

Corporate @

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Updates from the Liberian Corporate Registry

Introduction

Welcome to this quarterly edition of the Liberian Corporate Registry's quarterly electronic newsletter.

We hope you enjoy this edition and we look forward to receiving your suggestions for topics to cover in future editions.

Tell us how we are doing. Please take a moment to complete a short survey on our website, www.liscr.com.

The Corporation's First Organizational Meeting

To be duly organized, a Liberian corporation should have at least one elected director at all times. In addition, it needs to appoint officers and adopt bylaws.

When a new corporation is formed, initial director(s) can be named in the Articles of Incorporation and, in such cases, it would be those directors who should hold the first organizational meeting for electing officers and adopting the corporation's bylaws.

If directors are not named in the Articles, the Incorporator can be requested to hold the first meeting at the time of formation. In such cases a *'Consent of the Incorporator'* will be included with the corporation's documents. A copy of this document would not be retained in the Registry. There is no charge for this service.

If the Incorporator is not asked to hold the first meeting and a Proxy is issued with the Articles, the person to whom the Proxy is assigned should hold the first meeting. Alternatively, the assignee of the Transfer of Subscription should hold that meeting.

One advantage of the Incorporator holding the first meeting is that the names of the initial directors and / or officers could be voluntarily filed in the Registry or with the registered agent, The LISCER Trust Company, and a long form Certificate of Goodstanding, or Certificate of Declaration of Incumbency respectively, could be issued with the corporation's documents. Further, certified copies of the Articles of Incorporation, Certificate of Incorporation and bylaws, if adopted, could be attached to provide a single bound and apostilled document for immediate presentation to, for example, banks to meet possible bank account opening requirements.

Next newsletter

The next newsletter will be issued in November 2010 and will include a feature article on electronic filing and the Registry's new online eCorp system.

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Meeting Clients

This summer the Liberian Corporate Registry found itself on the road in Greece, Switzerland and Israel, as well as in Venice for an ITPA meeting and Shanghai for an Offshore Investment conference. Being on the road is integral to our continuing effort to maintain and improve our standard of service and keep abreast of the industry developments.

Once again, the Liberian Corporate Registry will find itself meeting clients. Mid October you will find us sponsoring and speaking in Cyprus at the Bosco conference (<http://www.benchmarkemail.com/c/I?A6-159895170>) and early December you will find us exhibiting at the Foundation for International Taxation Annual Conference in Mumbai (<http://www.benchmarkemail.com/c/I?A6-159895171>). In addition, we plan on seeing friends and colleagues at the SHOREX Wealth Management Forums (<http://www.benchmarkemail.com/c/I?A6-159895172>) in Geneva in October and in Zürich, in December.

As they say in the movies - *"See you when we see you."*

Feature - Restructuring and Re-domiciliation

A number of restructuring options exist for Liberian entities. In situations when clients have assets controlled and owned by two or more different entities and they wish to have the assets controlled by a single entity, it is possible to combine them into a single entity. That single entity will be termed the "surviving entity". If the surviving entity was one of the existing or "constituent" entities, the activity will be termed a "merger". If a new entity is to be formed to act as the surviving entity, the activity will be termed a "consolidation".

The constituent entities could be of a different type, for example: a Corporation and an LLC; or a Private Foundation and an LLC. The constituent companies could also be from different jurisdictions, for example: a non-Liberian company combining with a Liberian corporation.

Merger and consolidation activities can also be used to move asset ownership from one jurisdiction to another. If, for example, existing Liberian and non-Liberian entities are combined by way of a merger, the surviving entity could be either a Liberian or non-Liberian corporation. And, taking the consolidation route, two existing entities from different foreign jurisdictions could, for example, be combined and survive as a new Liberian corporation.

Existing entities can also move between jurisdictions. The activity in this case is termed "re-domiciliation". Both re-domiciliation into and out of Liberia are permitted, and for entities re-domiciling into Liberia, there is no filing fee charged. Furthermore, Liberian entities can also de-register as one type of entity, and re-register as another form of Liberian entity (i.e. a Corporation could become an LLC). More on this topic of "conversion" in an upcoming issue of Corporate@.

The common issue to all the above restructuring activities is that while asset ownership does transfer between different entities and/or across jurisdictional boundaries, there is no sale or purchase reducing the chance of a taxable event outside Liberia. For Liberian law purposes, continuity in the ownership of an asset is deemed to exist. In such case, any debts, contracts, liabilities, obligations and duties attached to a Liberian or foreign constituent entity would move to the surviving entity.

While the restructuring flexibility mentioned above is possible in the Liberian Corporate Registry, the movement of entities into and out of Liberia must also be permitted under the laws of the foreign jurisdiction. Apart from the transitional period recognized by the redomicile jurisdictions, an entity should not exist in two different jurisdictions at the same time. For a foreign corporation to successfully re-domicile as a Liberian corporation, evidence from the foreign registry of its closure must be provided.

Instruction sheets with model forms are available for clients to use upon request, and, as always, documents can be submitted through any LISCOR office. The filing of Articles to effect Merger and/or Consolidation activities, where only Liberian constituent entities are involved, can typically be done on the same day. The time frame required to complete restructuring activities involving non-Liberian entities and re-domiciliation often takes longer. However, this is often due to the requirements of the jurisdiction from which the Liberian corporation is moving out of. Complete applications to re-domicile into Liberia are filed within a day.

OECD - TIEA Summary

The Organisation for Economic Co-operation and Development (OECD) has been the driving force behind requiring countries meet an 'internationally agreed tax standard' that includes the ability for countries to exchange tax related information between one another.

All developed and developing nations have agreed to meet this standard and all of the world's registries either have or are in the process of completing a minimum of 12 agreements (TIEAs) which is the current minimum standard.

Liberia has been conducting negotiations for the last year and has currently agreed to sign agreements with 18 countries. Signings have begun with the remaining TEIAs scheduled to be signed during the second half of 2010 and into early 2011. The OECD has actively assisted Liberia in this project and considers Liberia to be compliant.
