

THE STARTER GUIDE

Flag Theory

What it is, how it can set you free, and whether it is right for you.

For entrepreneurs, freelancers and creators whose income no longer depends on where they sit.

PASSPORT

RESIDENCE

BUSINESS

BANKING

ASSETS

BEFORE YOU START

Your passport was assigned. Everything else is a choice.

Most people never decide where they pay tax, where they bank or which country gets the final word on their life. It was settled the day they were born, and they never questioned it.

I didn't either, until I started working remotely and realised that where I live, where my company sits and where my money is held are separate decisions. Once you see that, life becomes something you can design.

This guide explains the idea behind that design. It won't turn you into a tax lawyer, and it isn't meant to. It gives you the big picture: what Flag Theory is, what it can and can't do, who it suits, and what the path out typically looks like.

Read it once, slowly. Then decide whether you want to keep living on defaults.



Zayn

Founder, Offshore Society

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01 THE PROBLEM

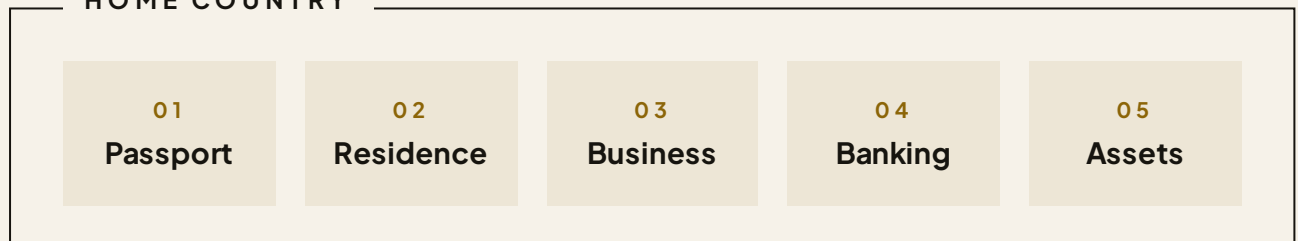
Your life runs on defaults

Your passport, your tax residency, your company, your bank and your savings almost certainly all sit in the same country. Nobody chose that set-up. It is simply what happens if you never choose.

Putting everything in one place used to make sense. Work was local, clients were local, and moving abroad meant starting over. For a growing number of people that world is gone. Their clients are global, their work happens on a laptop, and their income could be earned from almost anywhere.

Yet their structure still assumes they will never leave. One government sets the tax rate on everything they earn. One banking system decides whether their international payments look suspicious. One political and economic climate shapes their savings, their freedom to travel and their plans for the future.

HOME COUNTRY



The one-flag life: every decision held by a single country.

Concentration is a risk you would never accept in an investment portfolio. Most people accept it in their entire life.

Flag Theory is the alternative. It doesn't ask you to give up your home. It asks you to stop putting everything in one basket.

02 THE IDEA

What Flag Theory is

Flag Theory is a way of thinking about your life as a set of separate pieces, each of which can be placed in the country that serves it best.

The idea goes back to the investment writer Harry D. Schultz, who is credited with the original “three flags” theory: hold your citizenship in one country, your residence in another and your assets in a third. Later writers expanded it to five flags and more, as business and banking went global.

Each piece of your life that you place deliberately is a flag you plant. A residency abroad is a flag. A company registered where it is treated well is a flag. A bank account in a stable, international-friendly jurisdiction is a flag.

The goal is not to collect as many flags as possible. The goal is that no single country holds all of them, and that each one sits where it makes sense for you.

HOW THE IDEA GREW

The original three flags

Passport

Residence

Assets

The five flags today

Passport

Residence

Business

Banking

Assets

THREE PRINCIPLES BEHIND EVERY GOOD STRUCTURE

Separate

Treat citizenship, residence, business, banking and assets as different decisions.

Place deliberately

Put each one where the rules, the stability and the cost work in your favour.

Stay transparent

Declare everything, file everything. A structure is only as good as its paperwork.

You don't move your life. You diversify it.

03 THE BUILDING BLOCKS

The five flags

Almost every international structure is built from the same five flags. Understand what each one decides, and you understand the whole game.

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| <p>01</p> | <p>Passport
Where you are a citizen.</p> | <p>Where you can travel and live without permission, and which country you can always return to. Most people keep the passport they have. A second one is a powerful Plan B, not a requirement.</p> |
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| <p>02</p> | <p>Residence
Where you are tax resident.</p> | <p>Which tax system gets to tax your worldwide income. For most entrepreneurs this is the biggest lever of all, and the one that requires a real change in where you live.</p> |
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| <p>03</p> | <p>Business
Where your company is registered.</p> | <p>Where your company files, how it is treated and how easily it can bank. A US LLC or a Georgian Individual Entrepreneur are common choices for internationally earned income.</p> |
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| <p>04</p> | <p>Banking
Where your money is held.</p> | <p>Whether your payments flow smoothly and whether one bank, one regulator or one currency can freeze your access to capital.</p> |
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| <p>05</p> | <p>Assets
Where your wealth is kept and grown.</p> | <p>How exposed your savings and investments are to currency swings, political risk and decisions you have no say in.</p> |
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Modern versions add more: where you spend your time, where your digital life and data live, and the network of people around you. They all follow the same logic.

04 THE UPSIDE

How it can help you

Done properly, Flag Theory stops feeling exotic. It starts feeling like having options where you used to have obligations.

Lower tax, legally

When your residence and your business are set up correctly, the tax you owe can drop substantially. How much depends on where you live and how you earn.

Freedom of movement

More residencies and travel options mean more places you can live, work and stay without asking anyone.

Resilience

If one country changes its rules or one bank closes your account, the rest of your structure keeps working.

Banking that fits

Accounts with institutions that understand international clients, multiple currencies and cross-border income.

A business without borders

Hold client contracts in the right entity, invoice in the right currency and sell to the whole world.

A life you chose

Live where the weather, the cost of living and the people suit you, not where your paperwork happens to be.

WHAT IT WON'T DO

- ☐ Make tax disappear while you keep living in the same high-tax country.
- ☐ Replace compliance. Every flag comes with filings and deadlines.
- ☐ Work for income that is tied to one place, such as a local job or a shop.
- ☐ Make anything secret. Modern structures are built to be disclosed.

05 THE FIT

Who it is for

Flag Theory isn't only for the wealthy. It is for people whose work has already gone global, while their paperwork has stayed at home.

Freelancers and consultants

Developers, designers, marketers and advisers serving clients in several countries.

Online business owners

Agencies, e-commerce, SaaS and info-product businesses that sell online.

Creators

People earning from audiences, platforms and sponsors around the world.

Investors and planners

People who want a Plan B for their savings, their residency and their family.

QUICK SELF-CHECK

If three or more of these are true, Flag Theory is worth a serious look.

- ☐ My income doesn't depend on where I sit.
- ☐ I have, or want, clients in more than one country.
- ☐ I would move abroad for the right set-up.
- ☐ A large share of what I earn goes to tax and contributions.
- ☐ I want a Plan B for my residency, my banking or my savings.
- ☐ I want to do this legally and transparently, not cut corners.

PROBABLY NOT FOR YOU IF

- ☐ You are looking for a way to hide income.
- ☐ You aren't willing to change where you actually live.
- ☐ Your income depends on a local job, premises or licence.

06 THE RECORD, STRAIGHT

Five myths, corrected

Flag Theory attracts a lot of half-truths, from both its critics and its fans. These are the five we hear most often.

MYTH

“It's for tax evaders.”

REALITY

Proper structures are built on disclosure. Banks in more than 100 jurisdictions automatically share account information with tax authorities. A structure that only works if nobody finds out isn't Flag Theory, it's a liability.

MYTH

“A US LLC makes me tax-free.”

REALITY

A company is a business flag, not a residence flag. The profits of a single-owner LLC are generally taxed where you, the owner, live. The tax saving comes from where you live, not from the company alone.

MYTH

“Under 183 days a year and I'm out.”

REALITY

There is no universal 183-day rule. Many countries look at whether you keep a home, where your family lives and where your life is centred. You can be tax resident with far fewer days.

MYTH

“You need to be rich.”

REALITY

Many people start with a laptop income and one well-chosen move. The structure grows as the income grows.

MYTH

“I'll have to give up my passport.”

REALITY

Almost nobody does. Most people keep their citizenship and change their residence. US citizens are the main exception, because the US taxes its citizens wherever they live.

07 THE CATCH

Leaving is not the same as exiting

Most countries don't let go of their taxpayers just because they have booked a flight. Before you leave, you need to know what your home country will still claim.

Tax residency usually follows your life, not your registration. Keep an apartment available, leave your family behind or keep running a local business, and you may still be resident even after you have officially moved.

EXAMPLES OF WHAT CAN FOLLOW YOU

Germany

Deregistering is not enough on its own. Keeping a home available can keep you resident. Leaving with shares in a company, such as a GmbH, can trigger exit tax on gains you haven't realised. German citizens who move to a low-tax country but keep significant economic ties in Germany can stay taxable on some German income for up to ten years.

United States

US citizens are taxed on their worldwide income wherever they live. Moving abroad changes how you file, not whether you file.

Everywhere

Exit rules, pension rights, health insurance and social security differ from country to country, and the details change often.

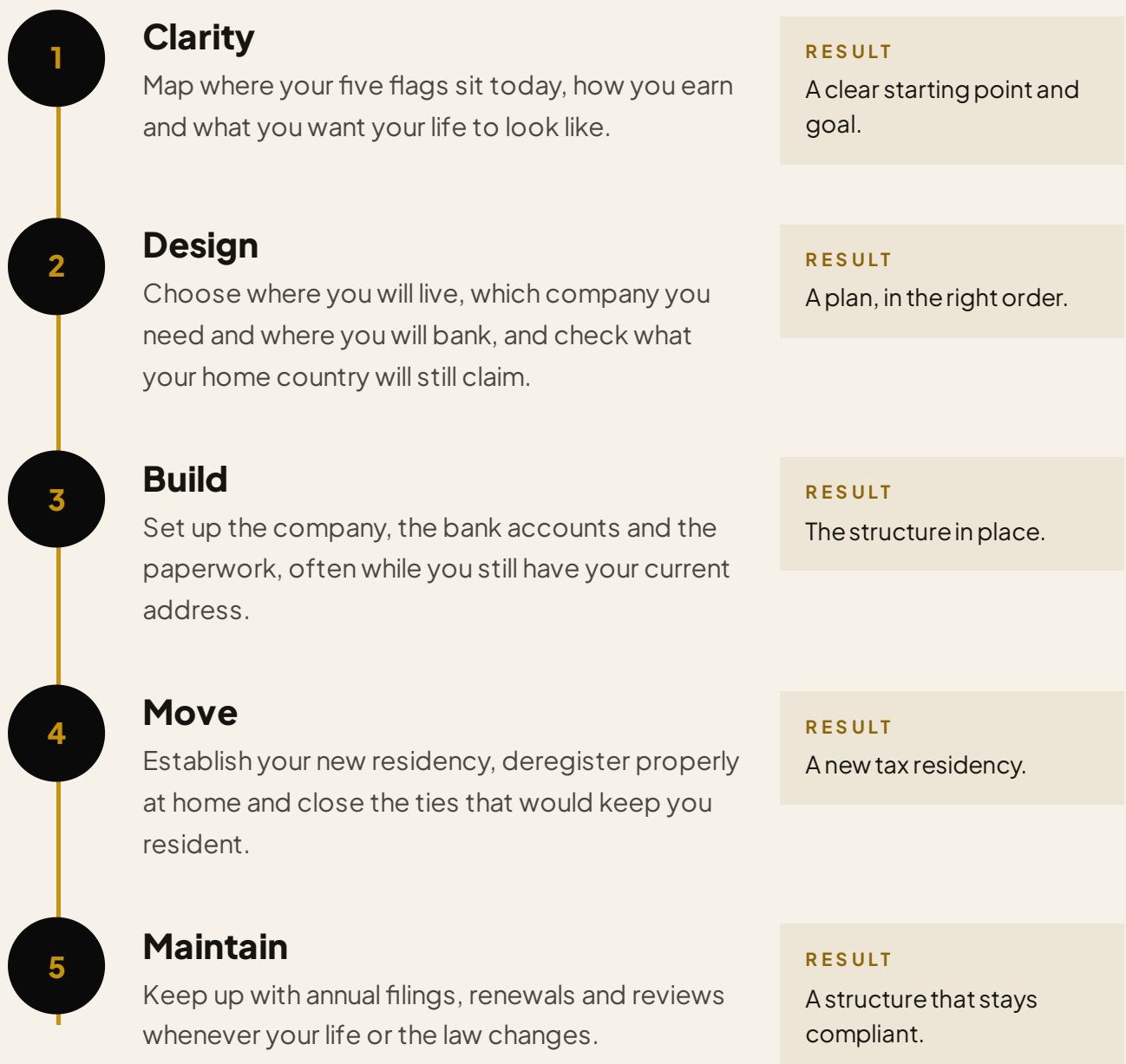
This is the part where most self-made exits go wrong. The rules are knowable, but they are specific to you.

None of this means you shouldn't leave. It means the order of your steps, and what you keep behind, matters as much as where you go.

08 THE PATH

What an exit roadmap looks like

Every structure is different, but the path to it follows the same five phases. Here they are in plain terms, so you know what to expect.



The phases are the same for almost everyone. The decisions inside each phase are where your situation makes all the difference, and where professional help pays for itself.

09 AN ILLUSTRATION

One person, two structures

Lena is a freelance UX consultant from Germany with clients in Germany, the Netherlands and the US. She is fictional, but her situation is common.

	BEFORE	AFTER
Passport	German	German, unchanged
Residence	Germany, top tax bracket plus contributions	A country whose tax rules fit her income
Business	German sole trader	A company set up for international clients
Banking	One German bank	Accounts with international-friendly banks
Assets	Savings in one country and one currency	Spread across jurisdictions and currencies

What stayed the same

Her clients, her work, her rates and her passport.

What changed

Where she lives, how her business is organised and how much of her income she keeps.

The structure only works because Lena actually moved. The company didn't save her the tax. Her new residency did.

10 WORKING TOGETHER

How Offshore Society helps

Understanding Flag Theory takes an afternoon. Implementing it correctly takes experience. That is the part we do.

THE SOVEREIGNTY FRAMEWORK

Live

Choose your base deliberately, in a country that wants you there, with rules that fit.

Roam

Build the residency and visa options to follow opportunity, not your passport's limits.

Build Wealth

Structure income, banking and assets for growth and protection.

Network

Join people who have already made the move, so you don't figure out year one alone.

WHAT WE SET UP AND LOOK AFTER

- US LLC formation, including EIN and Registered Agent
- Georgian Individual Entrepreneur, including Small Business Status
- Annual US LLC compliance: Form 5472 and Form 1120
- Global banking set-up for non-residents
- The All-in-One Offshore Solution: company, compliance and banking in one

HOW IT WORKS

- 1 Talk**
A free, no-obligation conversation about how you earn, where you live and where you want to be.
- 2 Plan**
We work out which flags you need and in which order.
- 3 Build**
We set up the company, the filings and the banking with you.
- 4 Maintain**
We keep the structure compliant, year after year.

YOUR NEXT STEP

Stop living on defaults.

You have already done the hardest part: you started asking whether the way things are set up is the way they have to be.

If you want to know what your structure could look like, simply reply to the email this guide came with. Tell us how you earn, where you live and what you would like to change. You will hear back from a person, not a bot.

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ABOUT OFFSHORE SOCIETY

Offshore Society was founded by Zayn, a former marketing-automation engineer who built his own US LLC structure before helping others build theirs. Our mission is to make Flag Theory practical, compliant and understandable for location-independent entrepreneurs.

DISCLAIMER

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