

## Foreword

“I like the idea,” he said.

We sat down in a garden restaurant in Canggu, Bali. A smiling band gently raped the usual rock-ballads. The waitress responded “yes” to everything.

“The first question Digital Nomads have is: where do I go. The second is: where do I pay taxes.”

I was having beer and pizza with a former client, whom I helped flee Dutch taxes in 2016. He moved to Bulgaria, and saved tens of thousands of euros in the process. I had just handed him the first draft of my book.

“I see it often on Facebook. Nobody knows what to do, and nobody is making any sense...,” he continued.

I had seen this myself. It was, in fact, the very reason I started consulting Digital Nomads on tax and legal matters back in 2014. But the group of people looking for answers seems to only grow bigger. Moreover, their emails often display a poor grasp of even basic concepts, such as citizenship and residency, or the different types of income in existence.

I found myself repeating the same basic concepts over and over during 100s of talks – it became a drag! But this isn’t strange: there are no easy books revealing international taxation to individuals. Agents guard their secrets like the Coca Cola recipe. Tax-lawyers charge outrageous fees. All this made me decide to write down, in plain English, EXACTLY how taxes work for Digital Nomads. Congratulations! You’re looking at the result.

With this book, you instantly transform yourself into an expert on all aspects of international taxation. You’ll understand when you have to pay taxes (and where), and when you’re not required to pay anything. It offers a unique insight into how to structure your international affairs. If you’re serious about being a Digital Nomad, running an international business, or achieving ultimate freedom, *this book can change your life...*

But you’ll have to make a choice:

...Keep reading to take full control of your journey; stop being confused about tax and legal matters; break free from endless rules and bookkeeping obligations; become an independent and sovereign individual; stop being afraid of the tax-man; and grab life by the balls!

...Or close this book now to keep slaving away; living by someone else’s rules; paying for benefits you’ll never enjoy; and living a life of uncertainty and dependence on overpriced consultants.

Decide now...

...Because after reading this book, there is no going back...

## Table of Contents

<b>Foreword</b> .....	<b>2</b>
<b>Copyright and Limitations</b> .....	<b>3</b>
<b>Chapter 1 – Introduction</b> .....	<b>9</b>
1.1 – What makes a successful Digital Nomad?.....	9
1.2 – What can you get out of this book?.....	10
1.3 – Encouraging words.....	11
<b>Chapter 2 – Why Pay Taxes?</b> .....	<b>13</b>
2.1 – The ways you're taxed.....	14
2.2 – Digital Nomadism; perfect for tax planning.....	15
2.3 – The Ideal Visitor.....	15
2.4 – Paying “Some” Taxes.....	16
<b>Chapter 3 – The Crackdown on Tax Payers</b> .....	<b>17</b>
3.1 – What’s going on?.....	17
3.2 – Who is behind the laws DNs face.....	18
3.3 – Tax evasion, tax avoidance.....	18
3.3.1 – The Google analogy.....	18
3.4 – Tax planning: the road to freedom!.....	20
3.4.1 – Finally, clarity.....	21
3.5 – Is this “legal?”.....	21
<b>Chapter 4 – Essential Legal Concepts</b> .....	<b>23</b>
4.1 – Is justice blind?.....	23
4.2 – The other side of the coin.....	24
4.3 – Country vs state vs tax jurisdiction.....	24
4.4 – On-shore vs off-shore.....	25
4.5 – International tax law.....	25
4.5.1 – Taxing rights.....	25
4.5.2 – Source of income.....	25
4.5.3 – International vs domestic tax law.....	26
4.5.4 – Double tax treaties.....	27
4.6 – Citizenship, residence, domicile.....	27
4.6.1 – Citizenship.....	28
4.6.2 – Residence.....	28
4.6.3 – Domicile.....	28

4.7 – Tax Residence.....	29
4.7.1 – Fiscal non-residence.....	30
4.8 – Different income, different taxes.....	30
4.8.1 – Common taxes.....	30
4.9 – The tax planning funnel.....	32
4.10 – Offshore companies, what can you do with them?.....	32
4.10.1 – Permanent establishment rules.....	33
4.10.2 – CFC rules.....	34
4.10.3 – General Anti-Avoidance Rules.....	34
<b>Chapter 5 – Flag Theory – The Road to Ultimate Freedom.....</b>	<b>35</b>
5.1 – International diversification.....	35
5.2 – What’s Flag Theory?.....	36
5.3 – How much money do you need to apply flag theory?.....	37
5.4 – Where to start.....	38
<b>Chapter 6 – Flag 1 – Residence.....</b>	<b>40</b>
6.1 – Tax systems Digital Nomads can choose from.....	40
6.1.1 – The worldwide system.....	40
6.1.2 – The territorial system.....	41
6.1.3 – Countries with no income tax.....	41
6.1.4 – Remittance Based System.....	41
6.1.5 – Citizenship-based taxation.....	42
6.1.6 – Special programs attracting high caliber individuals.....	42
6.1.7 – Low tax countries.....	43
6.1.8 – The “we don’t care” model.....	43
6.2 – Getting residency.....	43
6.3 – Staying on tourist visas.....	44
6.4 – Moving within the EU.....	45
6.5 – Giving up your current tax residency.....	45
6.5.1 – Keeping your house.....	46
6.5.2 – Center of economic or vital interests.....	46
6.5.3 – Tax residency scale.....	47
6.5.4 – What to do when leaving.....	47
6.5.5 – Emigrating while running a business or owning assets.....	48
6.5.6 – Do you really have to live there?.....	49
6.6 – Always on vacation.....	49
6.7 – Estonian E-residency.....	50
<b>Chapter 7 – Flag 2 – Business Base.....</b>	<b>51</b>
7.1 – What’s your business model?.....	51

7.2 – Multiple income streams.....	52
7.3 – Setting up a corporation.....	52
7.4 – How to run a corporation.....	53
7.5 – What’s a company structure?.....	54
7.6 – Payday: how to get your money out?.....	55
7.7 – What to think about when setting up a corporation.....	56
7.8 – Tax free offshore companies.....	57
7.9 – Sole proprietorship or not?.....	57
<b>Chapter 8 – Flag 3 – Financial Services.....</b>	<b>59</b>
8.1 – Offshore banking.....	59
8.2 – Banking secrecy.....	60
8.3 – Financial surveillance.....	60
8.4 – Maintaining databases.....	62
8.5 – How to prevent being flagged as suspicious?.....	62
8.6 – Reasons for opening offshore bank accounts.....	63
8.7 – How to open an international bank account.....	64
8.8 – Common requirements of banks.....	65
8.8.1 – Utility bill.....	65
8.8.2 – Source of funds.....	65
8.8.3 – Your resume.....	65
8.8.4 – Reference letter.....	66
8.8.5 – Passport copy (of all the people involved in the structure).....	66
8.8.6 – Additional requirements.....	66
8.8.7 – Updating bank records.....	66
8.9 – Accepting online payments.....	67
8.10 – Start accepting Bitcoins (Awesome).....	67
8.11 – The most dangerous number in business.....	68
<b>Chapter 9 – Flag 4 – Asset Haven.....</b>	<b>69</b>
9.1 – The filthy rich.....	69
9.2 – The mindset of the global wealth builder.....	70
9.3 – The benefit of owning international assets.....	70
9.4 – Keep your mouth SHUT!.....	71
9.5 – Be practical.....	73
9.6 – Investments.....	73
9.6.1 – Foreign real estate.....	73
9.6.2 – Precious metals.....	74
9.6.3 – Crypto-currencies.....	74
9.6.4 – Intellectual property.....	74

9.6.5 – Skills, reputation, network and knowledge.....	75
9.7 – Own nothing, control everything – trusts & foundations.....	76
9.8 – Investment scams.....	77
9.8.1 – Pyramid schemes.....	78
9.8.2 – High yield investment schemes.....	78
9.8.3 – Vague products.....	78
9.8.4 – Unrealistic returns.....	79
9.8.5 – When you're the product.....	79
9.8.6 – Social proof.....	79
9.8.7 – Legal problems.....	80
<b>Chapter 10 – Flag 5 – Playgrounds.....</b>	<b>81</b>
10.1 – Places to play.....	81
10.2 – Living the good life.....	81
10.3 – Settling down.....	82
<b>Chapter 11 – Flag 6 – Citizenship.....</b>	<b>84</b>
11.1 – Do you need a second passport?.....	84
11.2 – What is citizenship?.....	85
11.3 – Ways of obtaining a second passport.....	86
11.4 – Citizenship by investment.....	86
11.5 – Choosing a country of citizenship.....	87
11.6 – Diplomatic and unusual passports.....	88
11.6.1 – International organizations.....	89
11.7 – “Black” second passports.....	90
<b>Chapter 12 – Flag 6 – Cybersecurity.....</b>	<b>91</b>
12.1 – Virtual private network.....	91
12.2 – Paid email service.....	92
12.3 – Store your data securely.....	92
12.4 – Password managers.....	92
12.5 – Configure Your Computer For Privacy.....	92
12.6 – Web-hosting.....	93
12.7 – Planned data distribution.....	93
<b>Chapter 13 – Other important topics.....</b>	<b>94</b>
13.1 – Health insurance.....	94
13.2 – Don't break the law.....	95
13.3 – Things that suck about being a DN.....	96
13.4 – Don't Air Your Fiscal Laundry.....	97
13.5 – What nobody is telling you about offshore service agents.....	97

13.6 – What to when in a dispute with the (tax) authorities.....	99
<b>Chapter 14 – Americans (and Green Card Holders).....</b>	<b>101</b>
14.1 – Tax free salary.....	102
14.2 – Foreign tax home.....	102
14.3 – Foreign tax credit.....	103
14.4 – Use of corporate tax planning.....	103
Afterword.....	104