



АГЕНТСТВО РАЗВИТИЯ
МЕЖДУНАРОДНОГО
ФИНАНСОВОГО ЦЕНТРА

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Kyrgyz Companies As Ideal «Offshore» Traders

During the 1990s and the first decade of 2000s international traders have started embracing the use of non-offshore trading companies instead of pure offshore entities. This was primarily due to stricter application of transfer pricing laws in high-tax jurisdictions and the growing general perception of zero-tax entities as inherently suspicious.

When using non-offshore companies for trading the tax saving was achieved either by application of the 'agency scheme' (onshore principal trading as the undisclosed agent of the offshore principal, for a tiny commission) or by obtaining an advance tax ruling allowing to shift almost all the trading profits offshore (procured in low-tax cantons of Switzerland, in Luxembourg, Netherlands etc.)

After the 2008 financial crisis governments around the world, keen on collecting more tax revenue, started to gradually phase out these arrangements. To obtain a single digit taxation regime in Switzerland or Luxembourg now is a challenging task. Agency schemes were also put under pressure by the revenue authorities in the countries where they got to be popular (Eg. the UK).

100% offshore companies are still uncomfortable to use in direct trading contracts with high-tax entities because of various anti-avoidance legislation and blacklists.

In this context we can offer international trading businesses as well as large importers and exporters that often have the use for a captive international trading company, to consider the jurisdiction of the Kyrgyz Republic as a convenient base for a global trading operation.

Several models exist to allow the global trading business registered in Kyrgyzstan to operate with unique tax efficiency: single digit and potentially even lower level of taxation can be achieved for the profits of any trading business.

Kyrgyz trading companies are extensively used to trade Chinese / South-East Asian, Turkish and Russian goods in the global markets.

Our expertise covers the establishment and follow-up servicing of such trading companies for clients from various countries.