MONTCLARE CAPITAL PARTNERS

AMSTERDAM · ZUIDAS

THE TAX & ASSET MANAGEMENT ENGINEERS

INTERNATIONAL STRUCTURING · SELF-ASSESSMENT

The Substance Check

For groups holding assets or activity through a foreign entity. Ten questions that reveal, in three minutes, whether your structure would survive examination, or whether it exists mainly on paper.

Substance is no longer a formality satisfied by an address and a resident director. Treaty access, ruling policy and anti-abuse provisions all now ask the same question: **where are the decisions actually taken, and by whom.** The answers below are the ones a tax authority reaches for first.

TICK EVERY STATEMENT THAT IS TRUE TODAY

- ☐ 01 Board meetings are held **in the country where the entity is resident**, with the directors physically or genuinely present.
- ☐ 02 A **majority of directors** are resident in that country and are qualified to perform the role.
- ☐ 03 The directors **take the decisions themselves**, rather than executing instructions formed elsewhere.
- ☐ 04 The entity has its **own office space**, not merely a registered address shared with hundreds of others.
- ☐ 05 It employs **people**, or pays for services it genuinely receives and can evidence.
- ☐ 06 Its **accounts are kept and its administration performed** in that country.
- ☐ 07 It holds **bank accounts it actually controls**, operated by its own signatories.
- ☐ 08 It has the **financial capacity to bear the risks** its contracts say it bears.
- ☐ 09 **Decisions are documented** at the time: minutes, resolutions, board papers, not reconstructed later.
- ☐ 10 If a tax inspector interviewed your directors tomorrow, **they could explain the business** without help.

WHAT YOUR ANSWERS MEAN

SIX OR MORE	Your structure is likely to hold. Keep the documentation current, because substance is assessed on the facts of each year, not on the year it was set up.
THREE TO FIVE	Partial substance. This is the most dangerous position, because the structure looks defensible internally and does not survive an outside test. The gaps are usually fixable.
TWO OR FEWER	The entity is exposed on residence, on treaty access and on profit attribution simultaneously. Address it before a counterparty or an authority does.
ANY BLANK ON 1 TO 3	Effective management is the single most examined element. If decisions are formed elsewhere, nothing further on the list compensates.

WHAT GOOD LOOKS LIKE

01 · ESTABLISH

Real decision-making

Put authority, information and meetings where the entity is, and keep the record contemporaneous.

02 · RESOURCE

People and premises

Match the entity's functions to the people and space it actually has.

03 · EVIDENCE

A file that stands alone

Minutes, contracts and accounts that describe the same company an inspector would find.

Three or more blanks? Let's look at your structure.

A confidential 30-minute review of your holding and substance position with Montclare, no charge, no obligation.

MONTCLARECAPITAL.COM/CONTACT

MONTCLARE CAPITAL PARTNERS B.V. Willem Fenengastraat 16E, 1096 BN Amsterdam · contact@montclarecapital.com · montclarecapital.com