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IGAL NEWSLETTER



*Local Solutions for
International Businesses*

I G A L

IGAL – Intercontinental Grouping of Accountants and Lawyers
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THE PRESIDENT'S LETTER

Dear friends and members,

Five years already since the merger, how time flies!

It is a great pleasure, as your new president, to address you in this 1st 2010 newsletter. I am honoured to hold this position for the next 2 years and will do my utmost to carry out your wishes in coordination with my fellow board members, in the interest of the improvement of the network.

As you already know, considerable changes have been made to the website and the responses we have had, have all been positive. We are aware that other changes have to be made to make the website as useful as possible and our webmaster is in the process of carrying out these measures under the supervision of Mac Sarin. If you would like to visit the website and let us have your opinion please go to www.igal-network.com

The brochures and directory are now ready and will be sent to you within the next few days.

We also aim to get at least 4 newsletters out a year. However to do this your input is essential; this is an important tool for marketing your firm in the network, please send any articles to Beverley.

Another important project we have is to recruit new members. Peter Grossmark is supervising this so please let Beverley or Peter know if you have a potential firm interested in joining us. The diversity of our members and countries are our wealth.

I am always available for you and if anyone needs to contact me, they can do so at

Carl-
Gustav.Lonnborg@nova.se
or via Beverley at
bleonache@igal-
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I conclude by saying I hope to see as many of you as possible in either Malta or Copenhagen.

My very best wishes and let us hope 2010 will be the year of a prosperous IGAL.

Carl
CARL-GUSTAV LONNBORG
IGAL PRESIDENT



FIRM FOCUS:

Stephenson Harwood is an international law firm offering a full range of legal services combined with deep expertise in five sectors: energy, financial services, projects and infrastructure, real estate and transportation. Through London and our other offices we are involved with projects worldwide. The IGAL representative, partner John Hargreaves, has been closely connected with IGAL and before that the International Grouping of Lawyers for over 18 years. John commented: "The accolade given to the firm is hugely important, and will help us better to promote and assist our IGAL friends in work and connections going forward".



Mr. John HARGREAVES is a partner of Stephenson Harwood, International Law firm in London, United Kingdom. He can be contacted at john.hargreaves@shlegal.com or +442078092503

"John and his team are based in the City of London office by the side of St Paul's Cathedral»



MY VIEW: THE PRESENT FINANCIAL AND ECONOMIC CRISIS (2)



1 - The international economic context

The international crisis that began late in 2007 has continued to show severe effects throughout the whole of 2009. And despite the fact that we can now gradually start to see some signs of a reprieve, it does, however, look likely that the crisis will continue for the whole of this year. We do not believe it necessary to comment the financial, economic, political and social difficulties that have marked the last three years, and which, rather than now reaching a solution; instead look to become increasingly acute.

The political conflicts are particularly complex, with tension between the western and Islamic countries (Iran, Afghanistan, Palestine, the Middle East and some African countries), often resulting in seemingly endless military conflict or acts of violence and terrorism. These outbreaks then continue to seriously damage economic relations between the various parts of the world.

Despite the fact that the crisis is far from over, signs of a return to growth would appear to be finally rearing their heads. Inflation remains very low, due to the effects linked to the low price of raw materials and the growing of unused production capacity and, although uncertainty with regard the sustainability of future growth remains high, the risks for the prospects of the world economy are held to be generally balanced and world trade has begun

growing again. This has been aided by an upturn in the US economy, reporting approximately 3% growth, and the Asiatic area where values are close to 8%.

With regard Europe, after five quarters of decreases, the third quarter of 2009 has finally booked positive GDP growth. In the short-term, the expansion outlook should benefit from a positive contribution of stock and more vigorous exports, as well as from the measures adopted to restore operation of the financial system.

However, the forecast is that, given the temporary nature of the various factors supporting the European economy and in particular the exceptional instruments implemented by the national governments, growth will be limited for 2010 too. It is, in fact, likely that we will be experiencing a further slowing due to the inevitable process of restoring public balance sheets, as well as those for the financial and other sectors.

Eurosystem experts forecast an annual GDP growth in real terms that will be less than 1.5% in 2010 and around 2.2% in 2011.

The steps taken by the governments to deal with the crisis and support the economy and employment, as well as, above all, the extent of social shock absorbers that have been released, partly due to the lesser income and state revenue, have led to a great deterioration of public accounts. There has therefore been a considerable increase in the deficit above the 3% GDP value of reference and the public debt, which in some countries, such as Spain and Greece, have reached seriously worrying levels. On the basis of these forecasts, in 2010, the lack of equilibrium in the balance sheet generally throughout the euro area looks to increase further, albeit at a somewhat slower rate than 2009.

2 - The Italian economy in 2009



Italy has by no means been immune to this further

worsening of the world crisis and the recession continued throughout 2009. It was seen to improve slightly, although only temporarily, towards year end, and particularly in December, when ISTAT reported a 10% increase in orders for the manufacturing industry, recording the best result booked for the last two years. On average, however, the Italian industry recorded the worst result for the decade in 2009, with an approximate 19% drop in sales as compared with 2008, and a 23% drop in orders from last year's figures. The most negative data was recorded for export (respectively 22% for sales and 24% for orders) and the engineering sector, with the most critical situation involving the automobile industry.

The reduction in Italian GDP, down by **approximately 5% as compared with last year**, and the more than 3% consequent reduction in state revenue has taken the public debt to worrying levels. At year end, this reached 115.8% of the GDP, with forecasts for a further worsening in the years to come, up to almost 120% for 2011. The public deficit that exceeded the GDP by less than 3% in 2008, jumped to 5.3% in 2009 with pessimistic forecasts for a decrease to around 4% for 2010. This would only be on the basis of exceptional measures that would, however, have severe, negative consequences for resources allocated to research, university, school, local bodies and health. This would naturally hinder the country's possibility of developing toward high technology products, with a clear deterioration of the services available to citizens and families. In 2009, with the loss of 633 thousand jobs, employment stood at around 7.8%. Despite the forecast growth of GDP for the next two years, employment looks likely to increase further, before starting to decline only as from 2012.

In 2009, inflation recorded the lowest level for the last 50 years. It is forecast to increase as from 2010 but should not reach worrying levels. The government and political class confirm their inability to implement the structural reforms so badly needed by the country, industries world of production and families, simply dealing with the emergencies as they arise and wasting huge human and economic resources in sterile, dull, interminable and anachronistic controversy that aims more to safeguard a position of power than to face up to the country's real economic, social and political problems.

Despite the drastic reduction in the cost of money, which shows a negative record for the last decade, access to credit for families and businesses remains difficult due to the continuation of a general climate of lack of trust in the financial system that does not show signs of easing up.

Estimated growth for 2010 was initially above 1%. Each time the outlook is reviewed, this is adjusted, and lowered, and the latest estimates would appear to position it at around 0.7%.

3 – Trend of the markets



The worsening of the international crisis has greatly accentuated the protectionist regulations of the most major

world markets, namely China India and Brazil.

This phenomenon has gone hand-in-hand with a new opening for products from low labour cost countries, a phenomenon that is particularly clearly seen in developing countries with suffering economies and very reduced financial resources. This goes against the trend seen during the growth phase, when product quality was privileged over price.

The continuous, strong pressure exerted on customers by the major European multinational groups should also not be ignored. This aims to attain an oligopolistic control of the markets and is an approach that has also seen the participation of some groups from emerging economies.

If the instability of the American currency has continued to penalise the competitiveness of European products, we should mention the significant benefit to the profitability, thanks to the low cost of raw materials and energy, as well as the overabundance of production capacity. Although this can at times be a penalty, it has resulted in major cuts to costs in many other situations, and particularly for large orders.

Mr. Renato MURER is partner of Studio Murer Commercialisti, Chartered Accountants in Venice, Italy. He can be contacted at murer.com@his.it or +390421220950.



BUSINESS ISSUES

VAT on cross-borders services



If you supply or receive cross-borders services, beware of changes to the VAT rules that came into effect

EU-wide on 1 January 2010. Services into the UK that were not liable to UK VAT before that date could now become liable, and services out of the UK could cease to be liable to UK VAT.

A service is liable to the UK VAT if it takes place in the UK. Currently, the basic rule (subject to exceptions) is that the service takes place where the supplier “belongs” (is established). From 1 January 2010, this treatment will still generally be true if the Customer is a private consumer (non-business Customer), but if the supply is to another business, the service will generally be treated as taking place where the customers are established. Under the reverse-charge rules, customers will then have to account for VAT in their home country on that service. There will, as before, be exceptions to the basic rule, such as hiring vehicles, transport of goods, services connected with land, etc.

Although the new rules will greatly reduce the number of occasions where the business incurs VAT outside its own member state, there will be added



bureaucracy. Businesses will be expected to report services supplied to and taxed in other member states, and not just goods (as now), in their EC sales lists.

Filing VAT returns online

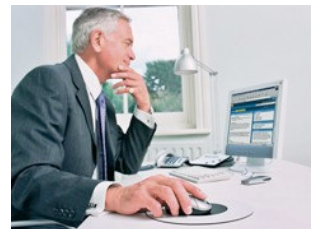
With effect from 1 April 2010, if the value of your annual sales is more than £ 100,000 it will be compulsory for you to file your VAT returns online. You will also need to file online from this date if you are newly registered for VAT.

The benefits of online filing are very worthwhile:

- You get an extra seven calendar days to file your return, e.g. to 7 September 2009 for your July 2009 return.
- You also have three more working days before payment of any tax is taken by direct debit from your business bank account. This means you get an extra five calendar days if a weekend is involved, i.e. until the 12th day of the month.
- You don't have to worry about the post. When you have completed your VAT return, a printed acknowledgement is sent to confirm that HMRC has received the return.

The online process will alert you to basic errors made in completing the return and some of the boxes are completed automatically.

It is important that you register for online filing as soon as possible to avoid any last-minute rush as the deadline approaches.



Rules benefit UK non-domiciles

The remittance basis for taxing overseas income has been modified for low income overseas workers coming to the UK. These changes only apply to individuals who are residents but not domiciled in the UK, and they apply from 6 April 2008.

Choice of remittance or arising basis

UK residents are taxed on their worldwide income and capital gains as they arise in each tax year. However, if you are not domiciled in the UK in any tax year, you can make a claim to be taxed only the amount of foreign income and gains that you actually bring in or remit to the UK. This is called the “remittance basis” of tax.

If your unremitted foreign income or gains are less than £ 2,000 in a tax year, the remittance basis applies by default and you do not lose any entitlement to UK personal allowances or your capital gains tax annual exemption. In other cases, you do lose your allowances unless you choose to be taxed on arising bases instead.

When you have been long-term resident in the UK (i.e. here for seven out of the preceding nine tax years) and are aged 18 or over you have to pay a remittance basis charge of £30,000 each tax year in order to continue using the remittance basis.

Low UK income – no self-assessment tax return

If you have no UK income or gains other than up to £100 of income taxed at source, and you make no remittances of any foreign income into the UK in that tax year, there is no requirement for you to file a UK tax return.

New income tax exemption

A new tax exemption applies if you are resident, but not domiciled, in the UK in a tax year, with foreign earnings of £10,000 or less and foreign

bank interest of not more than £100 – as long as these amounts are fully taxed abroad. Providing that you are not liable to higher rate tax in the UK, or already required to file a UK tax return,

your foreign income will not be subject to any additional tax in the UK.

Mr. Simon Cryer is Chief Executive Partner of Brebners, Chartered Accountants in London, United Kingdom. He can be contacted at simon.cryer@brebners.com or +442077342244.

NEW FACES

Barr Pomeroy is a three partner dynamic high quality growing chartered accountancy practice pre-eminent in the field of taxation. Our other specialist services are corporate restructuring and insolvency, forensic accounting services and audit. In addition, we provide the normal accounting, secretarial and taxation compliance services.

Our firm is highly regarded for its technical excellence, lateral thinking, adding real value to our client base, and providing a personalised commercial approach. We have a varied and interesting client base comprising high net worth individuals, public companies, internationally owned businesses, domestic groups, and owner managed businesses operating across a wide variety of sectors.

We were delighted to be admitted as an IGAL member firm at the 2009 San Francisco annual conference and were very impressed with the warm reception, which we received. As a proactive and growing practice with an international client base we believe that we can provide a continuing flow of work to other network members and this was the key driving force behind our wish to join the network. IGAL stood out from other international networks as it offers overseas legal expertise in addition to accounting and tax expertise.

Michael Pomeroy is Managing Partner of the firm located in Georgian Dublin, Ireland. He can be contacted at:
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CONFERENCE HIGHLIGHTS:
SAN FRANCISCO ANNUAL GENERAL
MEETING 2009

Beautiful San Francisco weather, ordered up by our hosts Leach and McGreevy greeted the IGAL delegates as they began to arrive in the City By The Bay on Tuesday for IGAL Fall 2009 Meeting. The locale, where so many have left their hearts, did not disappoint as the setting for what was to be an exciting and dynamic conference. A dinner for the early arrivals took place



Tuesday evening at the beautiful ***Waterfront Restaurant*** on the Embarcadero. From all reports, the food was only rivaled by the camaraderie so typical among the IGAL attendees.

The Hyatt Regency served as a grand setting for the conference. Rising over the Bay, seated deep within the heart of the financial district, yet a stone's throw from the waterfront, the hotel was a perfect choice to house IGAL's attendees. With its million dollar views from every room, the hotel was only a cable car ride away from



everything one would want or hope to see. As Wednesday unfolded in brilliant sunshine, the cavernous lobby filled with the smiling faces of the delegates from around the globe. No matter how fatigued from their journeys, the sight of a familiar face and old friend would brighten everyone's spirit. There was a resulting rush to unpack and hit the streets and hills, to take in the views from Nob Hill, Fisherman's Wharf, Union Square, the Embarcadero and Golden Gate Park.

While most of the delegates enjoyed the sunny and warm weather and the city's brilliant vistas, IGAL's dedicated Officers, Board Members and Administrator met to tend to the important day to day business of IGAL to ensure the organization is running smoothly and efficiently and serving its members' needs.



As Wednesday evening approached, the delegates and accompanying members gathered in the hotel atrium for the opening reception and dinner.

Excitement was in the air as everyone greeted old and new friends, made new acquaintances and told of their adventures since last meeting. There was much catching up to do and family photos were exhibited, stories exchanged and the trademark IGAL goodwill sprung to life. Never in better voice or form, Dave Leach welcomed the attendees with a rousing "Welcome to San Francisco" speech. Dave found the perfect words in, "Let the City speak for itself", which kept his speech short and memorable.

Ushered into the adjoining dining room, IGAL's members were then treated to a fantastic dinner and wonderful conversation that carried over from the cocktail hour. The local wines from the Napa, Sonoma and Russian River Valleys were a perfect complement to the delicious meal and excellent service.

After dinner all of the attendees headed skyward, some to retire for the evening, and some for a nightcap, but all to prepare for the next day which was brimming with great adventure.

Thursday morning dawned bright as the attendees readied for a busy day.

While the delegates headed for the business session, the accompanying persons boarded the buses for a journey to the picturesque and breathtaking Muir Woods.

Thursday: Accompanying Person's day started on a strikingly beautiful San Francisco Day. Sparkling blue sky with mild breezes. Starting from our hotel we hopped on buses and wove our way through the many areas of the City with lively and informative guides. Over the Golden Gate Bridge into the beautiful Sonoma valley, Muir Woods is not to be missed-a vast area of trails through redwood forests of astonishing beauty. In spots you truly feel like you are in the "Enchanted Forest"! Lynn Leach planned wisely- after so much exercise we were all ready for Lunch!

We arrived in picture perfect Sausalito at the Spinnaker Restaurant which is set right on the Harbor overlooking the vast San Francisco Bay (sunning sea lions included!) After a most delicious meal we all shopped and strolled along the wonderful town. Many thanks to Lynn for planning a perfect day!



The business session was lively and thought provoking as the delegates were treated to a morning session with law firm and accountancy marketing guru, Terry Graham.

The delegates had an opportunity to learn anew and enhance their marketing skills. Terry reminded everyone that marketing includes all activities that lead to a sale or the securing of a client and reiterated that you must position yourself to stand out from the crowd. Your marketing plan should be your road map to success. Dave Leach was happily Terry's go to person as the morning session progressed.

Following a coffee break, the delegates then split into individual groups to tackle scenarios involving how best to market and utilize IGAL in the everyday work of solving problems for clients. After a lunch break, the teams reassembled to join forces with other groups to

prepare their comments for a Saturday morning summary session.

After a very busy and enjoyable day the evening was spent relaxing, admiring the superb view of the city from the 52nd floor of the Bank of America building, wining and dining in the Carnelian Room restaurant. What a way to end the day!



Friday started again bright and early and off we went to the wine area. We couldn't have wished for better weather, company and surroundings. The visit of the wine cellars, short but sweet, was extremely interesting, before we were escorted into a magnificent area for lunch. A leisurely stroll around Sonoma square sightseeing or shopping finished a perfect day.



Back to work Saturday morning for the traditional AGM and the presentations of the working sessions from Thursday. Each group had done an enormous amount of work detailing their reflexions and suggestions. Some even going as far as Power Point presentations. Just goes to show what a dynamic host and speaker can do to motivate and animate a group.

After a light lunch we were free to rest,



cycle, shop or sightsee, before putting on our “Glad Rags” and “All aboard” the Hornblower for the Gala dinner.

Some of the more adventurous did opt for Halloween outfits or traditional costume, others the more conventional attire, but everyone had donned good humour.



A wonderful meal and music accompanied us throughout our 3 hour tour of “The Bay”, the Golden Gate Bridge is magnificent by day but going under it by night is a sight to remember.

Peter Grossmark handed over his President’s cap to Carl-Gustav. Who, as ever, with his eternal humour and emotion, thanked Dave and Lynne Leach for their work and wonderful conference. He gave special thanks to Nick Best who was retiring as a Board member after 6 years of hard work.

It is always an emotional time when we come to the end of a conference. Although we know that the next one is only six months or a year away we all know what can happen in such a short space of time, our premature departure was the proof of such.

However, we are looking forward to seeing as many of you as possible at the next meeting and until then..... Brian and Pam Brokate

Brian Brokate is a Partner of the law firm Gibney Anthony and Flaherty LLP located in New York, United States. He can be contacted at bwbrokate@gibney.com or +12127059808