordingly.

The liberalization of the Indian economy has unleashed globally competitive forces that are likely to reshape the business landscape. Indian family firms that have been extremely successful in the past will do well to recognize the importance of market forces and proactively implement action plans to ensure the future survival and growth of their organizations.

<http://www.egonzehnderknowledge.com/knowledge/content/articles/index.php?article=1811-s>

RECENT COMPANY NEWS

GGI MEMBER GIBBONS AND SETON HALL LAW SCHOOL CREATE THE GIBBONS INSTITUTE OF LAW, SCIENCE & TECHNOLOGY

GGI Member Gibbons is proud to announce it has endowed \$1 million to the Seton Hall University School of Law to establish the Gibbons Institute of Law, Science & Technology. This gift, which is amongst the largest donations to a law school by a New Jersey law firm, will provide funding to assist the law school in educating and training the next generation of attorneys in the technology and scientific communities.

David E. De Lorenzi, Chair of the Gibbons Intellectual Property Department, will serve as Chair of the Gibbons Institute. The creation of this institute marks the next chapter for Gibbons' nationally recognized IP practice and the firm's continued focus on providing a full compliment of legal services to the life science, telecommunications, and other technology-based industries. The institute will draw upon the experience and knowledge of the Gibbons Intellectual Property Department, which today has more than 45 attorneys practicing nationwide.

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NEW GGI MEMBERS

We wish to extend our warmest welcome to our new distinguished members:



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Management Consulting, Corporate Finance, Trust & Wealth Management Services



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Paraguay - Asunción

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Services: Financial Audit & Accountancy Services, Tax Consulting



Carlos Leguizamón



Jorge Soto



FURTHER INDEPENDENT CONFERENCES AND EVENTS

Please find below some independent conferences and events which could be of interest for our members.

Applying Risk Based Audit Methods to Achieve Basel II Compliance

19 – 21 June 2007

Athens, Greece

<http://www.mistieurope.com/default.asp?Page=10&Type=3&pcID=6666&eID=4568&More>

Enforcing Patent Law in the Region

26 June 2007

Singapore, Singapore

http://www.keymedia.com.au/KMIConferences/Patent_Law_26_june_2007.pdf

Leveraged Buy-outs

03 – 04 July 2007

Stockholm, Sweden

<http://www.euromoneytraining.com/default.asp?Page=16&productid=6897>

Patents – The EPO Case Law

06 July 2007

London, United Kingdom

http://www.management-forum.co.uk/html/con_semin_section/con_display_event.asp?event=112

How to Audit SAP R/3 Basis

16 – 19 July 2007

London, United Kingdom

<http://www.mistieurope.com/?page=10&pcID=5678>

Private Banking Wealth and Portfolio Management

01 – 03 August 2007

Gauteng, South Africa

<http://www.brit.co.za/070801port.htm>

Please doubleclick on the topic of the conference in order to obtain further information from the website

If you wish to be taken off the mailing list, send an e-mail to <mailto:info@genevagroup.net>. Let us know what you think of Insider and we deal for future issues.

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