



## **SUBSTANCE- It's not a sandwich without a filling**

By Kim Grover, Director

We would all be aggrieved if we were to visit a trusted eatery for a fulfilling sandwich and instead received two slices of wholemeal bread. “This is not a sandwich!” we would exclaim, and we’d be right; a sandwich has no substance without its filling

The OECD are taking a similar approach and are challenging, on a global basis, entities that are incorporated in one jurisdiction to significantly reduce tax exposure in another but which lack any real substance in the jurisdiction of their incorporation.

At Clermont we’ve been anticipating this shift for some time and have therefore focused our recent growth on being well placed to offer structures and solutions with genuine substance in their home jurisdictions.

### **BVI**

Very much at the forefront of the minds of trust and corporate service providers and their advisors, the BVI has announced new substance requirements for “relevant” BVI companies. Although the legislation requires significant clarification – something anticipated in the as-yet-unpublished guidance notes - we, the families we serve and the advisors we work with take great comfort from the fact that Clermont already demonstrates genuine economic substance in the territory by virtue of its premises and local dedicated team in Tortola.

Led by Tanya Scantlebury, a UK barrister and BVI qualified lawyer, we expect our BVI team to double in size in the next six months. Our offices are conveniently located in Tortola, board meetings of our BVI companies are chaired from this office and resolutions are signed there. We offer the opportunity for BVI companies for which we provide services to occupy their own space within our building and, if they wish to do so, employ local staff. So, whilst we eagerly await

clarity from the BVI financial services authority as to the extent of the country's substance requirements, we are confident we will be in a position to arrange for these critical requirements to be met for families that entrust their affairs to the Clermont Group.

### Cyprus

Clermont Cyprus offers individual local directors who provide a wealth of knowledge, with particular emphasis on the Cypriot accounting and tax filing requirements. Our talented team operate from a fully staffed office in Nicosia. Individual companies are able to rent dedicated office space and by demonstrating substance these companies can benefit from double tax treaties with South Africa, the Netherlands and an array of other countries.

### US trusts and companies

Clermont provides US trustee services via its presence in Delaware, as well as providing US corporate entities with a team member on the ground. This affords us the ability to open US bank accounts in a short space of time through a trusted banking partner. Providing associated US and non-US structuring services is more complex than many anticipate because, as much as the Swiss banks have a nervousness about working with US families, likewise the US banks fear non-US ownership. We have been able to successfully bridge that divide and now excel in providing structuring solutions for high net worth families with a foot print on both sides of the pond.

The requirement for substance is gaining momentum and we expect this trend to continue. Families and intermediaries must seek out specialised service providers who can demonstrate knowledge and meaningful substance in the jurisdictions they are proposing. Any suggestion otherwise will surely leave the recipient of the fiduciary services one sandwich short of a picnic!

Should you have any queries regarding the above, or any of the other services that Clermont are able to provide, please contact Elliot Goodman, [elliott@clermontrust.com](mailto:elliott@clermontrust.com) or Kim Grover, [kim@clermontrust.com](mailto:kim@clermontrust.com) for more information.