

# Best Countries for Offshore Companies

## The Ultimate Guide

The best countries for offshore companies, what you should look for in an offshore jurisdiction, and the benefits of offshore company formation.

*“But is it legal?”* – that’s the question we often hear from investors and entrepreneurs regarding offshore company formation. The biggest nuance about incorporating offshore isn’t the procedure or dealing with foreign authorities. Instead, it’s the myths surrounding it.

Let us tell you, with absolute certainty, that setting up an offshore company is completely legal if done by the book. That’s because many offshore jurisdictions have strict and streamlined regulations to support offshore companies’ formation.

Moreover, the benefits for entrepreneurs are numerous. From legal tax reduction to asset protection to minimal (and some cases non-existent) reporting requirements, an offshore company can do wonders for your corporate growth.

You should go where you’re treated best to acquire the ultimate personal and financial freedom.

### What is An Offshore Company?

Before we dive into our list of best countries to set up an offshore company, let’s briefly discuss what an offshore company is since there are tons of myths out there steering entrepreneurs away from this exceptional tool for business growth.

An offshore company is simply a legal entity that you set up in another country. For example, if you live in Canada and set up an LLC in the US to do business there, that’s an offshore company.

Nothing scary, nothing complicated, and definitely nothing illegal.

Many large-scale organizations like Apple, Google, and Samsung use offshore companies to help them reduce or eliminate hefty taxes and generate more profit.

### What is an International Business Company (IBC)?

An IBC is a company that doesn’t conduct business activities in its country of incorporation. It is also known as a non-resident company.

*Please note that all offshore companies are not IBCs.*

An IBC doesn’t publicly disclose shareholders’ information. Moreover, the assets of an IBC’s shareholders are legally separated from the company’s assets.

Note, however, that if the company has a bank account, it is mandatory to disclose the corporation's shareholders' information to the bank.



## Best Countries for Offshore Companies

We've all heard of famous offshore jurisdictions or tax havens like Vanuatu, Cayman Islands, Belize, etc. Although these countries offer exceptional tax advantages, you may want to avoid traditional tax havens.

There's nothing illegal going on there – the only problem is that you may have trouble finding a bank that wants to deal with foreign companies incorporated in traditional tax havens. Even if they do let you open a corporate bank account, you'll need to complete lengthy due diligence and additional forms just because you are running a business from a tax haven.

Simply setting up a company in a tax-free jurisdiction is not the end of your business and tax woes. If you truly want to reap the benefits of offshore company formation, you need to think holistically. This is the message we always give our clients.

Now, let's look at some of the best countries to set up an offshore business.

### What do you want to accomplish?



REDUCE TAXES OFFSHORE



CREATE A GLOBAL PLAN B



DIVERSIFY AND PROTECT WEALTH



## British Virgin Islands

Let's start with the ultimate offshore jurisdiction – the British Virgin Islands (BVI).

The British Virgin Islands (BVI) is a British Overseas Territory in the Eastern Caribbean Sea comprising four large and several smaller islands.

The island nation is famous for its natural beauty and thriving offshore financial services sector. After tourism, BVI's offshore financial services sector is its most prominent sector.

In 1984, BVI introduced International Business Companies Act to regulate the formation of offshore companies and attract foreign investors and entrepreneurs. Today, BVI has the

largest number of registered offshore companies among all offshore jurisdictions, thanks to its strict compliance with international tax and corporate regulations.

In 2005, the country eliminated all differences between an IBC and a local company, meaning whether your BVI company operates locally or internationally, it has the same rights and tax advantages.

Here's how you'll benefit from setting up a company in BVI:

- **Ease of Company Formation:** A BVI company must have at least one director, shareholder, and owner – all of whom can be one person (or a legal entity) of any nationality. No minimum capital requirement exists. Moreover, offshore company registration in BVI is streamlined and quick.
- **Minimal Reporting Requirements:** A BVI company isn't required to prepare or file financial accounts. No auditing requirements exist either. However, the company must keep a detailed record of its financial transactions and liabilities.
- **Privacy Protection:** Information regarding a BVI company's shareholders, directors, and beneficial owners stays confidential since the Register of Directors is not publicly available.
- **Tax Advantages:** BVI companies don't have to pay income or capital gains tax. The same goes for dividends, interest, rent, royalties, and other expenses paid by a company.



## Cyprus

Surprised to see an EU jurisdiction on our list? Don't be. Far too many people look only at the headline tax rate of a country to decide whether they want an offshore company setup there. That's a rookie mistake.

Many countries, especially European, have special tax regimes for foreign investors and entrepreneurs looking to incorporate there. Cyprus is an island nation in the eastern Mediterranean, located south of Turkey and west of Lebanon. It is an excellent jurisdiction for people looking for a modern financial services sector and access to international markets through a network of trade agreements.

Here's how you'll benefit from setting up a company in Cyprus:

- **Tax Advantage:** One of the most significant advantages of setting up a company in Cyprus is its corporate tax rate of 12.5% – one of the lowest corporate tax rates in the EU. Moreover, the country has a 0% tax on dividends, revenues from securities trading, and all profits from real estate sales abroad. Cyprus has also signed over 65 favorable double taxation avoidance agreements.
- **Ease of Company Formation:** A Cyprus company must have at least one director, shareholder, and secretary. The directors of a Cyprus Company can be natural person or legal entity. Most companies use nominee services for privacy protection. The minimum capital required is €5,000 and is not necessary to be deposited readily. It's only written on the constitution of the company.
- **Stable EU Jurisdiction:** With a company in Cyprus, you'll get all the benefits of an EU jurisdiction, i.e., sound banking options, several investment opportunities, and access to the world's largest single market area and its consumers.



## Bermuda

Bermuda is a self-governing British Overseas Territory in the North Atlantic Ocean. The country is a popular offshore company jurisdiction thanks to its 0% corporate tax rate. People also flock to Bermuda for its pink sand beaches and brilliant climate.

Here's how you'll benefit from setting up a company in Bermuda:

- **Gateway to Residency:** If you want to set up a company in Bermuda and work toward permanent residency, you should consider the Economic Investment Certificate (EIC) program, Purchasing Bermudian real estate, investing in an existing Bermuda-based business, or setting up a new Bermuda-based business all qualify you for acquiring Bermudian residency as per EIC. You'd have to invest BMD\$ 2.5 million (or the equivalent in another currency or asset) in one of the several government-approved routes (we've only mentioned the business routes here). After five years, you'd be eligible to become a permanent resident of Bermuda, enabling you and your family the right to live and work there indefinitely.
- **Tax Advantages:** The country has no income or capital gains taxes.
- **Easy-to-Adapt Jurisdiction:** Bermuda is a particularly favorable jurisdiction for Western citizens since its official language is English, and the currency is Bermudian Dollar pegged 1:1 with US Dollar.



## Antigua and Barbuda

Antigua and Barbuda is one of the most wealthy countries in the Eastern Caribbean region, thanks to its steady influx of tourists and growing popularity as an offshore banking jurisdiction. The country is also well-known for its tax-friendly policies.

Setting up an IBC in Antigua and Barbuda can be advantageous to foreign entrepreneurs for many reasons:

- **Ease of Company Formation:** An Antigua International Business Corporation (IBC) must have at least one director and one shareholder – all of whom can be one person (or a legal entity) of any nationality. No minimum capital requirement exists. Moreover, all shareholders can be foreigners. An Antiguan IBC can be formed and

registered within one day, and it's also straightforward to open an offshore bank account there.

- **Tax Advantages:** IBCs in Antigua and Barbuda pay no taxes, making the country an excellent tax-friendly corporate jurisdiction. A fifty-year tax exemption exists for Antigua IBCs. This exemption applies to most forms of income, dividends, interest, and royalties paid by and to foreigners.
- **Privacy and Asset Protection:** The names and assets of beneficial owners and shareholders of an Antiguan IBC are never included in any public records.
- **No Reporting Requirements:** While no annual audit or reporting requirement exists, an IBC must keep financial records reflecting the company's financial position.



## Georgia

One of the most underrated Eastern European countries, GEORGIA is a brilliant jurisdiction to set up a company. Apart from its appeal as a tax-friendly European corporate base, the country boasts delicious wines, ancient monasteries and forts, and breathtaking mountains. The capital, Tbilisi, is also one of the most charming Eastern European capitals.

Here's how you'll benefit from setting up a company in Georgia:

- **Strategic Location:** Thanks to its strategic location at the intersection of Asia and Europe, Georgia is an ideal base for starting a business and opening an offshore bank account.
- **Ease of Doing Business:** Georgia ranked 7th among 190 countries in the latest World Bank's Doing Business Index. This shows how effective Georgia is as an offshore corporation jurisdiction.
- **Tax Advantages:** The corporate income tax rate in Georgia is 15%. However, the country offers several tax-friendly programs to foreign investors and entrepreneurs. You can entirely eliminate your tax liabilities in Georgia by registering as a micro business. Or, you can pay 1-3% tax by registering as a small business.



## Panama

Panama is one of the safest countries in South America. It's also one of the top retirement destinations with an abundance of American expat retirees.

You can set up an IBC or an LLC in Panama. International Business Companies (Sociedad Anónima) in Panama are world-renowned for privacy and asset protection. Alternatively, a Panama Limited Liability Companies (LLC) may work for people looking to establish a company in Panama but with less complexity. A Panama LLC can carry out business activities in Panama or abroad.

Here's how you'll benefit from setting up an IBC company in Panama:

- **Ease of Company Formation:** A Panama IBC must have at least three board members – all of whom can be of any nationality. A minimum capital requirement of USD \$10,000 exists, but you're not required to pay it upfront.
- **Asset Protection:** Your personal assets are protected from the corporation's liabilities, and vice versa.
- **Tax Advantage:** No income, capital gains, estate, or gift tax exists for Panama IBCs.



## UAE

Whether it's a list talking about the best countries for offshore company formation or high-net-worth expats, UAE will always be a part of it. The government has done an excellent job of attracting foreign investors and entrepreneurs.

UAE offers several business structures and tax advantages to foreigners looking to incorporate there. You can set up an offshore, free zone, or onshore company in the UAE.

Here's how you'll benefit from setting up a company in the UAE:

- **Tax Advantages:** The UAE has long been a world-renowned tax-free jurisdiction. Not anymore, though. The country announced a levy of 9% corporation tax in 2023.
- **Gateway to Residency:** The UAE offers investors and entrepreneurs a chance to qualify for UAE residency if they establish a company in the UAE worth at least AED 10 million or partner in an existing or new company with a share value of at least AED 10 million.
- **Diverse Community:** Few countries can boast diversity like the UAE. Over 80% of the population are expats. A diverse community also means a skilled workforce from all over the world.



## The Bahamas

The Bahamas features 700 islands, award-winning beaches, almost no taxes, and one of the highest GNPs in the region. One of the most suitable business structures to set up in the Bahamas is an IBC.

Here's how you'll benefit from setting up a company in the Bahamas:

- **Tax Advantages:** No personal income tax, corporate income tax, capital gains tax, sales tax, withholding tax, gift or inheritance tax, or other probate fees exist in the

Bahamas. If legal tax reduction is the goal, a Bahamas company can help you significantly.

- **Easy-to-Adapt:** The official language of the Bahamas is English, and the currency is the Bahamian dollar which is pegged 1:1 with USD, making the move pretty convenient for English-speaking foreign investors, entrepreneurs, and retirees.



## Hong Kong

Hong Kong is an excellent jurisdiction for diverse and large-scale corporations looking to reduce their taxes legally. Traditional tax havens may work for one-man shows, but for proper organizations, setting up a company in a tax-free no-reporting jurisdiction may be counter-productive since banks in many countries will outright refuse to deal with you.

You can set up an onshore or offshore company in Hong Kong.

- **Offshore Company:** A Hong Kong offshore company is a shell company with no bank accounts, accounting, transactions, operations, directors, or shareholders in Hong Kong.
- **Onshore Company:** A Hong Kong onshore company has its main base and whole structure in Hong Kong. The corporate tax rate for an onshore company is 16.5%. However, the tax rate on the first HKD 2 million is 8.25%.



## Cayman Islands

The Cayman Islands is a British Overseas Territory in the western Caribbean Sea known for its beaches, resorts, and tax-friendly regime. It's one of the most famous jurisdictions to set up an offshore hedge fund. The Cayman Islands houses over 70% of the world's offshore hedge funds. It also has over 200 banks, including international financial institutions, making it a lucrative offshore banking spot.

Here's how you'll benefit from setting up a company in the Cayman Islands:

- **Gateway to Residency:** By actively managing and investing \$1,200,000 into a Cayman Islands-based business and hiring at least 30% of Caymanian employees, you may qualify for Cayman residency.
- **Tax Advantages:** The Cayman Islands has no income, withholding, property, corporate, wealth, or inheritance taxes.
- **Excellent Quality of Life:** The Cayman Islands' currency is stronger than USD, and the country has a very stable political and economic landscape resulting in an overall excellent quality of life.

## Countries That May Work For You Depending On Your Business

### Traditional Companies

A traditional trading business (selling goods) will hugely benefit from being located in a stable jurisdiction with a well-respected banking system and favorable tax regulations, such as Singapore or Hong Kong.

Alternatively, if you have a pure service-based business, you should consider onshore alternatives with high banking, accountability, and reporting standards, like Estonia or Georgia.

### **Location-Independent (Online) Companies**

Online businesses should form offshore corporations since they can operate anywhere.

An offshore company can help you process payments in one country, host your website in another, keep accounting records in a third, and pay low taxes in a fourth.

Any offshore jurisdiction with tax advantages for IT, tech, or location-independent structures will work for an online business.

### **Patent/Trademark Holding**

Soft asset companies featuring intellectual property, such as trademarks, patents, copyrights, etc., are booming these days.

Mass-scale organizations, like Apple and Microsoft, also use offshore holding companies to house their intellectual properties.

With a patent/trademark holding, you should incorporate in a country with stringent IP protection regulations and a favorable tax regime.

Some of the tried and tested countries for holding IP comfortably are Cyprus, Bermuda, Luxembourg, etc.

What works for one person or business may not work for another.

You may want to move to Dubai for tax savings without realizing that you could actually pay less tax in some cases in Greece. But no consultant whose only product is Dubai will know or tell you that.

We know all the options and can recommend the most cost-efficient one that best fits your needs, wants, and vision. CONTACT: [www.sterlingcooper.info](http://www.sterlingcooper.info)

We would love to help you go where you're treated best.