



**EMMANUEL JACQUES ALMOSNINO**  
LAW FIRM • SAINT BARTH

# **INVESTING IN SAINT BARTHS**

**The Plaza – New York City**  
**January 29, 2015**





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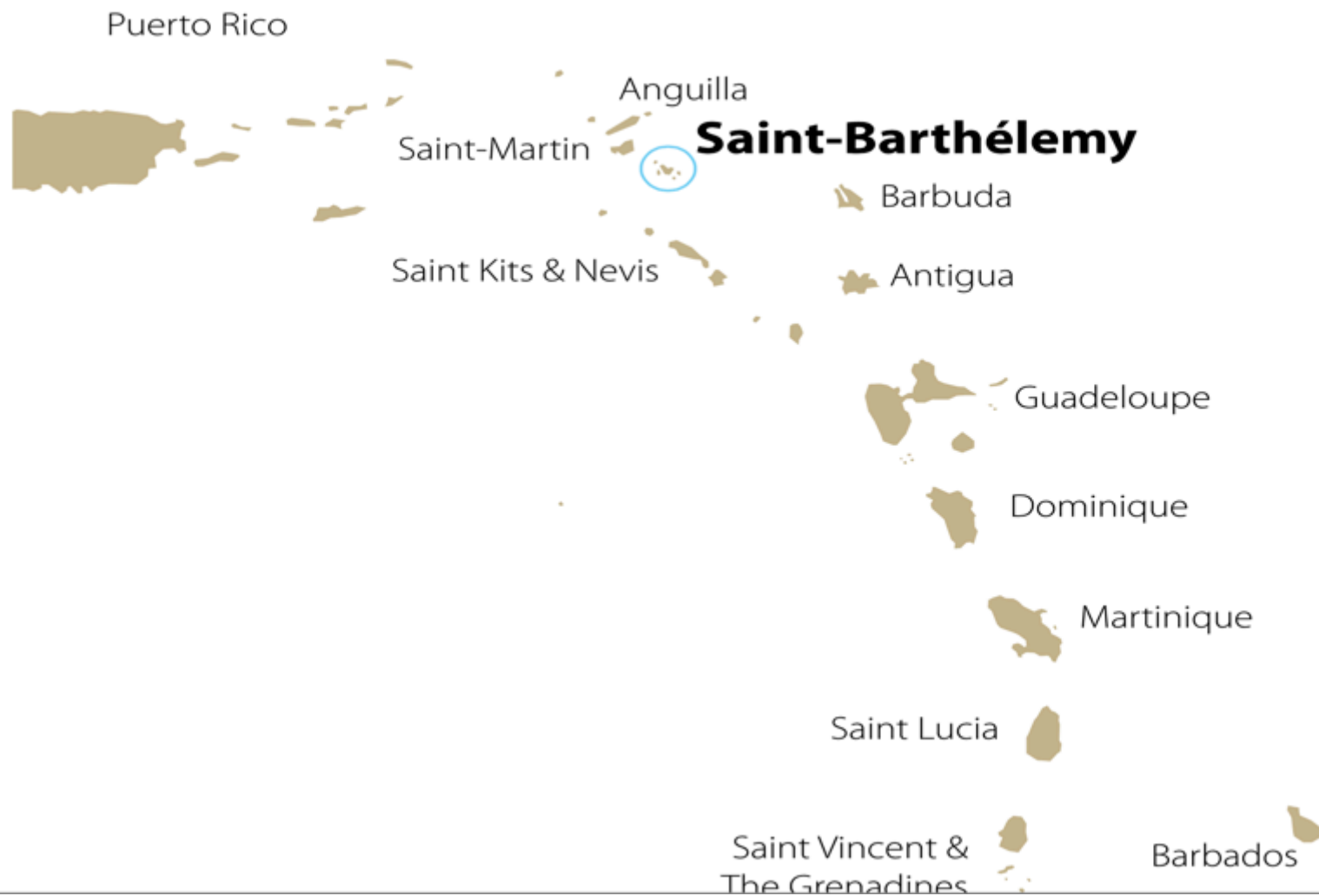
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## How to get there ?

From San Juan – Porto Rico: 1h flight with Tradewind Aviation  
[www.tradewindaviation.com](http://www.tradewindaviation.com)

From Sint Maarten/Saint Martin:  
7 minutes flight with:

Airlines:

- Saint Barth Commuter [www.stbarthcommuter.com](http://www.stbarthcommuter.com)
- Winair [www.fly-winair.sx](http://www.fly-winair.sx)

45 minutes by ferry:

Voyager

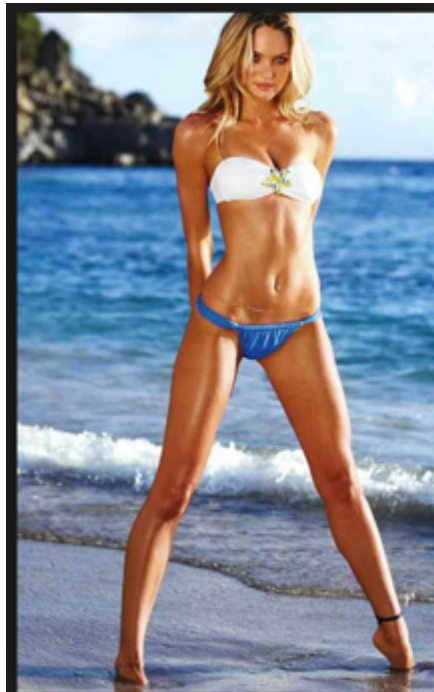
Great Bay Express





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**Why they all want to be there ?  
Celebrities, fashion models, industry captains ...**



**Victorias Secret Shoot August 2012 ...**

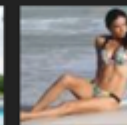
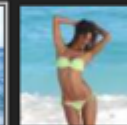
www.gopixpic.com - 500 x 800 - Recherche par image

Souhaila Bouzit into victorias secret shoot. RepixLikeView Pic

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## The Saint Barths key factors of success







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**In just 5 hours from home !**

**No jumbo jets**

**No cruise boats**

**No tourist buses**

**An island just for you as if it belongs to you !**





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## 1° An unspoiled environment







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## 2° Safety of people and property







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### 3° Quality service







## STRUCTURAL CHARACTERISTICS

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Capital	Gustavia
Surface area	21 km <sup>2</sup> (25 km <sup>2</sup> with its islets)
Geographical location	Antilles Arc - Paris at 6,500 km, New York at 2,500 km, Guadeloupe at 230 km
Languages spoken	French, English, Creole
Currency	Euro
Status	Overseas Territory (OT) and Overseas Country and Territory (OCT)
National representation	1 MP, 1 senator, 1 representative at the Economic, Social and Environmental Council
State representation	Delegate Prefect

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### Historical milestones

The island of Saint-Barthélemy is located to the northwest of Guadeloupe at the limit between the Greater and Smaller Antilles, near the American Virgin Islands. It was discovered by Christopher Columbus in 1493 and occupied by the French from 1648 onwards. For many years it was a refuge for the Caribbean Indians, then buccaneers, until Louis XVI transferred it to the King of Sweden in exchange for warehousing rights in Gothenburg. The island's main village was subsequently renamed Gustavia after the King of Sweden, Gustave III. France recovered possession of Saint-Barthélemy under the treaty of 10<sup>th</sup> August 1877, which was ratified by the Law of 2<sup>nd</sup> March 1878. It was then annexed to Guadeloupe and became a municipality of the latter in 1946.

The administrative status of Saint-Barthélemy as a municipality of the department of Guadeloupe ended in 2007. The process of statutory changes initiated in the previous decade by the islands of Saint-Martin and Saint-Barthélemy gave rise to the adoption of a new status as a French Overseas Territory on 21<sup>st</sup> February 2007, following the electoral poll of 7<sup>th</sup> December 2003. It was approved by 95.5% of voters in Saint-Barthélemy in the referendum.





## **Institutional organisation**

The new French Overseas Territory of Saint-Barthélemy was officially founded on 15<sup>th</sup> July 2007 with the establishment of its Territorial Council, comprising 19 members elected for 5 years. Saint-Barthélemy is governed by the Organic Law of 21<sup>st</sup> February 2007 and exercises all the powers devolved to municipalities, the department and the region, as well as the powers which have been transferred to it by the State. The new Territory is now responsible for taxation, road transport, road systems, tourism, urban planning, housing, the environment, and for setting up and organising the services provided by public institutions. It may also adapt laws and regulations related to land in the public domain and education. However, the French State remains competent for criminal, commercial, monetary, banking and financial law. A Delegate Prefect represents the French State and government within the Overseas Territories of the Saint-Martin and Saint-Barthélemy islands. The prefecture is located in Marigot (Saint-Martin) and has an office in Gustavia (Saint-Barthélemy). A seat in Parliament has been established for both islands, following a seat in the Senate, since the legislative elections in June 2012.

At the European level, the modification of Saint-Barthélemy's status from an Outermost Region (OR) to an Overseas Country and Territory (OCT) as of 1<sup>st</sup> January 2012 was approved on 29<sup>th</sup> October 2011 by a unanimous vote of the European Council. In addition to no longer being subject to European standards, the OCT status allows the Territory to benefit from responsibility for customs.

The euro continues to be Saint-Barthélemy's currency. A monetary agreement on maintaining the euro has been signed between the European Union and French Republic, which continues to apply the European Union's legal acts and regulations to Saint-Barthélemy. This is necessary for the functioning of the economic and monetary union.





- A continuous increase of the property prices
- In a rich environment
- Where service is king

<b>Key economic indicators</b>	<b>Saint-Barthélemy</b>	<b>France</b>
GDP per capita (constant euros, 2010)	35,700 <sup>(1)</sup>	29,905
Actual revenues of the territory (EUR M, 2013)	68.6	-
Actual expenditure of the territory (EUR M, 2013)	52.2	-
Debt of the territory (% of GDP, 2013)	0	8.5 <sup>(2)</sup>

(1) CEROM estimation (1999); (2) Public debt notified or in the sense of Maastricht.

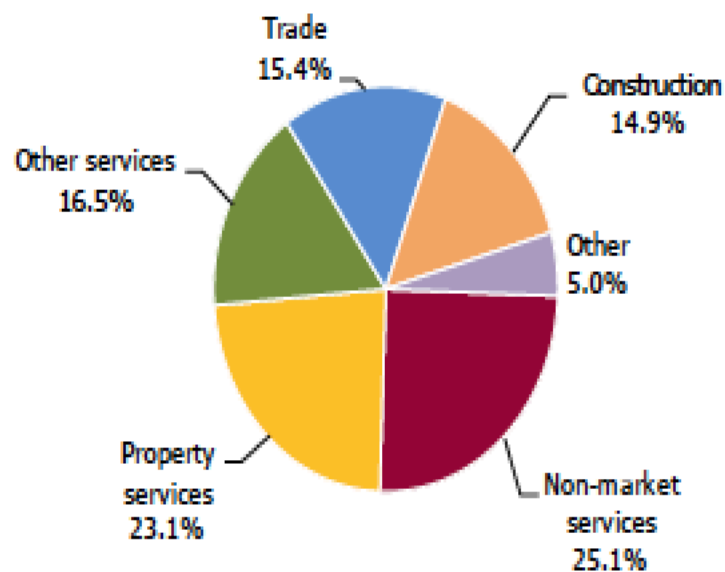
*Sources: CEROM, Territory of Saint-Barthélemy.*





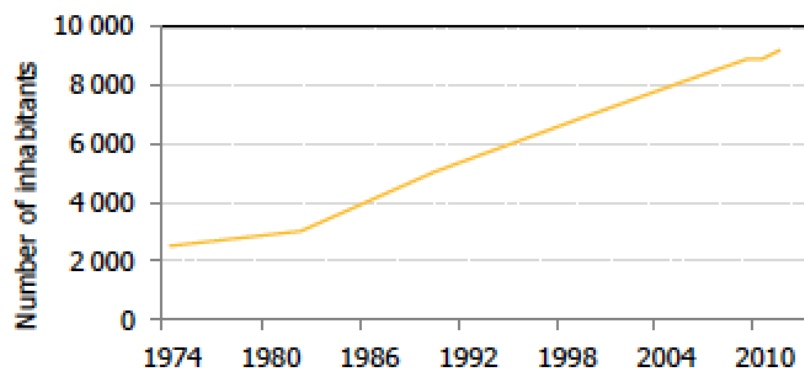
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### Breakdown by business sector in Saint-Barthélemy in 2013



*Source: Multi-professional Economic Chamber.*

### Population since 1974



*Source: INSEE.*





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## Why to purchase now ?



### GRAPHS

US Dollar per 1.00 Euro Graph

29 Jan 2014 00:00 UTC - 29 Jan 2015 18:12 UTC







## **Saint Barth IRC**

- **No income tax**
- **No corporate tax**
- **No local tax on real properties**
- **A capital gain tax of 20%**
- **Sales tax on rentals of 5%**
- **Annual contribution of corporations and companies of EUR 300**
- **Custom rights: 5% on imported goods**





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**What to purchase ?**

**How to purchase ?**

**What is the legal and financial environment ?**

**Is my investment safe ?**





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## The acquisition process

**Buyer and  
Seller  
lawyers  
negotiate**

**notaire  
Sale  
and  
Purcha  
se  
Agree  
ment  
draft**

**S&P  
agreement  
finalized  
by the  
lawyers  
then  
signed**

**2 to 3 months:  
notaire's due  
diligence and  
first right of  
refusal**

**Exec  
ution  
of  
the  
deed  
of**

**CONVE  
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## **What to do when you buy ?**

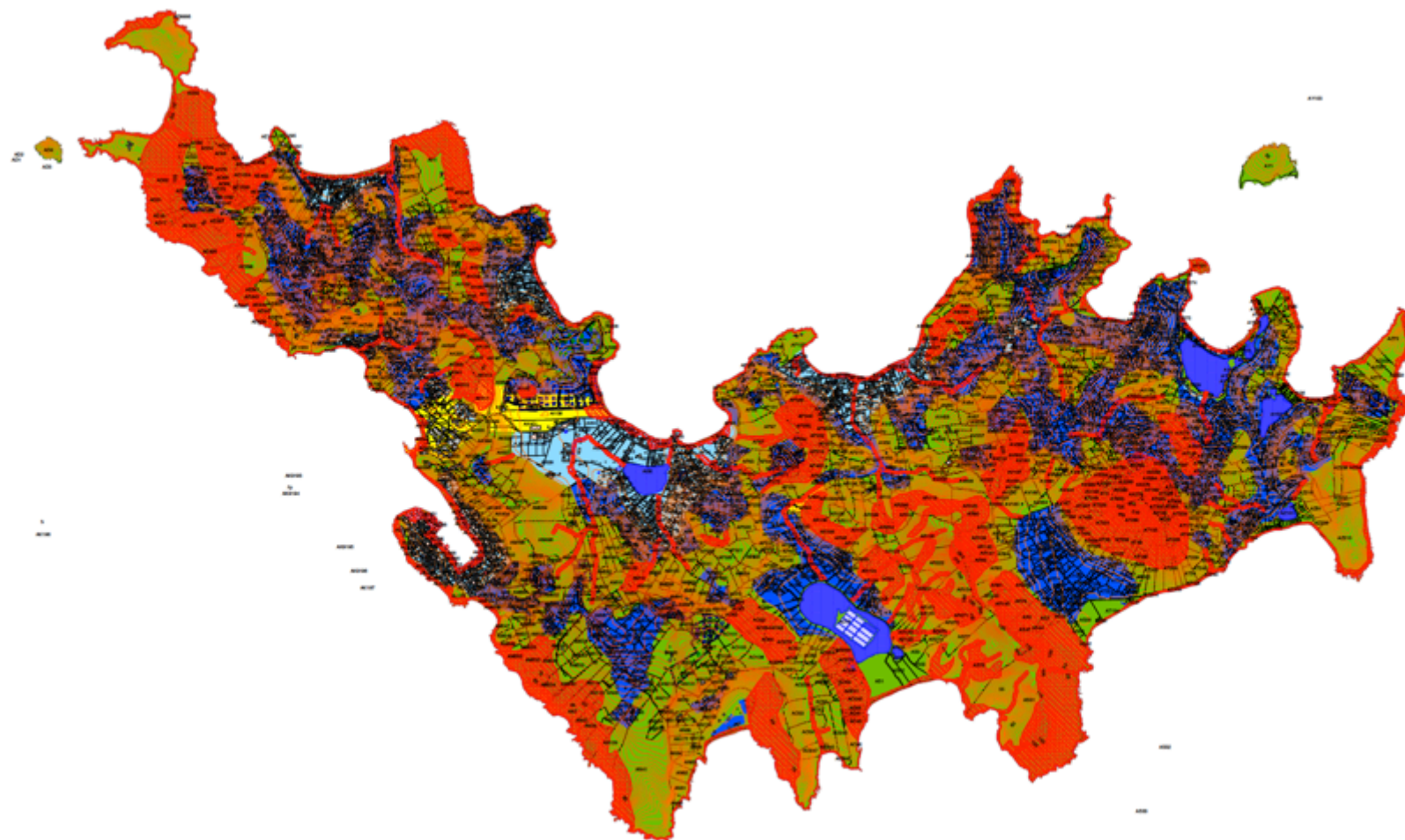
- **Audit the property title**
- **Audit the property environment (easements, neighboring land, risks)**
- **Audit the property with regards to the urban planning rules**





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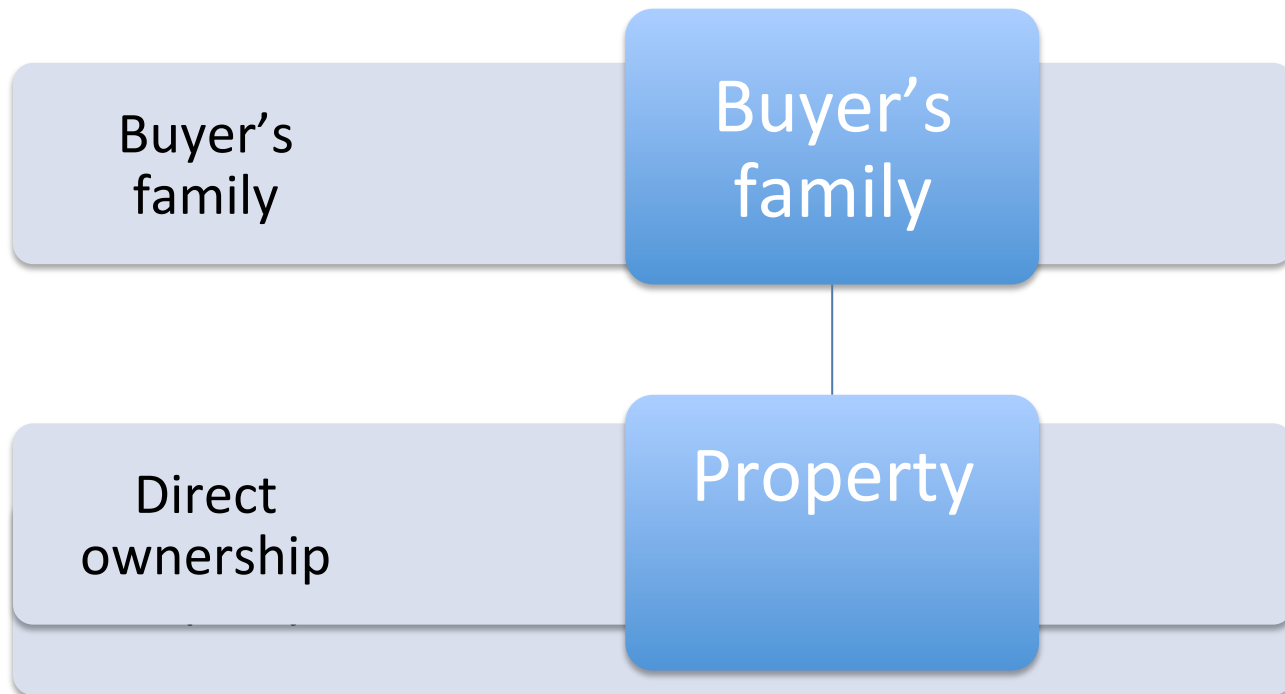
## **A urban Planning Map with its regulation**







## How to structure your investment ?

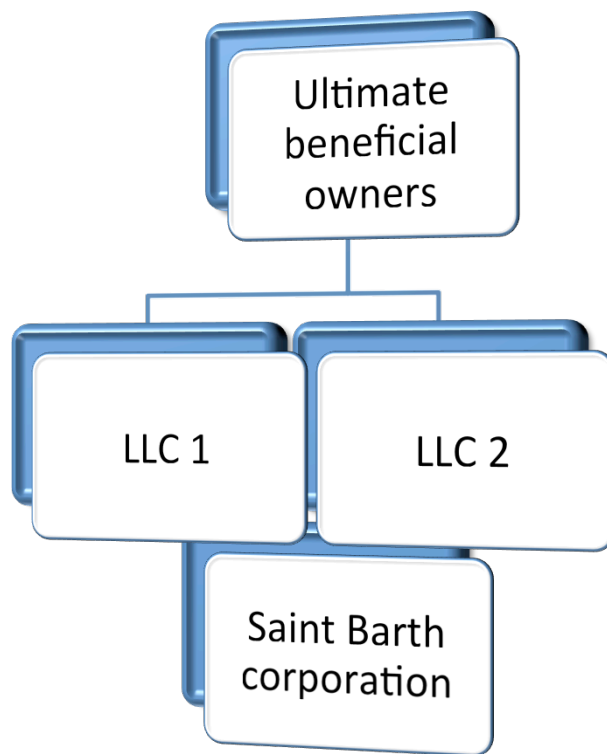






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## Classical structuring scheme







## Scheme for estate planning

Irrevocable  
trust

50% of St  
Barths entity

Irrevocable  
trust

50% of St  
Barths entity





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## **What kind of financing ?**

**1° Loan with local banks**

**2° Loan with your bank**

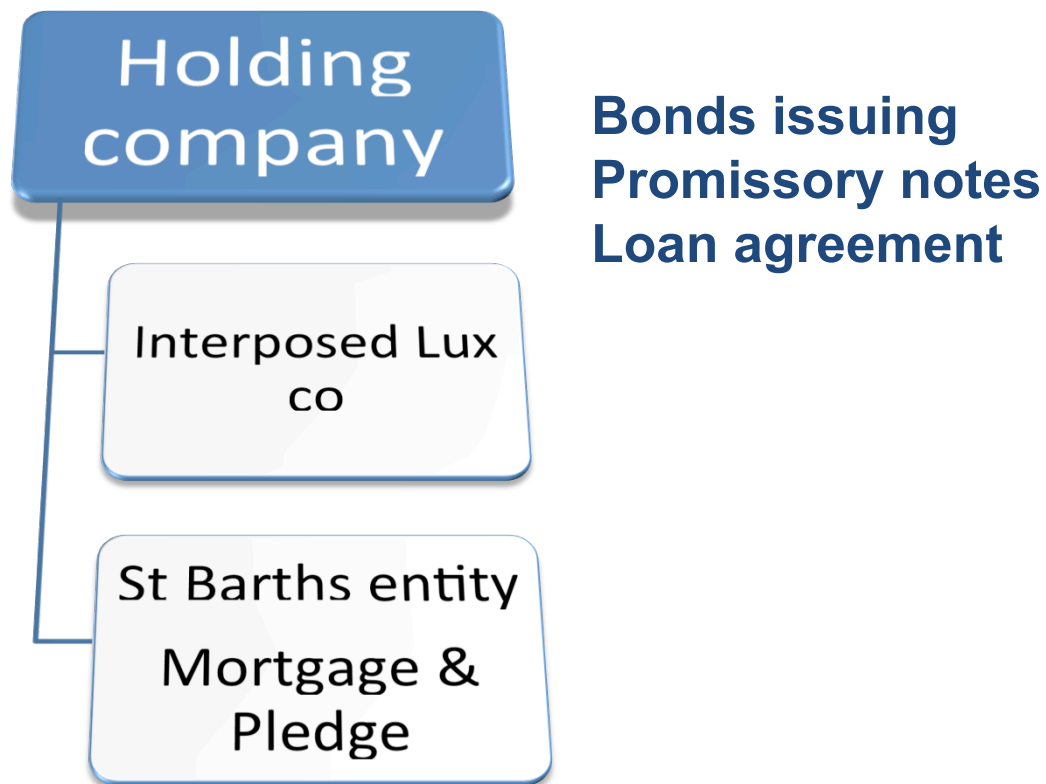
**3° Loan granted by a private fund**

**3° Equity release after purchase**





## Scheme to structure a financing







## What kind of entity ?

### **Non trading corporations :**

Unlimited liability corporation

Société civile immobilière

### **Trading corporations :**

Société à Responsabilité Limitée (SARL) Equivalent to LLC

Limited liability corporation

One option :

1° Taxation at the level of the shareholders

2° Corporate tax 33.33% to France during 5 years





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## **Stock companies with Limited liability:**

Public stock companies : Société Anonyme (SA)

Privately held companies : Société par Actions  
Simplifiée (SAS)

## **Trading companies with unlimited liability :**

Public stock companies : Société en commandite par  
actions

Privately held companies : Société en commandite  
simple





## **What happens with your investment ?**

### **1° Mix use: secondary home and rental**

- **No taxation on properties**
- **5% Collectivity tax**
- **Eventually, corporate tax of EUR 300 and garbage tax of EUR 80 per year**

### **2° Capital gain tax**

**20 % on net capital gains**

**with a deductible of 10% each year after the fifth year (0% after 15 y.)**

**French social taxes CDG/CRDS of 15,5% : apply on individuals not on companies or trading corporations.**





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**Caution: 3% ANNUAL TAX  
ON UNDISCLOSED BENEFICIAL OWNERS**





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**Thank you for your attention**



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