

The Bermuda Tax Exempt Company

One of the many attractive [Bermuda financial services](#) available is the Bermuda Tax Exempt Company. Such a company is not subject to tax on profits, income, capital gains, or appreciations. No estate duty or inheritance tax is payable on shares debentures or other obligations of the company. This exemption currently lasts until 2016 but may be extended.

As a matter of law, a Bermuda Tax Exempt company must maintain a registered office address within Bermuda. A resident company secretary must be appointed, as well as a quorum of Bermuda resident directors. A minimum of two directors must be Bermuda residents, and usually can be appointed by the [Bermuda financial services](#) company assisting you.

Shareholders

There is a minimum of one shareholder that is required. In addition, bearer shares are not permitted. The company's share register is subject to public inspection. If the beneficial owner of the company wishes to maintain anonymity, it can be accomplished through the use of nominees.

Proposed beneficial owners of all Bermuda companies need to provide bank references, from financial institutions with whom the beneficial owner has maintained an active bank account for the duration of at least three years.

Directors

A minimum of three directors is required. A register of directors and officers must be maintained and made available to inspection by the general public.

In order to maintain a quorum, there must be a sufficient number of directors ordinarily in residence in Bermuda.

Meetings may be held outside of Bermuda.

Reports

At the time of incorporation, beneficial interests are disclosed to the government of Bermuda. The directors and shareholders may, by unanimous decision, decide to dispense with annual audits.

Startup Requirements

In the case of exempted companies, a minimum issued capital of \$12,000 U.S. is required. There is no minimum amount of paid-up capital required for companies not involved in insurance business.

Once the decision has been made to apply for a Bermuda Tax Exempt Company, allow a total of about four weeks for the entire registration process and approval of the application.

Bermuda Permit Company

As with a Bermuda Exempt Company, a Bermuda Permit Company operates substantially similarly and is subject to the same rules. A Bermuda Permit Company may also apply for exemption from future taxation through 2016.

The main difference is that a Bermuda Permit Company has been incorporated outside of Bermuda, but has been issued a permit by the Minister of Finance to actively trade or open a branch within Bermuda. An overseas company is normally not considered to be operating within Bermuda unless it occupies premises there.

A permit company is not normally required to file records with Bermuda unless it is operating as an insurance business. Bermuda representatives must be appointed and the particulars of the company must be disclosed to the Registrar.

The application process is usually accompanied by rather extensive disclosure about the company, its business involvements, and the beneficial owners of the business. The entire application process is fairly expedient and normally takes about 10 days.

About the Author

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