

Overview of International Business Corporations

Offshore promoters sell international business corporations (IBC's) to safeguard wealth from lawsuits. But an IBC is a bad choice when you want solid protection. An IBC is a foreign corporation exempt from taxation in that country because it is owned by non-residents. An IBC otherwise compares to a U.S. corporation.

An IBC can privatize your offshore wealth; but, privacy is not asset protection. When your creditor discovers money sheltered in an offshore company, they can have a U.S. court compel you to transfer your IBC ownership shares to your creditor. Or, the court can force you to liquidate your IBC and repatriate its assets for the benefit of your creditor. Courts won't believe that you gifted your money to the IBC, or that your money somehow disappeared. For solid asset protection, your entity must be specifically designed for this purpose. That entity would not be an IBC. IBC promoters should not sell IBC's for protection.

Nor should you mistakenly believe that you can hide money in a privacy haven bank account. Some people do - and succeed. But it's poor protection. Your judgment creditor can force you to disclose your offshore assets. If you lie, you commit perjury. Disclose your offshore assets, and a U.S. court can order you to repatriate your money to your creditor. So a foreign bank account - whether in your own name or in the name of an IBC - is not creditor-protected. In either instance, the money is under your control. You can comply with a court's repatriation and turnover order, or be held in contempt. Never rely on an IBC when you want protection. The IBC can play some secondary role in your offshore plan, but it cannot be your primary offshore firewall.