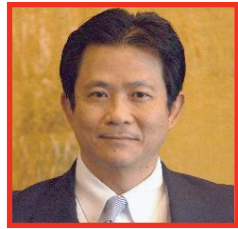


## What are the benefits?

PwC provides a dedicated specialists who will act as your single point of contact. The experience of our specialists and their well-established working relations with the BOI allow you to focus on your business strategy with the confidence that the complex details of your BOI structuring have been addressed.

## Our BOI team:



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PricewaterhouseCoopers provides industry-focused assurance, tax and advisory services for public and private clients. More than 155,000 people in 153 countries connect their thinking, experience and solutions to build public trust and enhance value for clients and their stakeholders.

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## Tax and Legal Services

# BOI Services\*





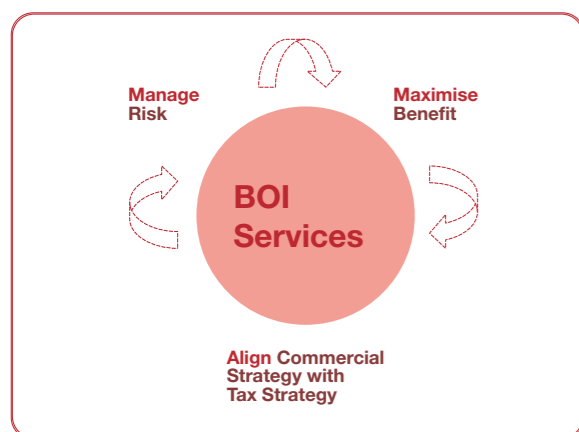
PricewaterhouseCoopers (PwC) BOI services are designed to assist companies with the formalities and practical considerations of maximising the benefits available. We understand that strategic planning for commencement, expansion or relocation can be time consuming and complex. To help with this we have a network of specialists from all lines of service who can advise on a wide range of factors which can impact on your initial structuring decisions and implementation.

## How do the services work?

We will start with the practical issues of your commencement, expansion or relocation plans and provide an overview of the steps required to establish your operations. We can then help with implementation by coordinating our network of professionals across different lines of service, i.e. legal, tax, advisory and assurance.

To make the process easier, we divide our services into initial considerations and longer term considerations. For each stage we provide you with the relevant services you need.

Maximising BOI benefits requires much more than submitting raw data through the application form. It is important that the practical aspects and long term implications are addressed in addition to the initial considerations.



## What are some of the initial considerations?

Our BOI services can include the following:

- Advice regarding the possibility of obtaining BOI benefits
- Feasibility study

- Preparation or review of BOI application form
- Assistance in discussions with BOI officers.

## What are some of the longer term considerations?

- Holding company and exit strategy
- Debt or equity considerations
- Structured finance, leasing alternatives, managing retained earnings
- Contract structuring for relocation and expansion
- Expatriate and work permit planning
- Inclusion of related activities that may be conducted within the BOI promotion period
- Timing of capital purchases
- Timing of payments to third parties and related parties
- Accounting for inventory and consumables
- Timing of inspection by BOI officers
- Strategy to resolve disputes with the Revenue Department.

## Success stories that have generated many millions in savings

1. Reclassification of assets
2. Restructuring certain entities
3. Comprehensive interpretation
4. Extension of BOI inspection date
5. Thoughtful timing of capital purchase and other expenses

# Here are some examples of the long term considerations in a more detailed manner

### Where should the parent of the BOI company be located ?

While using a U.S. entity as the parent might ease the alien business license requirements, the U.S entity may not be the ideal parent from a tax perspective both in terms of intercompany payments/receipts during operations and on the eventual sale of the BOI operations. Therefore, the location of the parent company should be considered from a tax, licensing and commercial standpoint from both an entry and exit perspective.

### Should we fund the BOI company with equity or debt?

The BOI imposes a minimum threshold of debt to equity ratio; however, that may not be the optimal ratio for minimizing your local or global effective rate wherein you have to consider the withholding tax and home country tax foreign tax credit. Consequently, you need to maintain an optimal balance between equity and debt.

### If we need to borrow funds should we use zero coupon bonds, vanilla loans or retained earnings?

This would depend on a variety of factors such as your funding requirements, profit expectations, cost of the funds, availability of funds, etc. and weighing the pros and cons of the tax perspective versus the financial / commercial perspective.

### Should ancillary products or services that will have to be provided to the market be included in the initial application or applied for separately at a later date or not at all?

### Should we accelerate or delay the purchase of machinery required in future years?

### What services should we subcontract?

### Should we restructure any of the other commercial aspects of our structure to improve the incentives that we are eligible for?



### How should we structure payments to the parent or related companies for assistance provided in various areas such as management, technical knowledge, etc.?

The BOI application requires a projection of your investments and income for the first three years whereas the tax benefits may last from 3 to 8 years. In addition, the protection or exemption from taxes may be limited to the amount invested or a number of years. You will therefore need to manage the possible mismatch of the duration of the exemption with the investment and whether to split the products and obtain different BOI certificates and when it would be best to apply for each certificate, etc.