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## Do you consider setting up an offshore company ?

An **offshore company** is generally a company that is **not operating** a business in the country where it is registered. In this context, 'offshore' literally means **outside the country** as opposed to 'onshore', inside the country. Traditionally, tiny islands in exotic locations provide offshore solutions including **significant tax incentives** and often **no taxation** at all. Onshore companies, on the other hand, will typically be registered in an economically developed country that **does not offer** any kind of preferential tax treatment and **applies higher tax rates** instead.

If you have ever considered opening a company in a **zero-tax jurisdiction or tax haven**, your decision should be based on **more than simply where you pay the least taxes**.

It is not difficult to set up a company in a country like the Cayman Islands, the British Virgin Islands, Panama, or Belize, but you should first **thoroughly understand the jurisdiction** where you want to incorporate. The choice of jurisdiction should mainly be focused on identifying the most favourable conditions for your business development. This takes **time and research**. An offshore structure is **worthless** if you do not know what the **regulatory requirements** are, what the **international tax implications** might be, or how to **open a bank account** for it.

For decades, offshore service providers and bankers were able to do their thing with **little or no regulation**. The days of zero tax, zero accountability, and zero reporting are unfortunately a thing of the past. An increased exchange of information, global tax transparency, and a change in attitude towards paying 'your fair share of taxes', make it **almost impossible** to play 'hide and seek' these days. Even if you stay **completely off the grid** and keep your entire business and wealth offshore, you will likely be confronted at some point with an **unexpected enquiry or reporting requirement**.

If you prefer not to set up a company in some **off-the-radar country** or become a **perpetual traveller**, it may be worth considering a **hybrid or onshore solution** instead. Having a company in a **respected jurisdiction** does not necessarily mean that you will have to give away half your earnings to the taxman. The goal would be to find a **right balance** between paying less taxes and maintaining your operational efficiency. There is no point in eliminating taxes if you **cannot receive, transfer or use** the money that you have earned. For those who are running an international business with clients and partners around the globe, there are certainly **more interesting options available**. Have you ever considered establishing your business in Singapore, the US, Ireland, Malta, Cyprus, or Bulgaria? These countries **do levy taxes**, but at the same adhere to the global standards on **tax transparency**, provide a consistent **regulatory framework**, and have a **reliable banking system** in place. In any case, we recommend looking at *all* the aspects when working out your **international tax strategy**.

TAXPATRIA® can advise you on your **international business structuring** and make sure you are **fully compliant** when operating an offshore structure.