

LIVING



TAX-FREE

LIVING TAX FREE

“An essential part of economic freedom is freedom to choose how to use our income: how much to spend on ourselves and on what items; how much to save and in what form; how much to give away and to whom. Currently, more than 40 percent of our income is disposed of on our behalf by government at federal, state, and local levels combined”.

Free To Choose, by Milton & Rose Friedman



Preface

The purpose of this book is to reduce your existing tax burden down to US\$20 or less. It is called a departure tax! Don't miss the next Freedom Airlines flight now:

- PROMOTIONAL OFFER -

Freedom Airlines flying daily to most offshore destinations has a special promotional offer:

The Departure Lounge

- Are you losing from one quarter to two thirds of your lifetime earnings in tax?
- Do you feel you are not getting value for money from your tax dollars, see them squandered on a daily basis but feel powerless to do anything about it?
- Is your ability to achieve financial freedom buried under a mountain of tax legislation?

The Destination Hall

- Would you like to keep the fruits of your labor and live tax-free?
- Would you like to spend your tax money and shape the world in a way that reflects your values, and not those of someone else?
- Would you like to make this year's tax return your last?

Special Promotional Offer

Fly today and save all the tax you would have paid throughout the rest of your life!

All passengers please proceed to topic 1 now for pre-flight information.



Contents

Topic 1 Taxes Around The World

- A Comparison of Countries 6
- Financial Freedom 21
- An IQ Test 29

Topic 2 Why Is My Tax So High?

- Politics – Freedom 30
- Economics – Prosperity 54
- Psychology – Self-Responsibility 72
- Spirituality – Truth 85

Topic 3 Investing Tax Free

- Two Categories of Income 97
- Tax Benefits in Moving Assets Offshore 101
- What Is Offshore Investing? 104
- The Best Offshore Tax Havens for
Banking and Investment 105
- Investment Vehicles 117
- Offshore Banks for Cash and Bonds 119
- Offshore Fund Managers 133
- Offshore Brokers, Exchange-Traded Funds
& Fund Supermarkets 143
- Offshore Property Opportunities 146
- Offshore Investment Related Resources 152
- Privacy Related Matters 160



Topic 4 Flying to Freedom

- Freedom Airlines 168
- Tax Free Retirement Havens 173
- The Permanent Traveler 193
- The World Is Your Oyster 195
- Traveling Without Grief 201
- PT Resource List 210

Topic 5 Destination Freedom

- Congratulations 213
- Still Climbing? 215
- Freedom Is a Journey 216
- Further Resources 219

Disclaimer 221



1: Taxes Around The World

A Comparison of Countries

In the tropical tax havens of the Caribbean along with some 25 or so other tax havens around the world the sun has already set on tax.

Instead of swimming up to your eyeballs in tax you could be swimming in the turquoise waters of the Caribbean, living off the money saved from taxes.

You can wait for the sun to set on tax within your high tax country of origin, or take the next flight out and have it set immediately.

This book outlines a strategy which when implemented will gradually see the sun set on tax, and the dawn of a new and exciting lifestyle living legally tax free.

Imagine living in the tropical Caribbean, glitzy Europe, exotic Orient or fun-loving South America with a tax-free source of income from your offshore investments.

You could be living in the Bahamas, Monaco, Andorra, Hong Kong, Thailand or Panama to name but a few of the exciting retirement destinations, with a tax free source of income from Luxembourg, Switzerland or similar reputable tax haven that neither taxes your income nor confiscates your assets.

By contrast there is nothing more dangerous than keeping your money in a country confiscating the major part of your income in tax, plus a long list of laws from divorce to litigation doing similar to your assets. Like communism, high tax countries show scant respect for your property, confiscating it behind a thin veil of legitimacy via tax laws enacted.

High tax governments have created an endless list of tax laws that have placed you in financial servitude and driven their most productive citizens offshore. Soon you will join them.



By contrast in a tax haven tax is illegal and strong banking secrecy laws protect your assets from confiscation.

Your choices are either tax haven prosperity and freedom or high tax poverty and servitude. Don't delay, join the freedom loving crowd offshore whilst you still have any money left at all.

More specifically let's look at tax in individual countries.

Table 1 on the next page shows the average income tax paid by individuals for a representative sample of countries throughout the world, using personal tax scales for those countries.

The table shows the percentage of gross earnings lost in tax (including social security contributions) calculated for a single worker without children earning the average wage in that country (OECD: 2006).

So for example the average salary of a worker in New Zealand is NZ\$42,572. On this salary the worker would pay 20.9% in tax, or NZ\$8,897.

Some countries such as the US, Switzerland, Canada also levy state tax in addition to federal tax. The state tax has also been included in the table based either on a representative state, or using an average tax across all states. The table also includes any employee and employer social security contributions.

In addition to showing the tax for the average worker, the table also shows the average tax paid for someone who is earning 167% of the average wage.

So for a New Zealand worker earning 167% of the average wage in that country (i.e. $\text{NZ\$}42,572 * 167\% = \text{NZ\$}71,095$) they would pay 26.7% in tax or NZ\$18,982 on a salary of NZ\$71,095.

The main purpose of the table is to give you some idea where your country stands in terms of taxing its citizens.

It would be instructive for you to pause now and determine the percentage of tax you are paying on your existing income, either using past notices of assessment, or by calculating it via the latest personal tax scales for your home country.



COUNTRY	Average wage in that country	% of tax lost for average wage earner		% of tax lost on 167% of average wage	
		Average	Marginal	Average	Marginal
Australia	53,385	28.1%	35.4%	34.3%	46.7%
Austria	36,009	48.1%	57.3%	50.7%	41.9%
Belgium	37,271	55.4%	66.4%	60.7%	68.4%
Canada	41,715	32.1%	40.8%	33.3%	36.6%
Czech Rep.	235,037	42.6%	47.5%	46.1%	55.9%
Denmark	330,796	41.3%	49.2%	49.5%	63.0%
Finland	33,710	44.1%	54.8%	49.9%	58.9%
France	31,464	50.2%	55.8%	53.2%	59.6%
Germany	42,003	52.5%	65.9%	53.8%	44.3%
Greece	21,775	41.2%	54.1%	47.9%	60.6%
Hungary	1,913,971	50.0%	76.0%	54.5%	62.4%
Ireland	30,329	23.1%	33.2%	34.2%	49.9%
Italy	23,299	45.2%	52.4%	49.8%	58.8%
Japan	5,035,520	28.8%	32.2%	31.6%	32.6%
Korea	30,377,732	18.1%	29.7%	21.5%	23.6%
Luxembourg	43,477	36.5%	54.0%	43.5%	54.0%
Mexico	72,436	15.0%	21.5%	21.9%	29.8%
Netherlands	38,701	44.4%	50.6%	46.0%	52.0%
New Zealand	42,572	20.9%	33.0%	26.7%	39.0%
Norway	394,278	37.3%	51.3%	42.9%	51.3%
Poland	29,358	43.7%	46.0%	44.8%	53.4%
Portugal	13,745	36.3%	47.1%	41.7%	55.6%
Slovak Rep.	231,658	38.5%	45.5%	40.5%	42.8%
Spain	21,093	39.1%	45.5%	42.6%	37.0%
Sweden	327,800	47.9%	63.4%	54.6%	67.2%
Switzerland	73,187	29.7%	36.0%	34.1%	42.8%
UK	30,842	33.9%	40.6%	37.6%	47.7%
US	32,503	28.9%	34.0%	33.5%	43.3%
Average		37.6%	47.1%	42.2%	49.3%

Table 1



Note the average tax paid throughout the countries in table 1 by a worker earning the average wage in that country is 37.6%, and for a worker earning 167% of the average wage the average tax paid is 42.2%.

Table 1 also shows the marginal rates of personal income and social security taxes at the wages shown.

For example, a New Zealand worker earning the average wage of NZ\$42,572 is paying an average of 20.9% tax on their gross wage (i.e. NZ\$8,897).

In addition a wage of NZ\$42,572 would place a New Zealand worker in a 33% marginal tax bracket, as shown in table 1. In other words for each dollar extra the worker earns above NZ\$42,572 they pay 33% tax. A New Zealand worker on 167% of the average wage would be in a 39% tax bracket as shown in table 1.

The average marginal rate of tax across the countries shown in table 1 is 47.1% for workers on the average wage, and 49.3% if on 167% of the average wage.

Realize the above table represents direct federal and state income tax only.

It includes taxes the individual pays on income from sources such as business or employment, interest on bank accounts, net rents from property, dividends from shares, capital gains from the sale of shares or property if applicable etc.

Though the average worker is losing 37.6% of earnings in direct taxation alone, there are other indirect taxes not included in table 1. These include goods and services tax, wealth tax, customs and excise, gift tax, business registration, hotel accommodation tax, stamp duty on property, tax on banking transactions, inheritance, estate and probate taxes, and local taxes such as rates, levies, etc.

Table 2 shows the percentage of tax paid in relation to total tax revenue split into direct and indirect taxation for the same selection of countries (OECD: 2002).



	Direct Tax	Indirect Tax		Corporate Tax
	Personal plus social security tax	Goods and services tax	Other tax	
Australia	38.5%	30.3%	14.4%	13.8%
Austria	52.3%	28.2%	14.4%	5.1%
Belgium	60.6%	24.6%	7.1%	7.6%
Canada	49.7%	26.3%	13.9%	10.1%
Czech Rep.	51.1%	29.7%	7.3%	11.8%
Denmark	56.6%	33.1%	4.5%	5.8%
Finland	55.9%	30.2%	4.6%	9.3%
France	51.9%	25.4%	16.2%	6.6%
Germany	62.5%	29.2%	5.5%	2.9%
Greece	42.2%	37.3%	10.1%	10.4%
Hungary	50.3%	37.4%	6.1%	6.2%
Ireland	40.3%	39.5%	7.1%	13.1%
Italy	51.5%	26.9%	14.0%	7.6%
Japan	52.3%	20.1%	15.4%	12.2%
Korea	31.6%	38.8%	16.8%	12.8%
Luxembourg	39.9%	27.9%	11.6%	20.5%
Mexico	46.8%	49.0%	3.5%	-
Netherlands	46.6%	30.8%	13.8%	8.8%
New Zealand	42.3%	35.2%	10.4%	12.1%
Norway	46.2%	31.2%	3.7%	18.9%
Poland	51.9%	36.9%	4.9%	6.3%
Portugal	54.7%	41.1%	4.2%	-
Slovak Rep.	43.7%	34.1%	14.0%	8.2%
Spain	49.9%	28.6%	12.4%	9.1%
Sweden	60.5%	26.4%	8.3%	4.8%
Switzerland	58.2%	22.6%	10.4%	8.8%
UK	46.2%	32.7%	13.0%	8.1%
US	62.4%	17.6%	13.2%	6.7%
Average	49.8%	30.3%	10.2%	9.5%

Table 2

