



GENEVA GROUP INTERNATIONAL

Minutes of the ITPG Meeting in Lucerne held on Thursday 14th May 2009, 2:30 p.m. – 6:00 p.m.

Chairman:	Oliver Biernat
Secretary:	Alan Rajah

Participants:

Bulgaria	ACTIV Ltd.	Gotsev	Ilian
Egypt	ATC Ashraf Abdel Ghani Accountants & Tax Consultants	Abdel Ghani	Ahmed
Egypt	ATC Ashraf Abdel Ghani Accountants & Tax Consultants	Zaki	Mohamed
France	FIDAG	Moro	Viviane
Germany	Benefitax GmbH	Biernat	Oliver
Germany	FPS Habersetzer Kessler und Kollegen GmbH	Arnold	Peter
Germany	Jakoby Dr. Baumhof - Wirtschaftsprüfer Steuerberater	Jakoby	Eugen
Germany	Jakoby Dr. Baumhof - Wirtschaftsprüfer Steuerberater	Jakoby	Brigitte
Hungary	Kovács Réti Szegheő Attorneys-at-Law	Kovacs	Attila
Hungary	Kovács Réti Szegheő Attorneys-at-Law	Kovacsné Ihasz	Anita
Italy	Studio Dottori Commercialisti Bianchi-Finulli	Finulli	Sergio
Malta	Advocates CREDAL	D'Alessandro	Robert
Morocco	Firec & Associates	Baghdadi	Réda
Poland	EFS Group Sp. z o.o.	Plutowski	Artur
Poland	Extor Sp. z o.o.	Strzelecka	Patrycja
Romania	Mirus Advisers s.r.l.	Zeche	Ionut
Russia	Advocate Malkov Law Offices	Malkov	Vasily
Switzerland	Edwards & Partner AG	Edwards	Ron
Switzerland	Eurotrust Partners AG	Ormándi	Peter
Switzerland	Fischer & Partner	Fischer	Niels
Switzerland	Walser & Partner AG Freienbach	Demir	Abdullah
Switzerland	Walser & Partner AG Freienbach	Walser	Marco G.
U.A.E.	Al Zarooni Tureva, Auditors, Accountants, Advisors	Jarallah	Samir
United Kingdom	Citroen Wells Chartered Accountants	Charles	Henry
United Kingdom	Lawrence Grant Chartered Accountants	Busch	Graham
United Kingdom	Lawrence Grant Chartered Accountants	Rajah	Alan

	Subject	To Do	In Charge	Due Date
Time	Item	Result	In charge	Due date
2:30	<p>Oliver Biernat: Welcome by the chairman</p> <p>Introduced the 2 VC's Graham & Ionut. Skype conferences (telephone via internet) has been successful where delegates from Europe, Latin America & India participated in tax discussions. All members are welcome to join this Skype conference. All presentations are available on the GGI intranet.</p>			
2:35	<p>Very short presentation of the participants (name, company, country, lawyer or accountant?, regular member?)</p> <p>Comtax software demonstration will be undertaken by the managing director. Members will need to decide at the end of this presentation if they would like to subscribe for this software and would need a minimum of 16 members to ensure that this software would be financially beneficial for members</p> <p>Introductions by each member</p>			
2:45	<p>Niels Fischer: Bank secrecy: Where does Switzerland stand right now vis-à-vis the G20 situation and the renegotiation of the DTA's?</p> <p>There has been a lot of press coverage about the recent G20 summit in respect of the black & grey list and Switzerland is now focused on this list. In Swiss law there is a distinction between tax fraud and tax evasion. Tax fraud – people & corporates using false papers & forgery to achieve their individual objectives and this is a criminal offence which could result in a prison punishment. Tax evasion is the non-declaration of income or wealth which could result in a monetary fine. Introduction of Article 26 and currently Swiss do not have any double tax agreements with all countries. World economies have changed and every other country is trying to target Switzerland, who is not a G20 member. G20 members who run OECD were the ones to set up a black list. Due to the UBS situation in USA, Switzerland has been forced to give in to the exchange of information under Article 26. Swiss will renegotiate all DTA starting with USA, Japan and other larger European countries. The effect of accepting Article 26 is that tax evasion and tax fraud cannot be distinguished. It would be possible for foreign countries to ask for information about tax payers interest in Switzerland.</p> <p>Questions from delegates:</p> <p>Samir Jarallah Mohahed Zaki – Are other countries allowed to go on 'fishing expedition'? A: The list is not given automatically but only given if there is evidence against individuals</p> <p>Mohamed Zaki – Will article 26 need to be negotiated</p>			

	Subject	To Do	In Charge	Due Date
	<p>with all countries? A: Only required to negotiate with countries that currently have an issue with Switzerland</p> <p>Graham – Requested Niel’s view on how the existing agreement between USA and Switzerland resulted in the request for list of all American UBS clients. A: This was a 2 step process 1. There are approximately 300 names of American UBS clients. There was a selection process where clients had overseas interest – In Niel’s opinion, this was tax evasion & therefore the names should not have been given. 2. The US courts are currently seeking information for approximately 50,000 clients of US citizens who are clients of UBS.</p> <p>Ron – stated that in his opinion, the dropping of the US law suit will be a pre-condition to signing the new DTA agreement.</p>			
<p>3.50</p>	<p>Oliver Biernat: European court decision on double inheritance/gift tax. Opportunities for joint consulting of ITPG members</p> <p>Recent EU court decision (C-67/08 dated February 12, 2009) resulted in assets being subject to IHT and not income tax. Gave example of 2 people living in Germany where the older person died and had cash in a bank account in Spain. German tax authorities stated that IHT needs to be paid in Germany on the Spanish cash. Spanish tax authorities stated that IHT is payable where the debtor’s account is situated. EU court stated that both countries decision was correct and there was no violation of EU rules – Every country has the right to decide what taxes should be paid in the home country. This is an opportunity for GGI members to work together to ensure that assets are not being taxed twice and the object of this presentation is to make everyone aware of the potential problem that could face individual clients who have assets in more than 1 country.</p>			
<p>3:00</p>	<p>Graham Busch: Latest development on UK holding companies</p> <p>See attached power point presentation. Objective: Important tax development recently on holding companies in the UK where there are no tax on dividends received by UK holding companies. This will take effect on 1st July 2009.</p> <p>Questions/comments from delegates:</p> <p>Marco Walser – Unable to use such structures in Switzerland and effectively creates a ‘tax haven’ in the UK</p> <p>Niels – Need to consider the ‘Controlled foreign company’ rules</p> <p>Robert – not surprised with the current pressure to tighten up legislation in some countries. In the past, clients were comfortable with low tax and low cost solutions. Important fundamental principal that needs to be implemented is to ensure that there is economic substance in the country where such structures are in place such as employing personnel,</p>			

	Subject	To Do	In Charge	Due Date
	<p>renting premises, etc. The issue is not with the UK tax authorities but the subsidiary companies tax authorities.</p> <p>Sergio – Italian authorities will want to know who the ultimate beneficial owners are</p> <p>Graham – reasons why such structures would be put in place: 1. Tax planning for overseas clients 2. Asset protection 3. Tax planning for UK residents who are not domiciled in the UK. The basic fundamentals are that individuals need to seek advice from their individual countries.</p>			
3:15	<p>Graham Busch: Presentation of the GGI holding company tax matrix from many members</p> <p>(See attached power point presentation) Brief overview of the holding company matrix. Requested that delegates of countries not listed should email Graham with their individual country tax information</p>	Provide basic information of holding company	All members whose country is not listed on the matrix	15 th June 2009
3:20	<p>Dr. Robert D’Alessandro: GGI series of flyers “Doing Business in ...” for every member country</p> <p>See attached presentation. Proposed to print a ITPG brochure of ‘Doing Business In...’ where each jurisdiction will prepare a 4 page summary based on the attached format.</p> <p>Comments/Questions:</p> <p>Ron Edwards – Information on individual countries are available on the internet.</p> <p>Ionut Zeche – A good way of presenting your country profile in a brief format</p> <p>Alan Rajah – As there are a number of members from the same country and therefore 1 member should take responsibility. Oliver Biernat stated that each member will be responsible in providing information of their respective countries.</p>	<p>To email draft template to all members.</p> <p>To comment on draft template</p>	Oliver All members	Immediately 15 th June 2009
3:35	<p>Dr. Anita Kovacsné Ihasz: Economic employment study</p> <p>See attached presentation. Gave an example of cross border assignments and the problems faced by different countries when interpreting the legislations. This could result in higher taxes being paid by clients. In order to overcome such problems there should be more cooperation among member countries. Anita suggested that a chart/matrix be prepared in which the individual country’s legal system will show: (a.) Formal Employer Concept (b.) Economic Employer concept. Interpretation of OECD Model Treaty, 1408 EU Directive and E101 certificate</p>	To prepare initial chart/matrix	Anita Kovacsné Ihasz	15 th June 2009
4:00	Coffee break			
4:30	<p>Presentation of the Comtax software by Henrik Spirén and Bernt Persson including Q&A session</p> <p>Introduction of Comtax by Henrik Spiren: Company was founded in 1985 and is based in Sweden. 1st software version was released in 1986 and currently have customers in 15 countries and the main market</p>	All firms who have not indicated an interest in acquiring the software need to sign the agreement & scan	Oliver	ASAP

	Subject	To Do	In Charge	Due Date
	<p>is in Europe. Employ in-house tax experts and updates are done on a monthly basis. Objects of software is for cross-border transactions. Main clients are international companies, consultants, lawyers and bankers and covers 128 countries. Database includes regional tax rates, corporate tax rates, commentary which is updated monthly covering 400,000 tax rates with 25,000 annual changes.</p> <p>The software calculates dividends, interest and royalties and only applies for companies. The software provides basic modules, simulation and planning, thin capitalisation and capital gains tax.</p> <p>Licence includes annual subs which will be installed on the hard disk. The basic licence fee is for a single user and there are options for 20, 40, 60 or all 128 country modules. The offices are open during normal European office hours.</p> <p>Detail presentation by Bernt Persson showing the ability to manipulate/change taxes in individual countries. Workings can be saved and can set up to 10 tiers in the system. The system does not calculate commissions. Results, details and footnotes can be exported to PDF. Can change 'country' name to specific 'company name' by 'duplicating/copying countries' in the database. The commentary includes notes on (a) Corporate income tax system (b) Tax rates (c) Other taxes on corporate income (d) Double tax relief (e) Anti-avoidance provisions. Updates are done by obtaining information from different sources from different countries.</p> <p>Training and support will be provided and technical support on installation of software. System support will be provided once software has been installed. On line training via the internet will be provided together with support over the telephone. Seminars are done annually in specific countries. For eg. ½ day seminars have been done in Germany and London.</p> <p>Licence agreement: - New version every 2nd year (current version is v.11) – Comtax has right to charge for new version but has not charged so far. – A flat price has been introduced and there has not been a price increase in the last 5 years. – Each firm will need to sign a licence agreement. – Fees will be reviewed in the 2nd year which will be dependant on the number of firms that will renew. – To delete para 8 in the agreement. – If firms do not renew, the software should be deleted from the system</p> <p>Questions/comments from firms:</p> <ul style="list-style-type: none"> - Confirmed that server installation will also include laptop installation. – European opening times but will be able to support Far East and Latin American countries. – Will be able to support Apple Mac computers 	<p>& email to Oliver</p>		
<p>5:30</p>	<p>Discussion amongst ITPG members about subscription to Comtax</p> <p>A list was distributed among members to obtain an indication if members would want to purchase the software. 16 members signed up which means that</p>	<p>Agreement to be signed, scanned & emailed to Comtax</p>	<p>Oliver</p>	<p>ASAP</p>

	Subject	To Do	In Charge	Due Date
	the software will cost Euro 1,500 for each firm. After some discussions, it was agreed to subscribe for the software starting June 1 st . 2009. In order to reduce the price furthermore Oliver will speak to other participants in Lucerne and send out an email next Monday to all GGI firms to find more users for the Comtax software. Any members who would like to subscribe after June 1 st . 2009 will count towards next years renewal.			
6:00	Closing of the meeting by the chairman Thanked all participants for attending the meeting. The next ITPG conference will be held in Budapest near the World Conference. It was agreed that no meeting will take place in Frankfurt in September 2009 as it is too close to other GGI events.			