



**INSIDER**



News and  
Information  
for Members  
and Friends  
of GGI

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# GGI Leadership Forum in Eisenberg

# Editorial

Dear GGI Members,  
Dear Friends,

The need for people to realise the full potential of their ideas by working together – to collaborate effectively both within their business and with other external parties – has become an essential requirement for organisations today. It is a challenge to create a culture of collaborative environments and relationships, with few organisations doing so effectively. During GGI's first World Café at the Leadership Forum in Eisenberg, Austria, participants will explore some fundamental elements that are key to ensuring a collaborative environment and culture. They will identify some practical challenges and opportunities when leading collaboration. Read on to learn more about GGI's Leadership Forum and other upcoming events as well as a chance to browse through reports on past conferences.

This Insider issue also includes internal news and success stories from GGI member firms.

Götz Hempel of Teekens Karstens, Netherlands, talks about offshore wind energy in the Netherlands. Samantha Davies from Haines Watts, UK, shares her experiences on successfully creating a new website, KC Chia, KC Chia & Noor from Malaysia, informs the readership on Corporate Restructuring in Malaysia and Dr Jorge Garcia Landa, Corporativo García Landa SC, Contadores Públicos y Abogados, Mexico, reports on the global transactions using funds from illicit sources.

Dr Massimiliano Grosso, Studio Signori, Italy, updates readers on the new Italian Patent Box Regime and Sergio Guerrero Rosas, Guerrero Santana, Mexico, informs on taxation of trusts and estates in Mexico.

We wish you an enjoyable read and look forward to seeing you again at future GGI events.

**Your GGI Team**

## Contact

### **GGI Geneva Group International AG**

Schaffhauserstrasse 550  
8052 Zurich  
Switzerland

T: +41 44 256 18 18

E: [info@ggi.com](mailto:info@ggi.com)

W: [www.ggi.com](http://www.ggi.com)

W: [www.ggiform.com](http://www.ggiform.com)

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# Contents

■ EDITORIAL, CONTACT, DISCLAIMER .....	02
■ CONTENTS, DIARY .....	03
■ UPCOMING GGI EVENTS	
→ GGI Italian Business Summit, Rome, Italy .....	04
→ GGI Leadership Forum, Eisenberg, Austria .....	05
→ GGI Nordic-Baltic Meeting, Helsinki, Finland.....	07
→ GGI German Speaking Chapter, Salzburg, Austria.....	08
■ GGI EVENTS REVIEW	
→ GGI Latin American Regional Conference in San Jose, Costa Rica.....	09
→ GGI European Conference in Lausanne, Switzerland.....	10
■ GGI NEW MEMBER FIRMS .....	13
■ GGI INTERNAL NEWS	
→ GGI member firm Sójka & Maciak Adwokaci merged.....	16
→ Prager Metis Partner Emeritus Jack Topal Receives Robert Briscoe Award....	16
→ New Partners join GGI member firm SMM Legal.....	17
■ COMMON INTEREST	
→ Offshore wind energy in the Netherlands .....	18
→ Successfully creating a new website .....	19
→ Corporate Restructuring in Malaysia .....	21
→ Worldwide transactions using funds from illicit sources.....	23
■ GGI PRACTICE GROUP PAGES	
● ITPG	
→ The New Italian Patent Box Regime (art.1 paragraph 36 to 45 of Law no.190 of 2014) .....	25
● PRIVATE EQUITY AND INTERNATIONAL WEALTH MANAGEMENT	
→ Where are we all heading economically? .....	27
● TRUST & ESTATE PLANNING	
→ Taxation of Trusts and Estates in Mexico .....	28
■ BOOK REVIEW .....	30
■ FURTHER CONFERENCES / EVENTS .....	30

# Diary

- **29-31 May 2015**  
GGI Italian Business Summit  
Florence – Italy
- **11-14 June 2015**  
GGI Leadership Forum  
Eisenberg – Austria
- **10-12 September 2015 (TBC)**  
GGI Nordic-Baltic Meeting  
Helsinki – Finland
- **18-20 September 2015**  
GGI German Speaking Chapter  
Salzburg – Austria
- **22-25 October 2015**  
GGI World Conference  
Boston, MA – USA
- **03-06 December 2015 (TBC)**  
GGI Asia-Pacific  
Regional Conference  
Hong Kong – Hong Kong
- **05-07 February 2016**  
GGI PG Chairpersons Meeting  
Zurich – Switzerland
- **18-21 February 2016 (TBC)**  
GGI Middle East African (MEA)  
Regional Conference  
UAE
- **21-24 April 2016 (TBC)**  
GGI European  
Regional Conference  
Warsaw – Poland
- **12-15 May 2016**  
GGI North American  
Regional Conference  
Chicago – USA
- **23-26 June 2016**  
GGI Leadership Forum  
Eisenberg – Austria
- **24-26 June 2016**  
GGI EasyMeet  
Eisenberg – Austria
- **16-18 September 2016**  
GGI German Speaking Chapter  
Strasbourg – France

Please refer to our website  
for actualised information  
and additional events:  
[www.ggi.com](http://www.ggi.com), entry “Events”

TBC = to be confirmed

29 to 31 May 2015 in Florence, Italy

# GGI Italian Business Summit

By **Stefania Turco**

With the start of EXPO 2015 in Milan and the announcement from the Holy See in Rome of an “Extraordinary Jubilee Year” for the church, Italy has been in the headlines this May.

For GGI and for most of its members the truly big news is that GGI member firm Studio Sistini-Grossi in Florence will host the third edition of the Italian Business Summit (IBS).

Studio Sistini-Grossi located right next to the historic heart of Florence is proud to welcome GGI members and other participants to IBS 2015. It will take place in their locale where traditional, elegant Florentine style meets the most advanced and efficient technological solutions facilitating global connectivity. Just as Studio Sistini-Grossi assists clients in their own business, they will also take you on an in-



**Bridges in Florence**

credible three-day journey of delicious food, beautiful sights and interesting group activities.

With Studio Sistini-Grossi hosting this year’s IBS, we would now like to present Dr Federico Grossi – a name worth remembering. Dr Federico Grossi is a graduate of Economy and Economic Sciences from Florence and Santa Clara University. In planning for the IBS 2015, he has shared not only his extensive ability and expertise, but also a great deal of time with GGI to ensure that all delegates have an unforgettable experience.

There are two practice groups organised for the Friday afternoon, when participants are scheduled to arrive: International Taxation and Litigation and Dispute Resolution. The meetings will focus on Italian business, law and professional interaction with the world in general. Speakers will include Claudio G. Cocca, Ugo Girardi, Oliver Bier-



**Dr Ugo Girardi and Dr Federico Rossi**

nat, Johan Langelaar, Arlene Rochlin, Patrizia Giannini, Stefania Averni and a representative from the National Council of Notaries (Consiglio Nazionale del Notariato) among others.

The Saturday morning session will focus on Italian business, including conventions and hallmarks of the way in which business and professional activities are traditionally conducted in Italy.

Please remember to bring one a va-

riety of outfits suitable for different occasions (casual, business and elegant evening). Delegates also need to bring a desire to meet new people and gain knowledge, because as one of Florence's most famous sons Dante himself once wrote: "We were not made to live like brutes, but rather to follow the path of virtue and knowledge."

We look forward to meeting many GGI members in Florence.

GGI member firm  
**Studio Sistini-Grossi**  
 Auditing & Accounting, Tax, Advisory, Corporate Finance, Fiduciary & Estate Planning  
 Florence, Italy  
 Dr Federico Grossi  
 E: [studio@sistini-grossi.it](mailto:studio@sistini-grossi.it)  
 W: [www.sistini-grossi.it](http://www.sistini-grossi.it)

GGI Leadership Forum in Eisenberg, 11 to 14 June 2015

# Leadership through a collaborative culture

Another GGI highlight is fast approaching: the Leadership Forum in Eisenberg, Austria.

Leadership in GGI member firms presents a particular set of challenges. Those attending the GGI Leadership Forum will discuss several concepts of business leadership as they apply them to independent professional firms. The planned presentations, workshops and discussions will provide a forum for experienced and knowledgeable input from GGI business leaders. Many do not

have someone in their business with whom they can discuss matters of leadership, strategy, family issues, the intersection of personal and business cash flow and the toll that the business can take on their personal lives.

The GGI Leadership Forum is also a unique opportunity for partners and managing partners of GGI member firms to explore a critical and persistently frustrating problem: what don't I



***Hotel Das Eisenberg is situated in very attractive surroundings and offers all attending the ideal conditions to relax a little in addition to the Conference***

know that could be holding my business back from healthy and robust growth?

The aim of this Leadership Forum is to have a vivid exchange of ideas, to allow quality networking amongst partners and managing partners of GGI firms and to discuss concepts and strategies that increase business, enhance marketing activities, assist decision-making and generate new ideas, in a pleasant environment with like-minded

fellow members from all over the world.

Do not miss the first GGI "World Café". The purpose of the two sessions on Friday is to explore aspects of leadership in an interactive and relevant capacity for attendees.

In the morning, participants will discuss: "The leader's role in realising potential through collaboration – going beyond stakeholder engagement to foster collaboration."  
*...next page*

Many leaders today try to incorporate collaboration and relationships into both their own leadership values and the culture of their business, but many fail. This failure comes from a mix of challenges: lack of clarity on a cultural definition of collaboration, appropriate personal skills (e.g. walking the talk), and finally embedded mechanisms and methods within their businesses to make collaboration really work and stick.

Over the course of this session delegates will explore, first via a short presentation and discussion and then via World Café methodology, some fundamental elements that go into ensuring a collaborative environment and culture, helping participants move towards a clearer definition of a workable collaborative culture for their own business, and across the GGI network going forward.

The Friday afternoon session will help participants build on the outputs from the morning session, identifying some practical challenges and opportunities to potentially take forward to help deliver on the envisioned culture. The theme of this second session will be: Becoming Collaborative – applying the whole system collaboration model. Applying some of the key learnings from the first session and again utilising the World Café methodology, participants



**Prof Dr Teodoro Cocca**

will self-select joining a group to focus on how they might practically take on a collaboration challenge and/or seize a collaborative based opportunity.

On Saturday morning Prof Dr Teodoro Cocca and Marko Mihkelson will be delivering speeches. Many of you already know Prof Cocca from previous GGI events. His CV is included in the conference documents on GGI's website.

Marko is the chairman of the Foreign Affairs Commission in the Estonian Parliament and also a member of the European Union Affairs Commission in the Estonian Parliament. He is well known



**Marko Mihkelson**

as an expert in the field of Foreign Affairs in Estonia.

Two sightseeing tours on Saturday afternoon round off the programme and offer an excellent networking opportunity. Delegates might either join a tour of a Slovenian Vineyard, or a Walking Tour of Graz. Depending on the weather, a team-building exercise on the River Raab might be offered as well.

Hotel Das Eisenberg is situated in very attractive surroundings and offers all attending the ideal conditions to relax a little in addition to the Conference with top-notch speakers and interactive workshops.

For example, one option is to take a bicycle tour (bikes are available from the hotel) to one of the numerous castles or palaces for which the region is so famous. The Burgenland, which is not far from the Slovenian and Hungarian borders, has an incredible amount to offer in terms of both landscape and culture.

GGI members who have not yet done so, can register using the online registration tool at [www.ggi.com](http://www.ggi.com) (member login > Events). The Conference programme is also available on the website, as well as the speakers' CVs.



**Workshops and discussions will provide a forum for experienced and knowledgeable input from GGI business leaders**

10-12 September 2015 (tbc) in Helsinki, Finland

# GGI Nordic-Baltic Meeting

GGI's third Nordic-Baltic Meeting will take place in Helsinki, Finland, between 10 and 12 September 2015 (tbc). The event will be hosted by the GGI member firm Rantalainen Accounting Services.

The conference will kick off on Thursday evening with a welcome dinner at the historic Kappeli restaurant in the centre of Helsinki, followed by a seminar and a comprehensive tour of Helsinki on Friday. Rantalainen Accounting Services promises to introduce the city to guests from the ground, the water and the air, with the main theme of the event being: "Finland as a gateway to Russia – or not?"

Aside from fascinating presentations and workshops, all delegates can expect excellent networking opportunities and a well-balanced programme of fringe activities. One of the main objectives of the conference is to strengthen cooperation between the Nordic-Baltic GGI member firms, create synergies between them and unlock potential business opportunities.

With an urban population of 1.2 million, Helsinki is the largest city and capital of Finland. It is located in the south of the country, on the shore of the Gulf of Finland, an arm of the Baltic Sea. The nearby municipality of Vantaa is the location of Helsinki Airport, which is approximately 18 km from the city centre.

There is much to discover in Helsinki, with not only a fine selection of muse-

ums such as the National Museum of Finland, the Helsinki City Museum, the Design Museum and the Finnish National Gallery consisting of three museums, but also many excellent restaurants. Host firm Rantalainen Accounting Services has created a varied programme to introduce their home city to all participants. They will provide a first impression during a short city walk from the seminar venue to the harbour, passing Senate Square.

The Senate Square and its surroundings form a unique and cohesive example of neoclassical architecture. The square is dominated by four buildings: Helsinki Cathedral, the Government Palace, the main building of the University of Helsinki and the National Library of Finland. Be sure to remember a camera as Helsinki Cathedral, which celebrated its 150th anniversary in 2002, is arguably Finland's most famous and photographed building. The oldest stone



*Historic Kappeli restaurant in the centre of Helsinki*

building in Helsinki is the Sederholm House located on the south-east corner of the square.

The Senate Square also hosts a sound installation called the Sound of the Senate Square. It is a modern version of the European "Glockenspiel" and can be heard every day at 5:49 pm as it travels from one building to the next. The composition runs for 5 minutes and 18 seconds and is composed by Harri Viitanen and Jyrki Alakuijala.

For lunch, participants will enjoy a sightseeing cruise through the archipelago in a historic sailing vessel and visit the world heritage site Suomenlinna whilst enjoying a Finnish meal on board. This breath-taking tour is followed by a visit to the new Finnair Skywheel to get a bird's eye view of the city.

GGI member firm Rantalainen Accounting Services recommends that those attending combine their journey to Helsinki with a visit in St. Petersburg. No visa is required for cruise customers.

The conference invitation and programme, as well as the registration form can be viewed and downloaded in due course on [www.ggi.com](http://www.ggi.com) (member login > Events). GGI members can then register directly with the host firm.



*The world heritage site Suomenlinna*



*Salzburg with Salzach River, Austria*

18-20 September 2015 in Salzburg, Austria

# GGI German Speaking Chapter at Salzach River

As hosts of this year's GGI German-speaking conference, GGI member firm Prodingler & Partner are delighted to welcome many German-speaking GGI colleagues to the banks of the Salzach River in September this year. The law firm has drawn up an appealing and varied programme which will combine specialist subjects and lively exchanges of experiences and knowledge with culinary delights.

The programme begins on Saturday with a speed networking session. This is a great opportunity to introduce yourself and your company while establishing contact with the many new German-speaking GGI member firms expected to attend.

Dr Josef Fritz will hold a presentation

on the subject of "Supervisory Board success factors – Supervisory and Control Boards in flux". Afterwards, participants will be encouraged to take part in a discussion on this subject and will have the opportunity to report on their own experiences and explain the situation in their countries.

Roland Haslauer of Prodingler & Partner's speech will tackle the subject of "Green Business – Future Driver of Economic Success".

Once official business for the day is over, participants will be invited to head over to the m32 restaurant. Aperitifs will be served on a terrace offering spectacular views over Salzburg. From here, there will be a guided walking tour to the Sal-

zburg Marionette Theatre, where GGI conference participants can enjoy an exclusive show. After this amazing performance, the tour continues to the oldest restaurant in Europe, St Peter Stiftskeller, where the event is to be brought to a close.

Dr Manfred Schekulin will be happy to recommend cultural activities, golf courses and walking tours around the region. Please contact him should you wish to extend your stay. German Speaking GGI members who have not yet done so, can register using the online registration tool at [www.ggi.com](http://www.ggi.com) (member login > Events). The conference programme is also available on the website, as well as the hotel booking form.



# GGI Latin American Regional Conference in San Jose, Costa Rica

San José, the capital of Costa Rica, was the location for this year's GGI Latin American Regional Conference. Costa Rica is a country that has no army, and instead redirects its entire budget to education and health. The beauty of Costa Rica and the kindness of its people transformed the conference into a truly memorable experience.

This was GGI's 14th regional conference, celebrating the 20th anniversary of GGI. GGI Latin America especially thanks GGI's Founder and President Claudio G. Cocca and Global CEO Michael Reiss von Filski for their participation in the regional conferences over the years and for their care and support in this region. Members from across Latin America, the USA and Europe congregated together at the Hotel Marriot de Costa Rica on Thursday, 16 April 2015. A challenging programme had been put together, ensuring that business development was equally as well represented as focussed practice group meetings.

During the Latin American Council meeting, an important decision was



*Audience*



*Group photo*



*From left to right: Michael Reiss von Filski, Dr Luis Montes, Dr Edgar Herrera, Dr Miguel Mantelli*



*From left to right: Michael Reiss von Filski, Dr Miguel Mantelli, H.E. Marco Vinicio Ruiz, Dr Luis Montes*

made to hold the next regional conference (2016) in Madrid as the first IberoAmerican conference. The dates are still to be confirmed, but the most probable month will be June.

This conference had top-class speakers, including the Former Minister of Commerce of Costa Rica and the former Costa Rica Ambassador in China, Marco Vinicio Ruiz. He described the Chinese economy and the consequences in the globalised world while Dr Edgar Herrera shared the possibilities and advantages of doing business in Costa Rica. Dr Miguel Mantelli's regional management report underlined the perpetual exchange between the different disciplines and also between the sub-regions across Latin America.

Focussed technical sessions during the practice group meetings engaged delegates in a lively exchange of informa-

tion. They covered a broad range of topics which included auditing, reporting and compliance, trust and estate planning, mergers and acquisitions as well as international taxation.

A group has been created to strengthen ties between the continents and develop new business opportunities. The region made a strong commitment to attend the world conference in Boston with the aim of reaching members from other regions. An interactive session about transfer pricing was held on Saturday 18 April, running in parallel with a lawyers' meeting. All participants thoroughly enjoyed a well-balanced and extraordinary conference. Delegates ex-



**Excursion**

pressed their appreciation of the host firm from Guardia Montes & Asociados. The overall organisation was great, with the typical dances during the Saturday dinner in the exclusive Country Club of San José being a particular highlight.

# GGI European Regional Conference in Lausanne, Switzerland



**Claudio G. Cocca, President and Founder of GGI, shares his memories on GGI's 20-years history**

The 2015 GGI European Regional Conference took place in the magnificent city of Lausanne, Switzerland, between 23 and 26 of April, 2015 also celebrating GGI's 20th anniversary. The event was hosted by the GGI member firm Fiduciaire FIDAG SA and welcomed over 200 delegates from all around the world staying at the spectacular Beau Rivage Palace, located on the shores of Lake Geneva.

The conference kicked

off with a very well-attended meeting of the International Taxation Practice Group on Thursday afternoon, prior to the formal start of the Conference. The welcome dinner took place later in the evening at the Olympic Museum, where all delegates could also enjoy a private tour of the museum itself. During the dinner, Michael Reiss von Filski, Global CEO of GGI, introduced the various new members and candidates who were attending a GGI conference for the first time.

The Friday programme started with a welcome speech delivered by Claudio G. Cocca, President and Founder of GGI, and featured a series of interesting



**Gala Dinner Reception**

contributions by the two keynote speakers.

Prof Benoît Dubuis discussed innovation as the new currency of competition. He analysed the current situation in Switzerland, facing times of great change and transition. The country produces many winners as a result of its innate ability to channel its passion into action and turn involving ideas into successful businesses. During his contribution, Prof Dubuis explored sustainability strategies that are required to maintain this status, as well as associated threats and opportunities.

The second keynote speaker scheduled for the morning session was General Peter E. Regli, who delivered

a speech regarding the current threats to Swiss homeland security. The topic of safety is becoming ever more important today. Finding the perfect balance between personal freedom versus security, precaution measures and observation is difficult and causes much debate. General Regli recalled the security developments of the last 14 months and assessed the importance of the war in Ukraine, Islamic State and the cyber war, as well as their importance for Europe and our countries. Lastly, he gave a presentation on the Swiss security system and the geopolitical scenarios likely to occur in the near future.

On Friday afternoon, two rounds of various practice groups took place, during which experts from all over the world exchanged technical knowledge and visions as well as exploring opportunities for future joint business projects. After a very interactive day, member delegates were invited to a dinner cruise on Lake Geneva, enjoying the stunning sunset view and delicious Swiss food.

The Saturday session featured further meeting opportunities. Randall S. Leff and Gary Freedman (Ervin Cohen & Jessup LLP, USA) led the session “Creating and sustaining an environment that stimulates business development activities”. The workshop focused on the challenges of creating and sustaining an environment that stimulates business development activities. It featured



**Keynote speaker Prof Benoît Dubuis**

lively discussions about the cultural differences between European and North American cultures, including which models work best and where, and what each can learn from the other. As part of this process, the importance of creating a positive cultural perspective within the firms and stimulating an attitude of abundance rather than scarcity were discussed, together with the details of how Ervin Cohen & Jessup has implemented such a programme and the results that have been achieved so far.

During the workshop “CPA firm growth: selling HR”, Wim Cox (Cox 360, ...next page



**Keynote speaker General Peter E. Regli**

Netherlands) presented a human resources (HR) model which enables an accountant to navigate clients through the complete HR value chain, from selecting the most promising candidates in the recruiting and assessment process to predicting attrition and identifying the characteristics of successful leaders. The unique HR model can be applied universally and helps in selling proposed HR measures, such as investment needs, learning development and hiring plans.

“The Post FATCA Form W-8: how to help your clients to correctly complete this form” was the topic introduced by Galia Antebi (Ruchelman P.L.L.C., USA). In today’s world, no bank or investment fund will open an account or maintain an existing account without obtaining Form W-8 or equivalent from the institution. It is therefore essential to know how to complete it correctly. This was the main topic of the session.

Oliver Biernat (Benefitax GmbH, Germany) and Dr Karl Friedrich Dumoulin (FPS, Germany) led the “What can we learn from people with charisma?” workshop. Charisma is a trait associated with many historic figures, such as Mahatma Gandhi or Winston Churchill, and lead-

ers in religion, politics, cultural life or economics. However, there are also darker connotations to charisma, which link to evil throughout the world. This workshop explored the positive lessons that can be learnt from people with charisma. It also tried to answer the question: what constitutes charisma, confidence, optimism, emotion, empathy, intelligence and interaction? The aim was to determine how these elements can be transposed into the daily lives of GGI professionals.

Domizia Badodi (Studio Legale Baldi, Italy) led the workshop “Across the Atlantic: U.S. Chapter 11 and Italian composition with creditors proceeding”, which explored the features of the Chapter 11 of the U.S. Bankruptcy Code and provided examples of famous companies, such as Metro-Goldwyn-Mayer, Napster and General Motors, which took advantage of it. She also provided an overview

of the consequences and benefits for Italian companies. The workshop was an active forum where participants could discuss actual and practical cases and compare the respective national rules.

The last workshop scheduled for the morning was held by Michael Reiss von Filski who, with his “Understanding GGI” session (compulsory for new members and candidates), provided an interactive overview offering a better understanding of



**Gala Dinner with Magician Federico Soldati**



**Exchange of experiences**



**Networking**

the daily life of GGI, membership criteria, selection of members, conferences, workshops, practice groups, charter and the functioning of Head Office, Regional Offices and Executive Committee.

During the second half of the day, delegates and accompanying persons could enjoy a variety of sightseeing options such as visiting the Chillon Castle, a tasting of Swiss wines, a little time out at the hottest thermal baths in Switzerland, the Les brains de Lavey, or the Salt Mines of Bex to discover the various techniques of salt mining from 1684 to the present day.

The conference ended on a high with a gala dinner at the Beau Rivage Palace, featuring entertaining activities such as acrobatic performances on a flag pole, a magic show by Federico Soldati, former winner of Italy’s Got Talent, and a dancing session with the Irish band Spring Break. All delegates attending this fantastic black tie event enjoyed themselves as the conference came to a successful end.

The 2016 GGI European Conference will take place in Warsaw, Poland, between 21 and 24 of April (tbc). GGI is pleased to invite all the members to this event to enjoy another splendid meeting together.

## Estonia



**Grow Finance OÜ**  
Pärnu mnt 141 (Delta Plaza)  
11314 Tallinn  
Estonia

T: +372 6850 800  
E: ulvi.tallo@grow.ee  
W: www.grow.ee

**Company languages:** English, Estonian

**Contact person:** Ulvi Tallo

**Services:** Auditing & Accounting, Tax



**Ulvi  
Tallo**

## Finland



**Fondia Oy**  
Lönrotinkatu 5  
FI-00120 Helsinki  
Finland

T: +358 20 7205 400  
F: +358 20 7205 499  
E: marten.janson@fondia.fi  
W: www.fondia.fi

**Company languages:** English, Finnish, Swedish

**Contact person:** Mårten Janson

**Services:** Law Firm



**Mårten  
Janson**

## Germany



**Dr. Böhmer,  
Bethmann & Partner mbB**  
Klütstraße 28  
31787 Hameln  
Germany

T: +49 51 51 95 07 0  
F: +49 51 51 95 07 77  
E: bethmann@bbup.de  
W: www.bbup.de

**Company languages:** English, German

**Contact person:** Andreas Bethmann

**Services:** Auditing & Accounting, Tax, Advisory, Corporate Finance



**Andreas  
Bethmann**

WE WISH TO EXTEND A VERY WARM WELCOME TO OUR NEW DISTINGUISHED MEMBERS.

## Germany



**LUTZ | ABEL**  
**Rechtsanwalts GmbH**  
 Palais am Obelisk  
 Brienner Straße 29  
 80333 Munich  
 Germany

T: +49 89 544147 0  
 F: +49 89 544147 99  
 E: [noreisch@lutzabel.com](mailto:noreisch@lutzabel.com)  
 W: [www.lutzabel.com](http://www.lutzabel.com)

**Company languages:** English, German

**Contact person:** Dr. Bernhard Noreisch

**Services:** Law Firm



**Dr. Bernhard**  
**Noreisch**

## India



**Komandoor & Co.,**  
**Chartered Accountants**  
 I-504, Divya Shakti Complex,  
 7-1-58, Dharam Karan Road  
 500 016 Ameerpet (Hyderabad)  
 India

T: +91 40 23751300  
 F: +91 40 23745381  
 E: [kma@komandoorco.com](mailto:kma@komandoorco.com)  
 W: [komandoorco.com](http://komandoorco.com)

**Further office:** Chennai

**Company languages:** Hindi, English

**Contact person:** Mohan Komandoor Acharya

**Services:** Auditing & Accounting,  
 Tax, Advisory, Corporate Finance,  
 Fiduciary & Estate Planning



**Mohan**  
**Komandoor Acharya**

## Lithuania



**ADLEX**  
 Gyneju 16, 6th floor  
 01109 Vilnius  
 Lithuania

T: +370 5 204 5554  
 F: +370 5 204 5500  
 E: [r.kurlaviciene@adlex.lt](mailto:r.kurlaviciene@adlex.lt)  
 W: [www.adlex.lt](http://www.adlex.lt)

**Company languages:** English, Lithuanian

**Contact person:** Reda Kurlavičienė

**Services:** Tax, Law Firm, Corporate Finance



**Reda**  
**Kurlavičienė**

WE WISH TO EXTEND A VERY WARM WELCOME TO OUR NEW DISTINGUISHED MEMBERS.

## Netherlands



### COX360

Kruisweg 799 a-b  
2132 NG Hoofddorp (Amsterdam)  
Netherlands

T: +31 23 55 55 000  
F: +31 23 55 55 005  
E: r.vanzelst@cox.nl  
W: www.cox.nl

**Company languages:** Dutch, English

**Contact person:** René van Zelst

**Services:** Auditing & Accounting, Tax, Advisory, Corporate Finance



**René  
van Zelst**

## Thailand



### MBMG Group

75 / 56 Ocean Tower II, 26th Floor,  
Soi Sukhumvit 19, Klongtoey Nua,  
Wattana  
10110 Bangkok  
Thailand

T: +66 2 665 2534 9  
F: +66 2 665 2996  
E: sa@mbmg-group.com  
W: www.mbmg-group.com

**Company languages:** Thai, English

**Contact person:** Usa Suwanchatree

**Services:** Auditing & Accounting, Tax, Law Firm, Advisory, Corporate Finance



**Usa  
Suwanchatree**

## United States



### Carr McClellan PC

216 Park Road  
CA 94010  
Burlingame  
United States

T: +1 650 696 2546  
F: +1 650 342 7685  
E: blund@carr-mcclellan.com  
W: www.carr-mcclellan.com

**Company language:** English

**Contact person:** Brendan Lund

**Services:** Law Firm



**Brendan  
Lund**

WE WISH TO EXTEND A VERY WARM WELCOME TO OUR NEW DISTINGUISHED MEMBERS.

# GGI member firm Sójka & Maciak Adwokaci merged Now one of the largest Polish law firms

On October 20th 2014, the leading legal services provider in the Wielkopolska region, GGI member firm Sójka & Maciak Adwokaci (based in Poznań with offices in Warsaw), joined forces with Mataczyński Dybiński Krzemień Adwokaci (based in Warsaw with offices in Poznań). The resulting new entity is:

Sójka Maciak Mataczyński Adwokaci spółka komandytowa, based in Poznań and Warsaw, referred to as: SMM Legal sp.k.

The new business will be one of the

GGI member firm

**SMM Legal**

Law Firm

Poznań, Warsaw, Poland

Prof. Tomasz Sójka

E: [poznanoffice@smmlegal.pl](mailto:poznanoffice@smmlegal.pl)

W: [www.smmlegal.pl](http://www.smmlegal.pl)

largest Polish law firms providing comprehensive legal services. SMM Legal sp.k. is composed of about

70 lawyers, known in the profession as nationwide leaders in their respective fields and recommended by the most important international rankings, such as Chambers and the Legal 500.

The goal of the merger was to create a new, stronger entity that would bring together both firms' knowledge of local markets, establishing a strong office in Warsaw and creating a new kind of legal services provider operating in a non-standard and competitive manner in comparison to the model often used by large, network law firms.

But despite its scale, SMM Legal sp.k. still operates according to a concrete policy of individually tailoring its services



**SÓJKA | MACIAK | MATACZYŃSKI**

to each client's needs. This differentiates SMM Legal from the competitors by allowing SMM Legal to:

- Tighten the response times,
- Work in a flexible and dynamic way,
- Offer competitive prices,
- Provide the absolute highest quality of services.

Finally, the new leadership team believes that SMM Legal sp.k. is firmly part of a new generation of modern, dynamic legal services providers which combine their lawyers' passions with a clear-cut purpose: supporting the Client's business in a creative, productive – and at the same time – responsible way.

# GGI member firm Prager Metis Partner Emeritus Jack Topal Receives Robert Briscoe Award

GGI member firm Prager Metis CPAs, LLC, an independent, full-service public accounting and consulting firm, announced that Partner Emeritus Jack Topal was honored with a Robert Briscoe by the Emerald Isle Immigration Center on March 23, 2015.

The Robert Briscoe Awards are bestowed each year on members of New York's Jewish community in appreciation of efforts to better the lives of Irish immigrants. Previous honorees include Michael Bloomberg, Gabe Pressman and Eric Schneiderman. The award is named

after Robert Briscoe, the first Jewish Lord Mayor of Dublin, the capital city of Ireland. He was widely known for his lifelong devotion and service to his country. "I am very honored to receive the Robert Briscoe Award for my work with my clients", says Jack Topal, "I feel very close



to the Irish community, the parallel experiences of the Jewish community added a deeply personal and human bond.”

An estimated 250 guests from the Jewish and Irish communities attend the event, which was hosted by the Emerald Isle Immigration Center. The evening was held at the “21” Club. Honorees included Edward Friedland, District Court Executive, United States District Court for the

GGI member firm

**Prager Metis CPAs, LLC**

Auditing & Accounting, Tax, Advisory, Corporate Finance, Fiduciary & Estate Planning  
Basking Ridge (NJ), Long Island (NY), Los Angeles (CA), New York (NY), White Plains (NY), USA  
Jack Topal

E: [info@pragermetis.com](mailto:info@pragermetis.com)

W: [www.pragermetis.com](http://www.pragermetis.com)

Southern District of New York and Jack Topal Partner Emeritus of Prager Metis CPAs, LLC.

Mr. Topal is a lifelong New Yorker, born in 1925 to immigrant parents from Eastern Europe. Mr. Topal has played an integral part in building the New York City Irish business community. He has helped to establish and grow numerous Irish bar and restaurant ventures through his financial guidance and legal consultation.

Beginning in the mid-1950's, Mr. Topal, as both an accountant and a lawyer, mentored his clients in all aspects of business including financial advice, legal counsel and the importance of exceptional client service. From contracts to purchase businesses, to liquor licensing, cash flow management and taxes, he was involved in all aspects of the business he serviced.

“He has always treated his clients as if they are his own family and their busi-



**Jack Topal**

nesses as if they are his own.” says Steven Topal, CPA, JD, Mr. Topal's son and Partner at Prager Metis CPAs, LLC “I believe this deep concern and care has resulted in deep mutual admiration and respect.”

# New Partners join GGI member firm SMM Legal

Two new partners joined SMM Legal in May: Maria Bysiewicz, expert on M&A transactions and investments, and Jędrzej Bujny, PhD, who will manage the Administrative Law department.

Ms. Bysiewicz has advised on a number of major transactions, including the acquisition of a majority stake in one of the leading Polish insurance companies, the take-over of an open pension fund, the sale of a group of companies within the automotive industry, investments by a leading global food industry corporation and various transactions involving the transfer and conversion of enterprises. She has extensive experience in dispute resolution and has represented clients before civil courts, administrative courts and government authorities. Her



**Maria Bysiewicz**

litigation practice has focused on commercial and civil law disputes (including the protection of personal rights),



**Jędrzej Bujny**

but she has also defended clients in corporate criminal matters (white collar ...next page

crimes). Furthermore, she has advised non-banking financial companies (NBF-Cs) on competition and consumer protection law.

Mr. Jędrzej Bujny holds a doctoral degree in legal sciences and works as an associate professor at the Chair of Administrative Law and Administration Science of the Faculty of Law and Administration at Adam Mickiewicz University in Poznań. Mr. Bujny is a legal advisor with a strong background in ad-

visory to public administration entities, and has extensive experience managing teams advising clients from the public utilities sector, such as water supply, waste management and renewable energy firms. In his academic and expert activity he focuses on local government law, particularly issues related to municipal services and environmental protection, including waste management and energy law, with special emphasis on renewable energy sources.

GGI member firm

**SMM Legal**

Law Firm

Poznań, Warsaw, Poland

Maria Bysiewicz

E: [poznanoffice@smmlegal.pl](mailto:poznanoffice@smmlegal.pl)

Jędrzej Bujny

E: [poznanoffice@smmlegal.pl](mailto:poznanoffice@smmlegal.pl)

W: [www.smmlegal.pl](http://www.smmlegal.pl)

# Offshore wind energy in the Netherlands

By Götz Hempel

First of all, let me introduce myself to you. My name is Götz Hempel and I joined the Dutch GGI Member firm TeekensKarstens in March this year, heading our firms German Desk.

Born and raised in Germany I started my law studies in Germany and continued and finished my law studies with intermediates at the universities of Bergen/Norway and Uppsala/Sweden in the Netherlands. Following an internship at the University of Amsterdam, I started my career as a lawyer at a Dutch law firm with offices in Amsterdam and London about 8 years ago. With ample experience in corporate law my practice concentrates on mergers and acquisitions, (international) joint ventures, restructurings, corporate governance and (cross-border) commercial contracts.

One of the connecting subjects between the Netherlands, Germany and Scandinavian countries are issues regarding renewable energy, namely on- and offshore wind energy.

Especially the conditions for offshore wind energy in the Netherlands are excellent: relatively shallow waters, good wind resource, good harbour facilities, expe-

rienced industries and a new, robust support system.

## Sustainable Growth

Regarding the development of renewable energies, the Netherlands made a major step forwards when forty-seven organisations – amongst others – public authorities, employers, unions, environmental organizations, other social organisations and financial institutions, agreed with the public authorities on 6 September 2013 to an **Energy Agreement for Sustainable Growth**. As part of this National Energy Agreement it has been agreed – amongst others – that (i) 16% of the Dutch final energy consumption must come from renewable sources and (ii) a

road map shall be developed to increase offshore wind capacity from today's 1,000 MW to 4,500 MW operational in 2023, including the designation of wind farm

zones for new wind farms. This road map foresees in five tenders of 700 MW each (Borssele wind farm site I – 2015, Borssele wind farm site II – 2016, South Hol-



**Offshore wind turbines in the Netherlands**

land coast wind farm site I – 2017, South Holland coast wind farm site II – 2018 and North Holland coast wind farm site – 2019). The Dutch Government shall be responsible for a greater part of the preparations, including but not limited to consents, electrical infrastructure and insight in the physical environment. According to the Dutch Minister of Economic Affairs, the return on subsidies for offshore wind during 2019 to 2039 is expected to be approximately EUR 12 billion.

## Legislative proposal Offshore Wind Energy Act

As an important step towards the realisation of the renewable energy targets as set out in the National Energy Agreement, on 26 March 2015, the House of Representatives (Tweede Kamer) passed the legislative proposal for the Offshore Wind Energy Act - OWEA (Wet windenergie op zee).

This Act intends to simplify and expe-

dite the decision-making process for realisation of offshore wind projects. Based on the OWEA the responsible Minister will draft so-called wind farm site decisions ('kavelbesluiten', section 2 of the OWEA), in which the location for a wind farm and the conditions under which it may be constructed and operated will be specified. The OWEA Act further provides that the permit to develop a wind farm on a particular wind farm site is awarded to the winner of the subsidy tender. Furthermore, the OWEA Act sets certain requirements for the granting of a permit, including that the construction and exploitation of the wind farm is (technically and financially) feasible and that the exploitation can commence within four years after the permit has become irrevocable.

The OWEA Act will be sent to the Senate (Eerste Kamer) in due course and is expected to enter into force on 1 July 2015. It is expected that the first tender for the first two wind farm sites (Borssele I & II) will be launched in December 2015. The formal consultation concerning the wind farm site decision for these wind park sites will commence in the 3rd quarter of 2015.



**Götz Hempel**

GGI member firm

**TeekensKarstens  
advocaten notarissen**

Law Firm

Leiden, Alphen aan den Rijn,  
The Netherlands

Götz Hempel

E: [hempel@tk.nl](mailto:hempel@tk.nl)

W: [www.tk.nl](http://www.tk.nl)

# Successfully creating a new website

**By Samantha Davies**

Keeping up to date with website technology and design is key in today's competitive marketplace. A website can be the first time a potential client comes into contact with your brand, it acts as a key communication channel and can be an effective way of generating new business.

Haines Watts had undertaken a website redesign and build in 2011 and at this point had modernised design, cut down the content and simplified the nav-

igation on their website. Haines Watts also designed a separate mobile site in 2011 and were the first UK top 20 firm of accountants to have a fully enabled mobile site. However, as with all technology, you can't simply stand still. Nowadays, with responsive designed websites being favoured by Google in mobile search results, there was a need to once again review the site as a whole.

The new Haines Watts website project began around 6 months before the intended go live date of the new site and this amount of time was definitely need-

ed to complete a project and website of this size and complexity.

Haines Watts' reasons for undertaking the project were:

## Targeted

The site needed to be more focused on their target audience of business owners. It was intended to lead with business owner stories on the new site by showcasing Haines Watts' clients talking

*...next page*

about their challenges and how Haines Watts have helped overcome them.

## Responsive

The new site needed to be a fully responsive design, to view on mobile and tablet as well as laptops and desktops. This also would enable Haines Watts to discard their separate mobile website and would improve their Google rankings for mobile.

## Up to date platform

Because of the complexities of the Haines Watts website, the previous site was built within WordPress (industry standard software) and a bespoke content management system (CMS). Using a bespoke CMS tied Haines Watts to the company that had built the CMS for ongoing work.

WordPress has now evolved and developed and is capable of handling complex websites and is used by many developers – so it was important that the new website was wholly built in WordPress to allow more flexibility and freedom in future.

## Modern design

Haines Watts as an accountancy firm have continued to develop and evolve



**Samantha Davies**

over the years and it was important that the website design reflected the modern and forward thinking accountancy firm that Haines Watts is today.

## Choosing the right suppliers

Haines Watts has worked with two companies for digital and online marketing for a number of years. The decision was taken to continue working with both companies on this project - one to design the site and one to build and maintain the site ongoing.

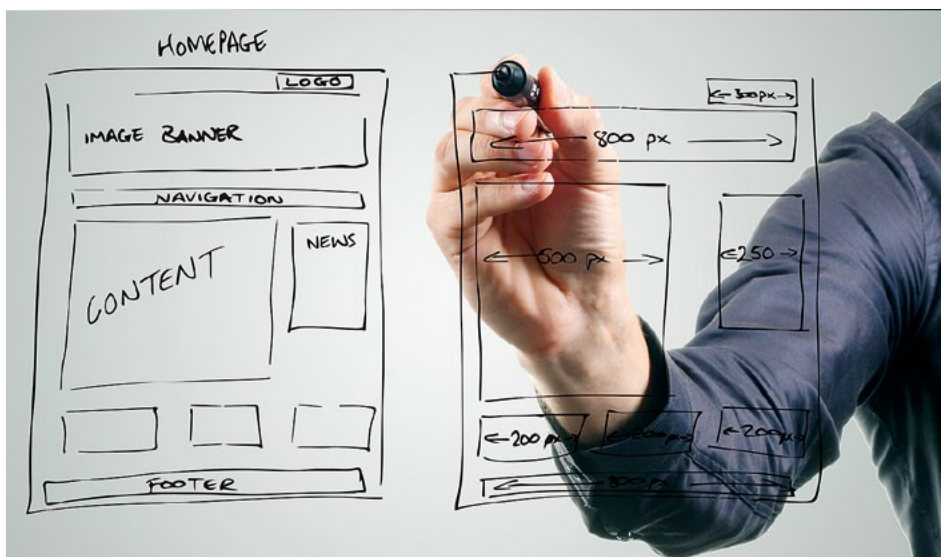
Using two suppliers may seem, to many people, to complicate the project, but it was felt that using both companies for their strongest skill sets would

give the best outcome. It allowed each company to be used to sense check decisions made by the other and support the Haines Watts team throughout the project. This worked well and both companies worked excellently together.

## Making the project a success

There are some key points to consider in order to make your website project a success:

- Use a specialist digital designer, who understands how digital design works and how this differs from hard copy designs. This is imperative. Haines Watts had previously used general agencies to design for digital and found they didn't have the in depth knowledge of websites that was truly required. Web designers go into more depth than just the frontline designs, they consider things like how navigation should work, how things should overlay and how transitions work. These are skills that a general designer can often lack.
- Have a clear project plan. At the start of any website project a lot of work goes on in the background and there is very little to see at the front end. For a marketing person, it can feel like little progress is being made. Suppliers should provide a clear plan of when key stages will be delivered, and these need to be regularly checked against to ensure the project is running on time.
- Communicate regularly. At the beginning of the build phase Haines Watts had fortnightly conference calls with both suppliers to check progress against the plan and to ensure any questions that arose during the build phase were being addressed. All of the team had access to the staging site, so could see progress in real time. Nearer the end of the build, weekly conference calls or meetings were necessary as the website build progressed, testing commenced and



**Consider some key points to make your website project a success**

content was put in place.

- d) Expect the unexpected. If your website is complex, expect some things to occur that you may not have considered and allow time for them. Just changing the format of the Haines Watts site from single columns to two column format, meant time consuming work took place to check through all text to get column breaks in the right places. Moving to landscape pictures only on blogs and news etc., also meant changes to pictures in historical blogs and news articles had to be made. Both of these things were not considered when the original design was approved.
- e) Allow plenty of time for testing. With the complexity of multiple browsers to test in, such as Chrome, Internet Explorer and Safari and the addition of having to test designs on desktop,

tablet and mobile – the testing phase can take a huge amount of time. Allow additional time to ensure you test thoroughly before launching a site externally. The last thing you want when you launch a new website is to have visitors finding broken links, unformatted pages or out of date content.

Although a new website can be a costly, complex and time consuming project, it's a vitally important one as a website may be the first point of call for potential clients and forms the hub of all other digital communication, whether it's apps, social media or e-mail marketing. However, if you manage the project carefully the outcome will be worth the cost, time and effort.

The Haines Watts website has only been live for a short period of time, so it's important to spend time over the coming months looking at key analytics and tweaking the design based on how

people are using the new site to improve it. There's no time to stand still!

Checklist box – 5 tips to make your website project a success:

- 1) Use a specialist digital designer
- 2) Have a clear project plan
- 3) Communicate regularly throughout the project
- 4) Expect the unexpected
- 5) Set aside plenty of time for testing

GGI member firm

**Haines Watts**

Auditing & Accountancy, Tax, Advisory, Corporate Finance, Fiduciary & Estate Planning  
Abingdon and 60 further offices throughout the UK  
Samantha Davies  
E: [sdavies@hwca.com](mailto:sdavies@hwca.com)  
W: [www.hwca.com](http://www.hwca.com)

# Corporate Restructuring in Malaysia

By KC Chia

**“Corporate restructuring is an effective tool to resurrect distressed companies with a view of giving them a new lease of life, therefore enabling them to positively contribute to the nation’s future social and economic development...”**

Many companies in an economic downturn are making losses and may find themselves in a position of insolvency, meaning that they are unable to pay their debts as and when they fall due. Being trapped in such position is precarious, as there is a risk of the company being wound up, causing undue hardship to employees, creditors and

shareholders alike. In addition, creditors will rush to enforce their debts, which is usually a disastrous state of affairs. This may eventually lead to the end of a company following a harsh liquidation process, which is costly, less efficient and time consuming. However, there are revival mechanisms in place to address such issues, depending on the root cause.

A state of insolvency can generally be categorised as one of two types: (i) there are insufficient assets to settle all debts, or (ii) there are sufficient assets to settle all debts with surplus available for distribution, but it may take time to realise such assets into cash. In the first scenario, the question is whether the

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KC Chia

company is realistically able to strike a compromise with its creditors and turn the situation around. Such companies will usually require an injection of fresh capital and/or new viable businesses from “white knights”. In the second scenario, it is likely that a compromise regarding the company debt could be agreed upon without the need for any further form of aid. The decision-makers of the distressed company would therefore have to carefully consider whether winding up the company or a form of corporate resuscitation would be in the best interests of the company.

Although there is no voluntary administration procedure in Malaysia for the restructuring of a company enduring a period of financial distress, the compromise and scheme of arrangement mechanism as provided in Section 176 of the Companies Act, 1965 (the Act) (similar to Sections 411 to 413 of the Australian Corporations Act, 2001; Para. 26 of the UK Companies Act, 2006), is still operational and provides a solution to companies for which a financial revival is a viable option. Among other things, this mechanism allows a company to propose a compromise with its creditors in an orderly manner. The compromise may entail a combination of seeking a haircut to total debt, freezing of further interest charges and deferment of the repayment schedule.

The advantage of this procedure is that as an integral part of the scheme of arrangement, the company can propose a compromise to its creditors as a group or on a global basis, instead of having to deal with each creditor individually. It would be almost impossible to seek a compromise with each creditor as the terms of compromise will not be same with some variations for each creditor class. Additionally, it is even doubtful that there would be sufficient time to negotiate with each creditor individually. The acceptance or rejection of the compromise proposal is determined by the creditors at their respective meetings.

Before a proposal for compromise and scheme of arrangement can be brought to creditors for their consideration, the company must first make an



***Providing a rehabilitation scheme to distressed companies with a view to giving them a new lease of life***

application to the high court for an order to convene a meeting of creditors. Creditors must be grouped into their respective classes, as there are different types of creditors for the respective amount of debts. This would enable them to vote at their respective meetings, whereas the rights, benefits and obligations of all creditors in that particular class have to be just and equitable. All information required by the creditors to make decisions regarding the proposed compromise together with the scheme of arrangement which may involve the interests of equity and preference shareholders as well as the white knights must be furnished to them in the form of an explanatory statement.

A meeting convened pursuant to the high court order under Section 176 has the advantage that if a sufficient majority of creditors are in favour of the proposal for the compromise and scheme of arrangement, despite the presence of some dissenting creditors, the scheme can still be considered approved and endorsed by creditors. For the majority to be regarded as sufficient, it must equate to at least 75% of the value of the creditors' debts and a simple majority in number for those creditors attending and having voted in the respective meetings. Where there are few classes of creditors, separate meetings for each class are required. Whether the

proposal for a scheme will succeed or not depends on how the proposal is structured and the relative appeal of the compromise. Some proposals are structured in such a way that in order for the scheme to be approved and implemented, the approval of all classes of creditors is a prerequisite condition and that any one class rejecting the proposal may spell the end of the entire restructuring effort.

It is common to submit an application requesting a moratorium period of two to three years which aims to restrict legal proceedings against the company at the same time as making an application for an order to convene the creditors' meetings. Protection for legal proceedings against the company is required as this will give the time required for the company to table the proposal for compromise and to obtain the necessary approval for the scheme from its creditors.

If the creditors vote in favour of the proposal in the court-convened meetings, the company will then have to make another application to get the high court to sanction the scheme as approved by the creditors. At this stage, creditors can still object, but in order for the proposed scheme to be rejected, they must be able to unequivocally justify why it should not be sanctioned, despite having received prior approval

from the requisite majority in terms of value and number of respective creditors.

In short, as highlighted by Ramanujam (2000): "Corporate restructuring is designed with a view that a productive unit is to be saved and brought back to life. The anxiety underlining this objective is that if a productive unit dies, it will cause incalculable harm to the society, to the economy, to the shareholders and stakeholders including creditors, suppliers, employees and bankers alike who are serving the public by extending credits to the industry. If the industry thrives, the customers would get more

supplies, the employees would get employment and the government would get more revenue and the augmented funds could be used for national building purposes."

Given the current unfavourable economic condition in Malaysia and the ASEAN region as a whole, it is anticipated that more distressed companies are expected to resort to the compromise and scheme of arrangement mechanism as provided in Section 176 of the Act in the near future. This is intended to provide a rehabilitation scheme to distressed companies with a view to giving them a new lease of life. If these

companies can be revived, they will contribute positively to the nation's future social and economic development.

GGI member firm

**KC Chia & Noor,  
Chartered Accountants**

Auditing & Accounting, Tax,  
Advisory, Corporate Finance  
Kuala Lumpur, Melaka, Kluang,  
Johor Darul Takzim, Malaysia  
KC Chia

E: [kcchia@kcn.my](mailto:kcchia@kcn.my)

W: [www.kcn.my](http://www.kcn.my)

# Worldwide transactions using funds from illicit sources

By Dr Jorge Marcos García Landa

***What constitutes the offence of transactions using funds from illicit sources (known as money laundering)?***

The most accepted definition is the one approved by the 1988 United Nations Convention Against Illicit Worldwide Traffic in Narcotic Drugs and Psychotropic Substances (Vienna Convention):

- The conversion or transfer of assets, knowing that such assets are derived from an offence or offences of drug trafficking (or other offences), or from an act of participation in such offence or offences, for the purpose of concealing or disguising the illicit origin of the assets or of assisting any persons involved in the commission of such offence or offences to evade the legal consequences of their actions;

The concealment or disguise of the true nature, source, location, disposition, movement, rights with respect to,



**Dr Jorge Marcos García Landa**

or ownership of assets, knowing that such assets are derived from an offence or offences or from an act of participation in such offence or offences; the acquisition, possession or use of assets in the knowledge that, at the time of receipt, such assets were derived from an offence or offences or from an act of participation in such offence or offences.

***Is drug trafficking the only predicate offence to the offence of transactions using funds from illicit sources?***

No, with regard to the predicate offences to transactions using funds from illicit sources, the Mexican legal framework has not drawn up a list detailing such offences and, therefore, a predicate offence can be considered to be any offence which generates illicit earnings (funds, rights or property of any kind) as a result of its commission. As stated in the 2008 Mutual Evaluation Report drawn up and approved by the Financial Action Task Force on Money Laundering (FATF) and the Financial Action Task Force in South America, Mexican legislation provides for all the categories of offences designated as predicate offences included in the FATF Recommendations.

Furthermore, in accordance with the international commitments resulting from the treaties entered into by Mexico, offences committed outside of Mexico

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are also considered to be predicate offences to the offence of transactions using funds from illicit sources.

### ***How does money laundering affect the economy?***

In accordance with the Reference Guide to Anti-Money Laundering and Combating the Financing of Terrorism, published by the World Bank and the IMF, the introduction of illicit funds to the formal economy distorts free competition between the various persons and companies operating within it. For example, it is known that money launderers use companies which appear to be legitimate and which take part in legal transactions, but which are controlled by criminals. These criminals use such companies as a way of mixing illicit funds with lawful funds in order to conceal their illicit earnings.

Access by such companies to illicit funds enables them to alter the prices of the products they buy or sell below or above the value of identical or similar goods. Consequently, it is very difficult for legitimate companies to compete with these companies whose objective is not to make a profit, as a normal business' objective would be, but rather to conceal its illicit funds with the resulting loss of productive projects that create jobs and boost economic growth.

### ***How does money laundering affect the integrity of the financial system?***

The Reference Guide to Anti-Money Laundering and Combating the Financing of Terrorism, published by the World Bank and the IMF, warns that money laundering can undermine the financial system's main asset, which is trust. The loss of trust in financial institutions represents a risk to reputation, an operating risk and a legal risk, among others. If such risks become reality, the upshot is specific costs such as the loss of profitable businesses, liquidity problems caused by the massive withdrawal of funds, investigation costs and penalties, etc...

### ***How many models of Financial Intelligence Units are there worldwide?***

There are four:

1. The Administrative Model: agencies established within the Ministries of Finance or Central Banks. They act as intermediaries between the financial system, other agencies and bodies and the law enforcement authorities.
2. The Law Enforcement Model: an agency established within police forces with investigative powers.
3. The Judicial Model: an agency established within the competent prosecuting authorities (Attorney Generals' Offices, Public Prosecutors' Offices, etc.).
4. Hybrid Model: combines elements from at least 2 models, usually the Administrative Model and at least one of the other models mentioned.

### ***What is the FATF?***

The FATF (Financial Action Task Force on Money Laundering) is an intergovernmental body established by the G-7 Summit in 1989. Its main activities include the issuing of legal, regulatory and operating measures to combat money laundering and terrorist financing as well as other threats to the international financial system. The standards it issues are known as the "40 Recommendations".

Mexico has been a member of the FATF since 2000, assuming the presidency of the Group for the period from July 2010 to June 2011.

In addition to issuing the 40 Recommendations, the FATF implements assessment and monitoring procedures to verify the level of compliance with the Recommendations among its members. Using these procedures, it makes observations on the way in which a standard could be more effectively implemented.

In its recommendations, the FATF stipulates that DNFBPs (Designated Non-Financial Businesses and Professions) must comply with the requirements relating to customer due diligence, the sending of reports on suspicious transactions, observance of confidentiality measures by their employees and the implementation of internal controls, in the following situations:

- a) Casinos (including online casinos):  
When customers engage in financial

transactions equal to or above 3,000 US dollars or euros.

- b) Estate agents: When they are involved in transactions for clients regarding the buying and selling of real estate. This means that estate agents must comply with this requirement with respect to both the purchasers and vendors of property.
- c) Dealers in precious metals and gemstones: When they engage in any cash transaction with a customer equal to or above 15,000 US dollars or euros. This limit applies to one or more combined transactions.
- d) Lawyers, notaries, other independent legal professionals and accountants: When they prepare and carry out transactions for clients relating to the activities specified in the list.<sup>1</sup>
- e) Trust and company service providers: When they prepare and carry out transactions for clients relating to the activities specified in the list.<sup>2</sup>

The FATF also stipulates that DNFBPs must be subject to regulatory and supervisory measures and that member countries must ensure that other categories of non-financial businesses and professions are subject to effective systems for monitoring and ensuring their compliance with the requirements to combat money laundering and terrorist financing, which must be carried out on the risk-sensitive basis for the country concerned.

- 1) *The author of the document does not go on to list any activities.*
- 2) *Once again, the author of the document does not go on to list any activities.*

GGI member firm  
**Corporativo García Landa SC,**  
**Contadores Públicos y Abogados**  
 Auditing & Accounting, Tax,  
 Law Firm, Advisory  
 Mexico City, Mexico  
 Dr Jorge Marcos García Landa  
 E: [jmgarcial@garcialanda.com.mx](mailto:jmgarcial@garcialanda.com.mx)  
 W: [www.garcialanda.com.mx](http://www.garcialanda.com.mx)



## ITPG

Art.1 paragraph 36 to 45 of Law no.190 of 2014

# The New Italian Patent Box Regime

By Dr Massimiliano Russo

After a recent debate as to the possible introduction of new tax tools and incentives to attract foreign investments in Italy as well as a long period in which we have seen measures increasing the tax burden for both companies and individuals, this newly introduced legislation on the Patent Box Regime as a tax incentive is most welcome (in the following also referred to as the “incentive”). Unfortunately, as with most the newly introduced legislation in Italy, some aspects have not yet been committed and will be further regulated in future ministerial decrees. The interpretation of the newly introduced rule by tax authorities is also still awaited.

However, it is already possible to evaluate the regime as it is now drafted under the Law in force and raise a few questions that domestic or foreign investors would possibly ask based on the current information available. Before analysing the Patent Box Regime and its key elements, it is useful to briefly look at the current tax environment for company business in Italy.

Under current Italian tax legislation, resident corporations are taxed on their worldwide income. A company is considered to be resident in Italy when its registered office, its place of effective management or its main business operations are located in Italy for the greater part of the year. Resident companies are currently subject to Corporate Income Tax (IRES) at a flat rate of 27.5% and to Local Income Tax (IRAP) at a 3.9% rate (a 1% increase to IRAP is allowed on a



**Dr Massimiliano Russo**

regional basis).

From a general tax standpoint, all income earned by a resident company or commercial entity qualifies as business income. Revenues, expenses and other positive and negative items of income shall be included in the taxable base of the tax period to which they relate. The taxable business income is determined under the accrual principle, with certain exceptions, such as dividends and social security contributions. Interest and royalty income earned by resident companies are taxed as ordinary business income.

## The subjective scope of the law

The incentive generally applies to business income earned by individuals

or companies resident in Italy according to principles summarised above. The Patent Box Regime recently introduced in Italy aims to create a competitive tax regime similar to those for Italian resident companies developing intangibles and deciding to opt for such incentive that are already applicable in Luxembourg, the Netherlands, Portugal and the UK. Non-resident companies with a permanent establishment in Italy will benefit from the same incentive, provided they are resident in countries that have double tax conventions (DTC) with an exchange of information clause with Italy and opt for the incentive.

## The objective scope of the law

Those who conform to the subjective scope of the legislation may select a five-year period for the incentive, provided that the business income is derived from the use of intangibles, such as payments received as a consideration for the use of or the right to use any patent, trademark, design or models or information concerning industrial, commercial or scientific equipment.

International ruling procedure with tax authorities may apply in a domestic context in order to determine the cost attributable to the intangible's development. This is the first time Italian tax legislation has adopted and created a procedure for cross-border transactions such as intra-group policy pricing (for ...next page

example, transfer pricing purposes), applying to a purely domestic scenario where a higher degree of discretion may be exercised by the tax authorities.

## The measure of the tax incentive

Since 1 January 2015, taxpayers may opt for the Patent Box Regime with the purpose of excluding from the taxable income for both IRES and IRAP purposes, 50% of the revenues derived from the use or right to use directly or indirectly the intangibles, patents, trademarks, secret formulas process and information concerning industrial, commercial or scientific experience.

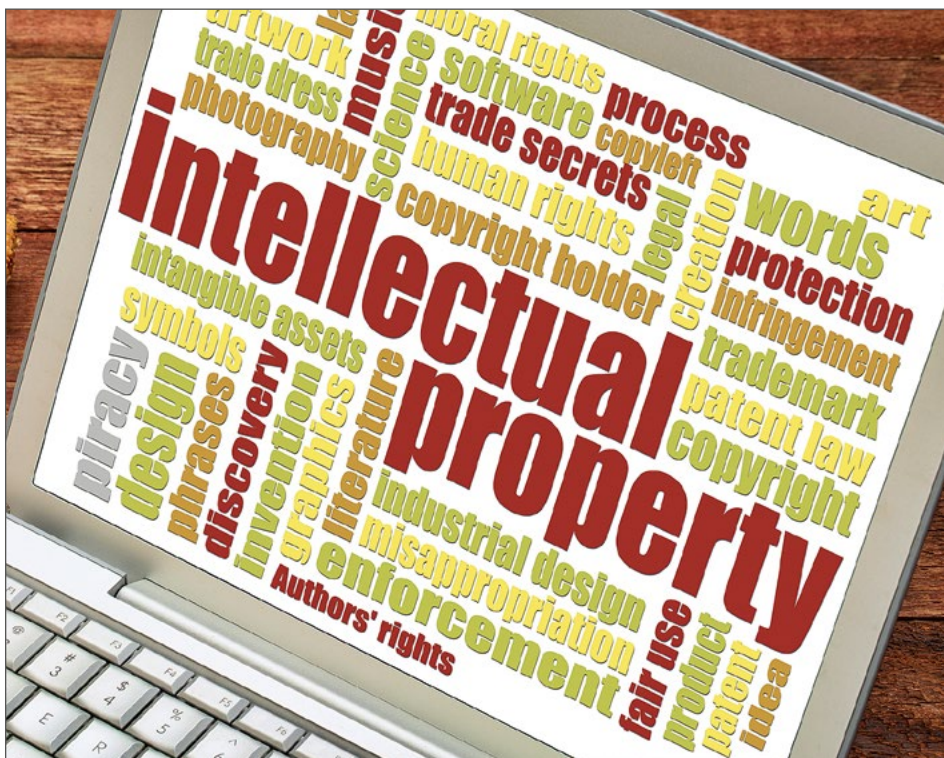
The incentive is also extended to capital gains arising from the sale of the intangibles. Capital gains would be 100% exempt provided that 90% of the gains are again invested in development and or maintenance of intangibles in the two years following the sale. However, the amount of the gain realised that can benefit from the exemption is to be determined with a shared procedure with Italian tax authorities.

## Limitation of the incentive

The legislation on the Patent Box Regime introduces a significant taxable income cut for companies that develop intangibles.

However, to determine the reduced taxable income, net of the “revenues exclusion allowed” each taxpayer will have to go through a more detailed calculation each year for the duration of the option that takes into account a ratio between the cost of research and development and the overall costs, and multiply this ratio for the taxable income. The outcome will be the figure to which the 50% reduction can apply.

Example: R&D expenses: EUR 350,000; overall cost: EUR 1,000,000; royalties from licensing agreements: EUR 5,000,000.



$350,000 : 1,000,000 \times 5,000,000 =$  taxable income that benefits from the incentive, so only 35% of EUR 5 million royalties could be reduced by 50% and excluded from the ordinary income tax levy (i.e. EUR 1.75 million in this example).

Furthermore, the 50% exclusion applies progressively as only 30% and 40% of the taxable income reduction apply in the first and second year of the option. Consequently, if a taxpayer opts for the incentive starting from 2015, they will only benefit from the 50% reduction for financial year 2017.

## Preliminary comments

The Patent Box Regime in Italy is a welcome measure, especially in the European arena where similar measures have already been introduced.

The rule already applies, but some aspects will be further defined in the anticipated ministerial decrees as delegated by the current legislator.

At this stage, it is still unclear whether, once a taxpayer opts for application of the incentive, it can be used for all intangibles or whether a single election applies for each intangible of a single entity. Furthermore, it should be clar-

fied if the benefit of the regime is just for the beneficial owner of the intangible or if it would also be available for a group company that acts as licensing company receiving the royalty payments. A last question might be raised with respect to the procedure, where tax authorities should provide greater clarity on which cost are included and excluded from the previously mentioned ration as well as the steps of the international ruling procedure, especially for small and medium-sized start-up companies that might find it cumbersome and more expensive to run the overall Italian procedure to benefit from a more favourable tax regime for their ideas compared with other countries.

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**Studio Signori**

– **Professionisti Associati**

Auditing & Accounting, Tax,  
Corporate Finance, Fiduciary &  
Estate Planning

Rome, Italy

Dr Massimiliano Russo

E: massimiliano.russo

@studiosignori.com

W: www.studiosignori.com

# Where are we all heading economically?

By Prof Robert Anthony

Quantitative easing has clearly created employment, albeit sometimes at low salaries. Whereas in the late 1980s hyperinflation was considered to be a way of creating demand, since the crisis of 2007 we have seen a different strategy. Initially there was speculation in safe commodities such as gold, but the price has now dropped from its previous high levels. Several advisors regarded it as undervalued and predicted it would continue to rise. As markets settled, despite the problems not being over, gold stabilised at a lower level. As we come out of slow growth, what effect will this have? Many think European equity markets are still undervalued. We have seen recent speculative selling, but markets have been volatile for a while.

Over the last eight years, many companies have restructured to concentrate on their core business. There have been demergers where conflicts were identified within groups and mergers where it was considered useful to the core business. However, this is a generalisation, as some mergers were not entirely sensible. Government protectionism has sometimes impeded international monopolies or foreign investments.

Looking to the future, the question arises as to political influence on the markets. How will they be affected by the UK general election? The financial centre in the UK is being threatened by the socialists discussing the scrapping of non-domiciled status. This status has attracted top financial brains to the UK. They create hundreds of jobs. Could this ill-advised move signal the end of London as the European financial hub of Europe? The consequences may re-



**Prof Robert Anthony**

sult in the leading skilled professionals moving to Ireland, Malta, Luxembourg or New York. How short sighted are short-term political gains? Please note that I intentionally omitted Switzerland due to the current instability in its political financial administration.

The election result in the UK will direct future UK policies. What security does this now give to an investor intending to invest in the UK? The world has always opened new doors as old ones close. India is emerging as an exciting investment proposition with its relatively new government placing major international orders. China is currently also looking at quantitative easing. What is clear from all of this is that wealth is generated from the creation of jobs away from the meddling of governments. Long-established economic theories still apply. Fundamentals have not changed despite the technological revolution, although it is worth noting that systematic issues confuse the overall scene. The issue is can the effect

of employment sufficiently succeed to overcome the explosion of additional liquidity injected into the capital market-places and its consequences.

Germany and the USA are leading the world out of its crisis, but India is joining as a driving force. Whilst having achieved a reduction in unemployment, the UK clearly still needs to address its overall debt issues as well as its membership of the EU. If a social government destroys international confidence this could have a disastrous effect. French Prime Minister Manuel Valls noted that taxation of the population had been too high, while government had not been adequately cutting public spending. The Greek government wants to increase spending unrealistically in order to fulfil its election promises. Now they have an issue as to how to respect the unrealistic election pledges and at the same time satisfy the EU. These many uncertainties are causing quite a dilemma. Stock picking is extremely important as are real assets such as property and forestry. It is essential to buy wisely by carefully choosing well managed investments with growth potential.

The tax push of governments has left certain sectors with problems. Green energy has been hit hard by government cuts and lack of bank lending. New sources of investments are growing by way of crowd funding and investment funds. The restructuring of the banking industry has created new businesses and opportunities. The world is not short of money but of visionaries. Needless to say there are entrepreneurs, but the financial sector is suffocated by analysts with no real business experience playing with financial instruments

...next page

and backtesting theories. These have a heavy impact on the market and market prices.

## Conclusion

It is about time politicians and banks come to terms with the real world. Perhaps it should be an obligation for financial analysts and bankers to have at least two years in commerce or industry before assuming such roles to ensure they understand how the other half lives. So to, politicians should have two years apprenticeship work experience in industry or commerce in a decision-making role before they can become a member of parliament. As a result, they

would hopefully understand more clearly the effect of inappropriate legislation.

As the world achieves economic growth, the slow performing European economies will be pulled along. It is not to the credit of domestic governments, but a global push towards demand. As this materialises, the stranglehold of taxation can be eased thereby unblocking the arteries so in need of lifeblood to survive. Let's just hope that future politicians do not make the same mistakes of the past by stopping the circulation.

In conclusion, it is a brave person that dares to predict tomorrow. The fluctuation of currencies makes this even harder, as is evident from the growth slowdown in the USA due to the strengthening of the dollar. A solution

could be hedging by direct investment into international commodities that are in constant demand, in this way mitigating the risk attributable to foreign exchange. Although this may not be very exciting, it at least ensures living on to fight another day and also reflect on the past.

GGI member firm

**Anthony & Cie**

Fiduciary & Estate Planning, Tax

Sophia Antipolis, France

Prof. Robert Anthony

E: [robert@antco.com](mailto:robert@antco.com)

W: [www.antco.com](http://www.antco.com)

## TRUST & ESTATE PLANNING

# Taxation of trusts and estates in Mexico

By Sergio Guerrero Rosas

There have been various changes to tax planning and the use of offshore entities over the last few years in Mexico following a wave of new rules and regulations. Nonetheless, there are a number of benefits to a carefully implemented trusts strategy.

By understanding a few of the key principles at work in Mexican estate planning and fideicomisos (trusts), families can successfully protect their wealth as they pass assets on from one generation to the next, helping them to properly achieve tax efficiency, compliance and confidentiality.

**Taxation of trusts** – Trusts in Mexico may be considered taxpayers or non-taxpayers according to whether or not they are created for business purposes.



**Sergio Guerrero Rosas**

For example, if a property in a restricted zone (areas close to borders and coastlines around Mexico where

direct foreign ownership of real property is prohibited and where a Mexican trust is therefore established as a way for foreigners to make property investments in that region) is rented out and generates an income, it would be taxable. However, where a trust is set up to maintain the assets of approved funds, there is no recognised income, and therefore no tax obligation.

**Taxation of the fideicomisario (beneficiary)** – Crucially, trust income will not be taxed twice, so where income tax is paid on a trust established for business purposes (i.e. one set up for leasing or for a quick sale), the beneficiary will not be subject to tax on the income that they receive.

Conversely, any income generated from assets held in a trust that has not been set up for business purposes will

be considered as taxable to the beneficiaries.

Nevertheless, any losses accrued from a Mexican trust cannot be passed over to the beneficiaries until liquidation of that trust occurs.

**The fiduciario (trustee) and comité técnico (technical committee)** – In the case of trusts set up for business purposes, the fiduciario (trustee) will be responsible for filing tax returns, advance payments of income tax for those income-generating activities three times each year, in May, September and January, set at 10% of the gross rental income collected during the preceding four months, and determining the utilidad fiscal (annual adjusted taxable income), which is done in line with the methods required of corporations.

Furthermore, Mexican legislation allows for a technical committee, which can consist of just the fideicomitente (grantor), and whose specific duties are stipulated in and only limited to what is written in the trust agreement.

This affords the option to transfer some of the trustee responsibilities to the grantor, and while the grantor cannot replace the trustee, they can nevertheless attain a greater degree of the decision-making powers as a result of this addition of a fourth party to the trust structure.

**Irrevocable trusts and the grantor** – For property that is rented out, income belongs to the grantor unless the transfer of title is irrevocable (where the grantor has no right to reacquire the property), in which case the income will belong to the beneficiaries.

The transfer of assets to an irrevocable trust is generally recognised as a sale and therefore taxable to the grantor unless the trustee maintains the right to reacquire the assets. Tax from rent on a property in an irrevocable trust is also attributed to the grantor.

But in all cases, the trustee is responsible for making those three advance



payments of income tax over the course of the year.

**Tax incentives for Mexican Real Estate Investment Trusts (REITs)** – There are also a number of tax incentives to Mexican trusts set up for business purposes. For example, trustees and beneficiaries are exempt from advance payments of income tax on the income generated from Mexican REITs, their tax contributions being deferred until the sale of their REIT certificates.

Additionally, if the grantor is also a trust beneficiary or if the trust is revocable (where the grantor retains the right to reacquire the property), the transfer of real estate is not viewed as a sale by the authorities and is therefore tax-free.

**Confidentiality** – Besides the tax incentives, another potentially attractive feature of Mexican trusts is the very strict secrecy laws that protect the anonymity of trust parties.

Receipts of tax payment are not traceable and, in the past, courts have even proved unsuccessful in their attempts to reveal the identities of trust members.

Furthermore, in cases where beneficiaries have sued a trustee, only the courts have been able to view the individuals' identities, the court proceed-

ings not being subject to public review.

**The benefits and uses of a Mexican trust** – Trusts may be formed for a number of reasons, mostly being done so in Mexico for family and estate planning.

Mexican trusts are fiercely protective of individuals' confidentiality and, where established with careful observation of Mexican legislation and the incentives it offers, represent excellent potential to the foreign investor, guaranteeing a number of tax advantages while enabling the safeguarding of assets in financially beneficial conditions.

Moreover, they allow for a controlled and tax-conscious probate, removing property from the reach of creditors, and safely into the possession of the desired heirs.

GGI member firm

**Guerrero Santana**

Auditing & Accounting, Tax, Law Firm, Advisory, Corporate Finance  
Tijuana, Baja California, Mexico  
Sergio Guerrero Rosas

E: sguerrero

@guerrerosantana.com.mx

W: www.guerrerosantana.com.mx

Absolute Value:

# What Really Influences Customers in the Age of (Nearly) Perfect Information

Going against conventional marketing wisdom, Absolute Value reveals what really influences customers today and offers a new framework—the Influence Mix, a totally new way of thinking about consumer decision making and marketing, and about developing more effective business strategies.

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Absolute Value answers the pressing

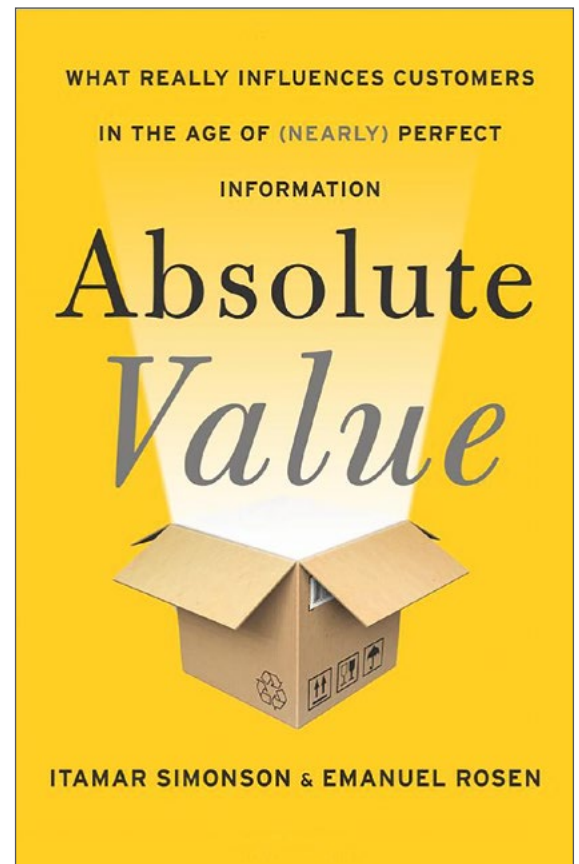
questions of how to influence customers in this new age. Simonson and Rosen point out the old-school marketing concepts that need to change and explain how a company should design its communication strategy, market research program, and segmentation strategy in the new environment. Filled with deep analysis, case studies, and cutting-edge research, this forward-looking book provides a totally new way of thinking about marketing.

**Absolute Value: What Really Influences Customers in the Age of (Nearly) Perfect Information**

Itamar Simonson  
& Emanuel Rosen

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## Further Conferences & Events

**What:** Back Office Management

**Where:** Dubai, UAE

**When:** 14-17 June 2015

**Brief Description:** The course will provide you with a simple, but very effective, systematic control and management pro-

gramme which will greatly enhance your back office operations. By using a preemptive control strategy you will be able to prevent problems occurring and create the environment to develop a highly skilled, flexible and well-motivated workforce which provides full cover for all ar-

eas of your operation. It will show you how to make your operations fail-safe and cost effective, with a high quality performance of which you will be proud.

[MORE INFORMATION](#)

# Further Conferences & Events

**What:** International Employment Law 2015

**Where:** New York, NY

**When:** 29 June 2015

**Brief Description:** Employment law is no longer a local issue. Multinational employers must grapple with often conflicting standards for hiring, retain-

ing, disciplining, and terminating employees. The issues are all the more challenging today, as employment laws, corruption laws, and whistleblower laws, from the U.S. and overseas, impose standards of conduct across borders. This program brings together highly experienced and sophisticated practitioners, in-house counsel,

and senior human resources executives from around the world. They will present in a practical way, how best to advise the multinational employer in these critical issues.

[MORE INFORMATION](#)

**What:** Strategic Asset Allocation & Risk Management

**Where:** Singapore, Singapore

**When:** 8-10 June 2015

**Brief Description:** The programme will provide delegates with the necessary criteria and practical tools and techniques that will allow them to:

- Manage strategically investment risk-return equation in order to achieve

investment objectives in multi-asset class portfolios

- Manage investments through different economic cycles of expansion using practical economic indicators to decide when to be invested and the asset classes
- Invest successfully in emerging markets to capture the desired growth planning the exit of the investment
- Comprehend the nature and sources

of past financial and credit crises in order to plan actions for potential emerging crises

- Become aware and anticipate potential corporate and financial risk embedded in global business transactions

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## Join the upcoming GGI Events

GGI Leadership Forum  
in Eisenberg – Austria | 11-14 June 2015

GGI Nordic-Baltic Meeting  
in Helsinki – Finland | 10-12 September 2015 (tbc)

GGI German Speaking Chapter  
in Salzburg – Austria | 18-20 September 2015



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