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The UK LLP has the following similar characteristics to those of a UK limited company:

- Electronic formation can take as little as 24 hours
- Formation costs are very minimal
- No minimum capital requirement
- No UK nationality or UK residence requirements for the members; members can be non resident
- Disclosure and filing requirements are similar to those of UK limited companies

So what makes the UK LLP attractive to international traders? Broadly speaking, the LLP pays no tax on its trading profits. Instead the members of the LLP are taxed on their share of the profits according to the tax laws of their country of residence. The members will not be subject to the UK tax if:

- All trade takes place outside of the UK
- All members of the LLP are non-resident – no restriction on the jurisdiction in which the members reside. Can be anywhere
- The UK LLP is not controlled and managed in the UK
- The UK LLP does not have a UK office or agency
- The UK LLP does not own any UK property

Furthermore, members of the LLP can be individuals, corporate and/or nominee members. It is also possible to have a combination of corporate and non corporate members. This offers several interesting tax planning opportunities. The UK LLP therefore offers significant tax planning opportunities without falling foul of BEPS (Base Erosion and Profit Shifting) issues.

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Why American Economic Sanctions Matter to Non-U.S. Banks

By Stephen R. Larson

The United States relies on its economic sanctions programs to achieve its diplomatic and political goals around the world. This reliance matters to non-U.S. banks because the sanctions are typically designed to be far-reaching, may be aggressively enforced, and increasingly look to the financial sector as a highly-effective and efficient way to exert economic pressure.

A few recent examples show the serious effect a violation of U.S. sanctions can have on a non-U.S. bank. Earlier this year, Commerzbank AG, a major German bank, paid almost $260 million to settle apparent violations of sanctions programs aimed toward Iran, Sudan, Cuba and Burma (Myanmar), among others. In 2014, the French bank BNP Paribas paid a record penalty of $8.9 billion for violations of the Iran, Sudan and Cuba sanctions programs.

U.S. sanctions programs begin with an executive order issued by the President, acting on statutory authority granted under the International Emergency Economic Powers Act (IEEPA). That Act allows the President to declare an emergency and exercise emergency powers "to deal with any unusual and extraordinary threat … to the national security, foreign policy, or economy of the United States." The Presidential order may also cite the United Nations Participation Act of 1945 as authority if the U.N. Security Council has also imposed sanctions against the target country or its nationals. Presidential

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executive orders then delegate the authority to adopt specific rules and regulations to carry out a sanctions program

to the Department of the Treasury, which acts through its Office of Foreign Assets Control (OFAC).

Structurally, economic sanctions take one of two possible forms. The first of these is a "blocking" sanction. Blocking sanctions originated with the Trading with the Enemy Act adopted shortly after World War I, and are designed to deprive targeted countries or individuals of the benefits of assets within the U.S. or that come within American control. A typical blocking provision says that any property in which a targeted person or entity has an interest is "...blocked and may not be transferred, paid, exported, withdrawn, or otherwise dealt in."

Sanctions may also be structured as simple trade restrictions prohibiting specific commercial conduct, rather than applying to all assets in which a targeted country or individual has an interest. Of course, a comprehensive sanctions program will often contain both types of sanctions. The U.S. may continue to increase its reliance on the use of trade restrictions, however, because these restrictions can provide more flexibility in fashioning a sanctions program, such as the current Russia-related sanctions that apply only to the Russian finance, defense, and energy sectors, and prohibit only specific kinds of transactions even within those sectors.

U.S. sanctions programs apply not only to individuals and companies located in the United States, but can also reach non-U.S. persons. The prohibitions generally apply to any non-U.S person who acts within the United States, provides services from the United States, causes a violation by a U.S. person, or re-exports or transfers U.S. origin goods or services in violation of the sanctions program. BNP Paribas and Commerzbank, for example, violated U.S. sanctions by making loans to Iran, Sudan and Cuba because the loans were denominated in U.S. dollars and had to be processed through correspondent banks in the United States. Similarly, Clearstream Banking S.A., a Luxembourg bank, was recently deemed to have "exported custody and related services" from the United States

when it acted on behalf of the Central Bank of Iran with respect to $2.8 billion in securities held in a custodial account in a U.S. securities depository.

A non-U.S. bank may find it difficult to completely avoid the jurisdiction of U.S. economic sanctions programs. The Bank for International Settlements, headquartered in Switzerland, estimates that approximately 84 percent of international transaction settlements occur in U.S. dollars. In addition, the number of countries subject to U.S. sanctions is large, with some form of economic sanctions in effect with respect to almost 20 countries, plus sanctions relating to narcotics traffickers, terrorists, the rough diamond trade and others. The list maintained by OFAC of designated entities or individuals related to those primary targets is currently 960 pages long. As a result, virtually all non-U.S. banks need to be sensitive to some degree to the restrictions imposed by U.S. economic sanctions regimes.

If a non-U.S. bank does inadvertently violate a U.S. economic sanctions program, the way it handles the violation can be critical. The Treasury Department has wide discretion when imposing penalties or deciding whether any penalty is warranted. It publishes a matrix of factors that will either aggravate or mitigate responsibility, including whether the violating party reports the transaction itself, whether it had taken reasonable steps to prevent the violation, and whether it took any steps to disguise the violation or prevent its discovery.

The economic sanctions imposed by the United States have always had a strong practical emphasis on financial assets. Bank deposits or money transfers in the hands of financial intermediaries are simply the most likely form of foreign asset to be found in the United States. Sanctions regulations concerning Iran and Russia, for example, have provisions focused specifically on the financial sector, including provisions allowing some kinds of financing while prohibiting others. That practical emphasis on the financial sector can be expected to continue to expand and to become more explicit.

Steve Larson is a former U.S. Department of Treasury Acting General Counsel and Counselor to the General Counsel. In these positions he oversaw economic sanctions regimes under the Office of Foreign Assets Control as well as other legal functions.

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