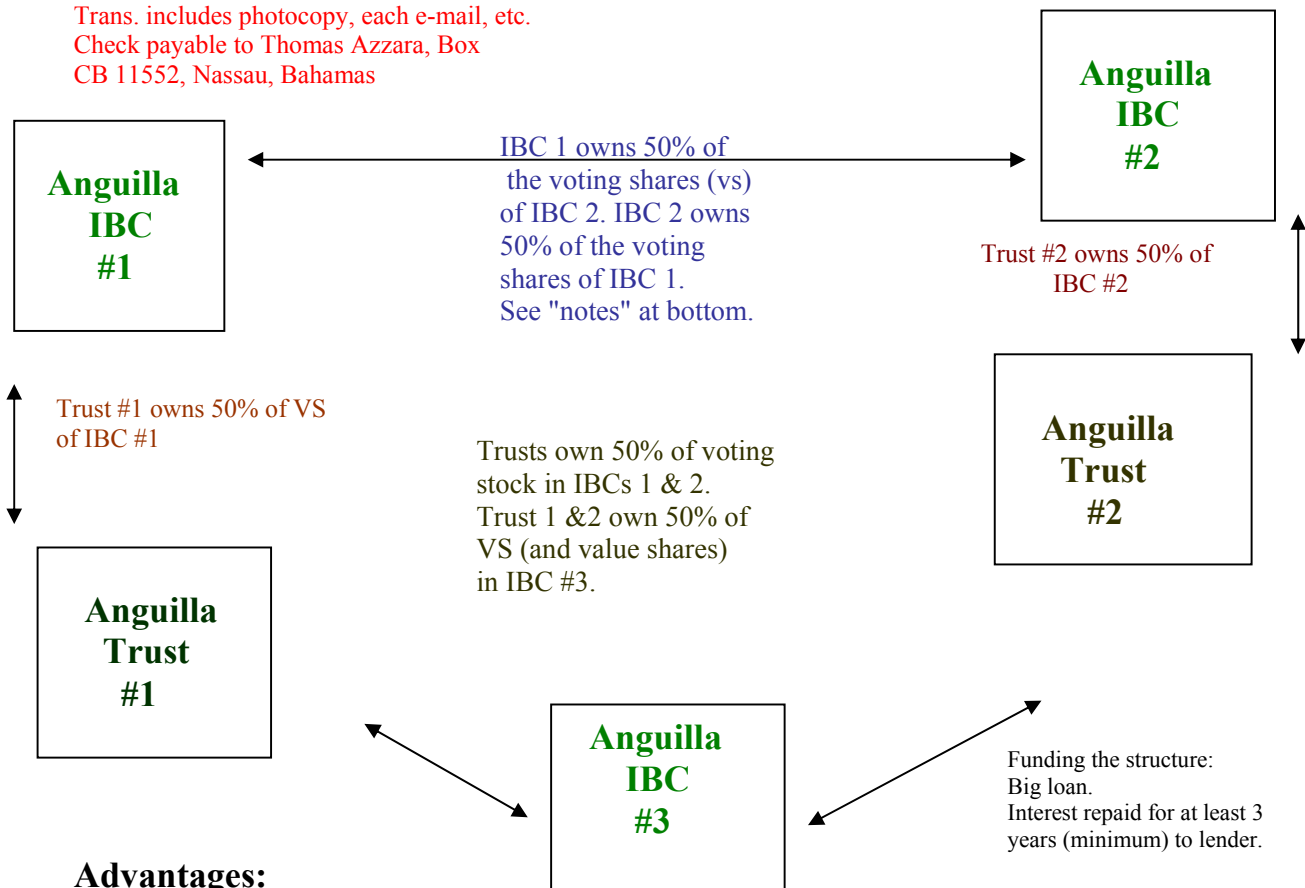


Foreign Estate Structure for taxpayers from Industrial nations with large estate - over \$3,000,000 (000)

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Advantages:

1. No US persons own stock in any of the IBCs.
2. US person (family members) are directors of the IBCs. Some might be trustees.
3. For US taxpayers the CFC rules, the PFIC rules and the FPHC rules become mute. Your home free!
4. No filing requirements for US taxpayers, except for form TD-90-22.1 (signature authority over foreign account), Form 926 and Part IV of form 3520 – when I take you that far!
5. No estate or income tax liabilities on passive incomes from stocks bonds, foreign rents, etc.
6. **Asset protection** - because the companies own the assets. Directors could be sued by other family directors.
7. Good asset protection against outside creditors - so long as companies are not used in illegal manner to defraud.

Disadvantages:

Cost for this "set-up" and annual maintenance is higher - and based on many (other) factors.
 Not all of ones assets can be protected by these foreign trusts and companies. Homes and commercial RE based in the US should not be introduced into this "structure". - my opinion. Re invoicing companies should not be used.
 Possible attack by IRS is very **limited (maybe impossible)**, but possible under "substance over form doctrine".

NOTE: In every IBC Act there is a provision that states if a company owns *"more than 50% of the voting stock in another company, the voting stock cannot be voted, and the shares of stock are not considered outstanding."* Interestingly, most tax haven IBC Acts and Ordinance are based on Delaware Law. Where this provision originated is unclear to this writer - but **"voting trusts"** are used in the USVI - and spoken of by US tax authorities as a favourable - useful devise there!

