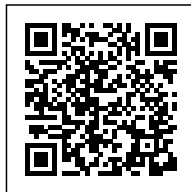


BALANCING RISK AND REWARD - DELOITTE

Posted on 16/08/2012



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“There is no ideal situation, no perfect country to invest in,” says Luis Fernando Guerra, Managing Partner at Deloitte in Madrid.

“The way that you do business and operate in the legal and regulatory environment in each country is completely different.” Therefore, he adds, the assessment of country risk is fast becoming one of the top priorities for businesses.

What clients want when they are targeting any jurisdiction, says Guerra, is to know that there is the legal security they need to make a long-term investment.

“Can you trust in the legislation and the courts and the way that tax administration or the administrative authorities are applying and following the law?” he says. And, most importantly, can you find the appropriate judicial assistance in a relatively short time?”

Clients also need to know how expensive it can be to be compliant with local legislation, he says, in particular data protection and anti-money laundering, and also how easy it will be for their compliance department to deal with the local authorities.

With regards to tax, says Guerra, above all they want to know whether it is possible to repatriate the potential profits in the future and at what cost. "Some countries have great tax systems with reduced rates and incentives. But if you cannot extract your profits at the end of the day, it's better to find out sooner rather than later."

Clients want to know that their lawyers can provide the appropriate resources in whichever jurisdiction they choose to invest, says Guerra.

"Ultimately, therefore, the most important thing for lawyers is to be able to say to them that you are 'our' client regardless of where in the world you are."