



Fact Sheet

Factoring, Re-Invoicing and Offshore Treasury Management

With the increasing demand for new approaches to corporate treasury management and financial planning for small, medium and large-scale enterprises, BOSL can arrange, administer and manage a wide range of international financial services to help streamline cashflow management and mitigate unnecessary tax exposure by centralising the processing of core financial transactions in a tax-neutral jurisdiction.

Factoring:

The concept of factoring has been around since the beginning of commerce. Basically, factoring is a financial transaction in which a business sell its accounts receivable (i.e. invoices) to a third-party, which will act as the Factor, at a discount in exchange for immediate payment to improve ongoing cashflow management and short-term liquidity.

Factoring is also often referred to as accounts receivable financing and has become a popular financial planning tool amongst all types of business as an alternative to traditional borrowing and other forms of debt management.

This can be further enhanced by lowering the amount of tax paid in your home country by engaging an offshore factoring company to manage all of the related transactions in a tax-neutral jurisdiction. This is commonly referred to as offshore factoring or fiduciary factoring.

BOSL will establish and manage an intermediary company in Belize to act on your behalf and through which it will administer all factoring activities by interposing our service company between you and your client. BOSL will undertake all invoicing, payment processing and funds transfers.

Re-Invoicing and Transfer Pricing:

With the emergence and expansion of e-commerce, there has been renewed demand for re-invoicing and transfer pricing services. Essentially, re-invoicing involves the use of a corporation established in a tax-neutral jurisdiction to act as an intermediary between an onshore business and its customers. The profits of this intermediary corporation and the onshore business allow the accumulation of some or all profits on transactions to be accrued to the offshore corporation.

Although these companies are often used by importers and exporters, this business model can be advantageous to almost any industry and can be effective both domestically and internationally. These intermediary corporations are also often used as “in-house” collection agencies to help improve revenue management and enhance overall global tax exposure.

Similarly, the concept of transfer pricing – whereby the price that is charged by one branch of a company for products or services it provides to another division of the same company is transferred through an offshore intermediary – is another common method used to separate and establish new profit centres as each division's profits and losses are calculated separately. For



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companies that operate internationally, this means the products or services produced in one country are invoiced in the currency of that country and then re-invoiced in the national currency of the receiving branch.

Although this is a method often used by large multi-national companies, this technique can also be applied to different branches or divisions of a company in the same country. In this scenario, the prices for products or services produced by one division can be transferred through an intermediary company established in a tax-neutral jurisdiction and re-invoiced to the receiving branch. To maximize the potential of this type of transaction, the relationship between the various entities must be considered to be at “arm’s-length”.

BOSL will establish an intermediary company in Belize to act on your behalf and through which it will manage all re-invoicing and/or transfer pricing activities by interposing our service company between you and your client or affiliated entities. BOSL will undertake all invoicing, payment processing and funds transfers.

Offshore Treasury Management:

The global increase in cross-border transactions and multi-jurisdictional approach to the provision of goods and services has forced many companies to consider the centralisation of their treasury management functions in order to reduce processing times, simplify cashflow and avoid unnecessary duplication of activities between intra-company branches and affiliates.

Increased operational complexity and business growth aside, the trend towards a centralized treasury management centre is a direct result of the effects of globalisation and the demand for international trade settlement solutions following a relaxation of currency regulations in many countries – e.g. China. Factoring and re-invoicing have traditionally been the core activities of treasury management centres but currency management and the growth in demand for shared intra-company services is also a developing trend – as more companies seek to improve efficiency, control and costs.

The goal to improve overall accounting practices and risk mitigation can also be achieved by managing all related intra-company financial transactions in one centralised treasury management centre in a tax-neutral jurisdiction.

BOSL will establish an intermediary company in Belize to act on your behalf and through which it will manage the required treasury management functions for your company and related entities. BOSL will undertake the processing and administration of all payments, currency transactions and funds transfers.



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Advantages:

With appropriate arrangements and corporate structuring, the following advantages can be achieved:

- reduce rates of commission
- reduce overall tax liability
- enable profit shifting between cost centres
- reduce onshore operating costs and administrative functions
- enhance privacy and confidentiality on all transactions

At BOSL, we are ready to assist clients to put together an effective corporate structure and provide the necessary administrative support services to maximise the potential savings that can accrue from establishing an intermediary offshore corporation in a tax-neutral jurisdiction, such as Belize.

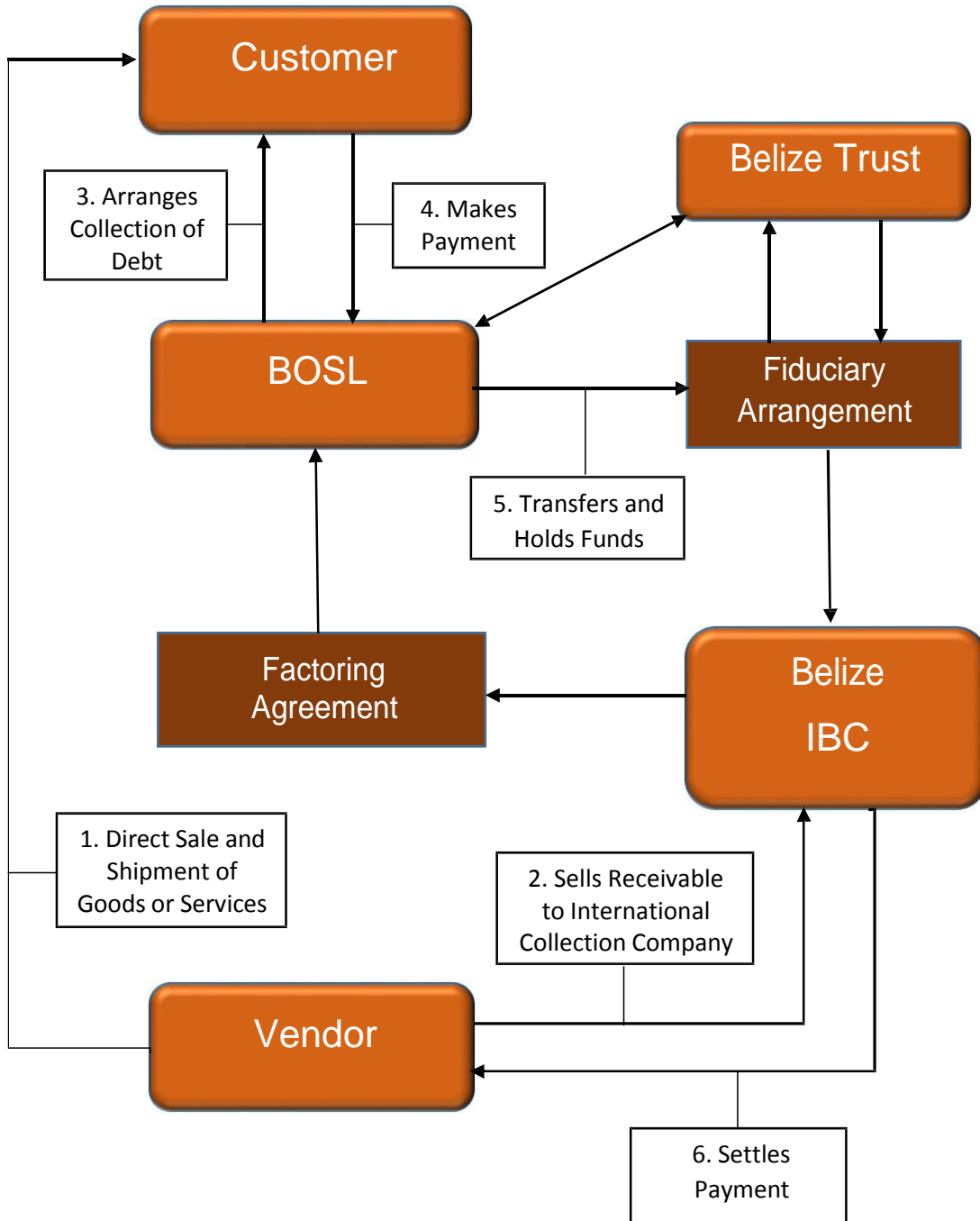
Free Confidential Consultation:

For a free confidential no-obligation consultation to see if BOSL can assist you and your company, please contact:

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Typical Factoring Transaction Flowchart



Typical Re-Invoicing Transaction Flowchart

