

Offshore Asset Protection BLOG - Bob Bauman

That's The Way It Looks From Here

November 02, 2009

World's Best Tax Haven Is In America, but Unavailable to Americans

Our guest columnist today is our friend [Daniel J. Mitchell](#) of the Cato Institute, (below) who also will be the keynote speaker later this week at the Sovereign Society [Third Annual Offshore Advantage Seminar](#), at the Westin, Los Cabos, Mexico. Dan writes:



Tax competition is an issue that arouses passion on both sides of the debate. Libertarians and other free-market advocates welcome tax competition as a way of restraining the greed of politicians.

Governments have lowered tax rates in recent decades, for instance, because politicians are afraid that the geese that lay the golden eggs can fly across the border. But collectivists despise tax competition — for exactly the same reason. They want investors, entrepreneurs, and companies to passively serve as free vending machines, dispensing never-ending piles of money for politicians.

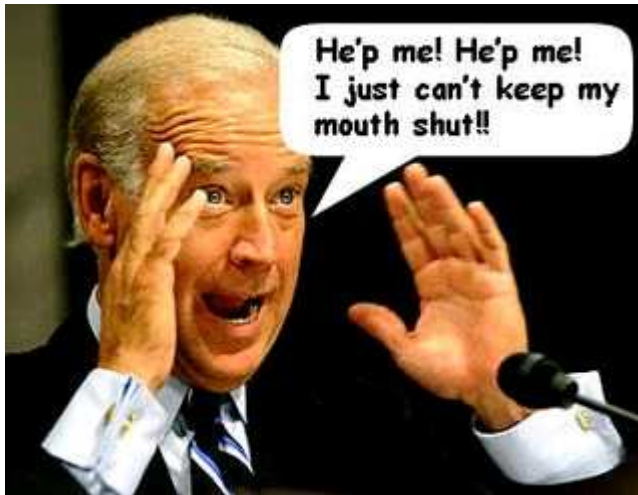
So when a left-wing group puts together a ranking of the world's "[top secrecy jurisdictions](#)" in hopes of undermining tax competition, proponents of individual freedom can use that list as a guide to world's most investor-friendly nations.

The good news is that an American state, Delaware, is number one on the list. And since being a tax haven is a magnet for investment, this is good news for U.S. competitiveness. The bad news is that American taxpayers are not allowed to benefit from many of Delaware's "tax haven" policies. Here's what a left-wing columnist in the United Kingdom [wrote](#) about the issue:

You're a billionaire but you don't want anyone, least of all the taxman, to know. What do you do? Head for a palm-fringed island paradise or a snow-covered Alpine micro-state? Wrong.

The world's most opaque jurisdictions – the ones that will best shield you and your cash from the light – are mostly in the heart of the most sophisticated and powerful global financial centres. London, Luxembourg and Zurich are in the top five most secretive jurisdictions, according the first comprehensive index of financial transparency ever compiled.

Yet top of the pile, beating the British Virgin Islands, Belize or Liechtenstein as the best place to hide wealth, is Delaware. One of the smallest states in the US, it offers the best protection for anyone who does not want to disclose their identity as a beneficial owner of a company. That is one very good reason why the East Coast state hosts 50% of the US's quoted firms and 650,000 companies – almost equivalent to one company per Delaware resident. ...

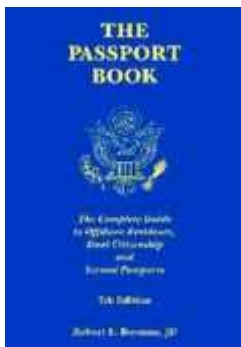


Delaware – the political power-base of the US vice-president, Joe Biden – offers high levels of banking secrecy and does not make details of trusts, company accounts and beneficial ownership a matter of public record. Delaware also allows companies to re-domicile within its borders with minimal disclosure, and allows the existence of privacy-enhancing “protected cell” or “segregated portfolio” companies, among many other stratagems useful for protecting the identity of those who do business there.

Bob Bauman

PS: You can read my comments about Delaware as a tax haven [here](#).

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