

## Your Last Shot at the "Offshore Advantage" □

By Patrick Bove

"Politicians will always do the right thing...

...if you deny them every other option."

And with that, the CATO Institute's Dan Mitchell kicked off the final session of the Offshore Advantage Academy.

### Don't Fall for These Popular Offshore Tax Myths...

*Most offshore structures reduce or eliminate taxes entirely. Wrong...* There is almost no way to stop paying U.S. income taxes (without expatriating).

*Offshore funds don't make distributions, so I don't have to pay taxes. Wrong...* Distributions are rolled into additional units, which will raise the value of your account... depending on your investments' structure.

*Global stock dividends are tax-free offshore. Wrong...* You should not hold high-dividend paying stocks in an offshore account. In many cases you will pay a much higher tax rate... or worse, your dividends could be withheld indefinitely.

*Offshore investing is inexpensive... Wrong...* Offshore trading fees are a cancer on your wealth. If you're an active stock trader, your returns will be limited by high transaction fees offshore... Odds are you'd be better off with a U.S.-based trading account.

Here's the problem, as Dan put it: If you go out and spend money... buy a new car... a fancy vacation or a bean burrito... the government pretty much leaves you alone. But choose to SAVE money (or heaven forbid, invest it) and you'll plunge headlong into a gauntlet of Capital gains taxes... income taxes... business taxes... and their final salute, the death tax.

What's going on here? Tell 'em, Dan:

"Our elected leaders understand that the more you tax cigarettes the less smoking you get... but they don't seem to understand when you tax *productive work* and entrepreneurship, you get less of that too!"

How high will taxes go? We don't know... But we wouldn't be surprised to roll out of bed one morning, crack open the newspaper and see this:

**IRS Form Part A:** How much did you make last year?

**Part B:** Send it in!

As Attorney, Michael Chatzky pointed out... if you rob a dozen banks, they

may lock you up for few years. But if your tax situation is not compliant... even if it's a complete accident... the Feds can (and will) hit you with a huge fine and/or lock you up for a decade or more.

Therefore, it's crucial to make certain your offshore strategy is 100% compliant.

[Mark Nestmann to the Rescue...](#)