Asia's UNHW Community: Choosing a Jurisdiction for Life and Wealth

Creating a new family office is a massive undertaking and the choice of jurisdiction is crucial, while choosing countries for alternative residence and citizenship are clearly important, but perhaps less all-encompassing, especially for the lower-cost options available. Asia's growing ranks of ultra-high-net-worth (UHNW) individuals and families certainly have the capacity, and increasingly also the inclination to establish themselves anywhere they wish, whether that is in the US, the UK/Europe, Singapore, Hong Kong, Australia, New Zealand, or perhaps some more exotic locations such as the Caribbean. Our Digital Dialogue event of June 11 addressed precisely these key opportunities and trends. Hubbis assembled four eminent wealth management, tax and investment migration experts to analyse which jurisdictions are winning a growing share of this UHNW market for the establishment of family offices, and also for investment migration to obtain alternative residences and citizenship around the globe.

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UHNW family offices, if they are being relocated or established anew, can often bring with them hundreds of millions, or even several billions of dollars of assets under management and of course significant spending in the domestic economy. This has not been lost on Singapore, which stands out as offering an outstanding cocktail of government incentives for family offices as well as lifestyle, education, forward-thinking regulations, the rule of law and communications. And the experts pointed both to Hong Kong's considerable advantages but also conceded that there are clear concerns over social unrest and political and legal infrastructure stability.

The discussion also analysed which jurisdictions are losing out, perhaps because of tax and other regulations becoming increasingly onerous, or maybe because of the lack of security or excessive red tape, or due to other impediments such as political instabilities, or difficulty in obtaining individual or family or extended family visas.

The experts also zoomed in on certain jurisdictions to highlight some of their core attractions and benefits, especially as Asia's UHNW community scans the world for optimal life, lifestyle and wealth management structuring opportunities in the post-pandemic world.

The discussion, therefore, ranged over the full 360 degrees of topics, from the financial markets, investment and wealth management infrastructure, the regulatory environment and outlook, the rule of law, the depth of professional and ancillary services, government incentives or lack of, the broader tax environment, the communications and travel infrastructure, time zone, the cost of living, security, privacy, healthcare infrastructure (an especially important consideration today), the availability and cost of Visas for family and extended family members, the potential to obtain full residence or citizenship, quality of life and environment, education, culture and the arts, and several other vital facets that such individuals and families should take into consideration.

Why should a UNHW family establish a new single-family office?

The discussion opened with the panel discussing the motivations for the uber-wealthy Asian families to establish a single-family office beyond their traditional home domicile. They framed the discussion from the perspective that such families can often bring with them hundreds of millions of assets under management, possibly even billions for some. They provide fees for the financial and advisory community, as well as employment of in-house fund managers, administration and secretarial staff. And of course, they bring enormous spending power on anything from housing to private planes to education, healthcare and so forth.

Consolidation of family members and assets and control are key factors in the decision to establish family offices, said one expert on opening the discussion. "Families and assets of the very wealthy tend to be spread across the globe," he commented. "Decisions are not solely based on how to save tax, there are many considerations that come into play, and these days there are more and more jurisdictions that offer a combination of appeals in terms of lifestyles, regulations and tax efficiency. The message I would relay is tax is important, but there are many other factors to consider."

Another expert explained that theory and pragmatism must align. He noted that most of these UHNW families have operating businesses, with senior family members very often involved in the management of their operating businesses, and so it is often impractical for them to actually move just anywhere. On the other hand, their extensive investible wealth need managing effectively and coordinating carefully.

He remarked that one of the big advantages many UHNW clients in Asia enjoy is that they often live in countries where there are no gift taxes, so it is possible to move assets between family members, making it easier for those family members that cannot move as they are running

Expert Viewpoint

HOWARD BILTON, Sovereign Group

"Coronavirus has shown us that there is another way of working. It has forced us to question the necessity of traveling to meetings and of having a large group of people in an office. Most people seem to think that working remotely from home has been efficient. Some miss the office camaraderie but otherwise there have been few disadvantages. In the future companies may need to apply the money they used to spend on office rent to increasing wages to allow employees to live in bigger houses with a separate home office and continue to hold all meetings digitally with a subsequent saving of time, travel budget and with obvious and immediate benefits to the planet."

businesses to shift assets to family members who are more readily able to establish residency in a lower tax jurisdiction from where they might be able to manage some of the assets.

"This pandemic crisis has illustrated that businesses and people can work perfectly well wherever they are, and the idea that you must be near your office is being proven somewhat false," came another view. "There is that expression there is no substitute for a handshake and look in the eye, but I think we may be seeing that there is. Moreover, saving the planet is not a bad idea which means cutting down on travel generally, and air travel in particular. So, UHNW families may be realising that, yes, they can be anywhere they wish and operate very effectively and at least reduce travel. So why not go somewhere where there may be a very advantageous tax climate and a pleasant way of life, rather than being stuck in an office in a big metropolis, replete with its dangers."

"Wealthy families plan ahead for maybe the next 100 years, not five or 10 years," he said, "so many families are now realising that they don't want to wait for the next pandemic, they want to look at options now and plan ahead."

The first thing any very wealthy family must do, from a practical stance for those contemplating the process, is a very thorough analysis of where all their assets and businesses are, of the family dynamics, their succession arrangements, or lack of, and so forth. "My general experience is that 90% have little or no clue about all this; they remain disorganised and uncoordinated, so a deep dive assessment is essential before they can review viable options."

He also noted that there will be pluses and negatives in every option, but again the family needs to assess what the options are. "And even for those with things already established, they need to review the latest regulations around the world and see how those impact their current arrangements, and then make the necessary adjustments," he advised.

Audience Insights on the Key Drivers for UHNW Family Offices

In our post-discussion survey, Hubbis asked the audience what they consider the key drivers for the UHNW community in opening family offices in new jurisdictions, and to what extent has this pandemic exacerbated or reduced such drivers, and why? We have selected a number of their replies here:

"Consolidation of assets and of key family members and the availability of professional expertise are attracting UHNW clients to places like Hong Kong and Singapore to set up their family offices, with their eyes set on legacy planning and re-structuring of operational businesses to one central location. Some of the countries in the region might potentially become unstable, and economically impaired due to the pandemic and its aftermath."

"Before the pandemic, families were looking into where to operate the family office, by choosing a jurisdiction that is within the Asia region, with tax efficiency, as well as a wide range of investment opportunities. Perhaps after this crisis, however, families might explore other jurisdictions and not limit themselves to the region, because after this more and more will realise that they can actually function in any location, regardless of where they will be. It is more the assets and the tax regimes that matter."

"Family offices follow wherever the wealth is. Traditionally concentrated in Europe and the United States, they have seen an emergence in Asia in recent years, as the region takes centre stage as a fast-growing economic powerhouse."

"Most of these family offices want to diversify their risks and enjoy lower tax rates, especially in view of intensifying global regulation and surveillance. I foresee more will do so for the coming years. And more countries will try to attract such UHNWs to their shores."

"Confidentiality and privacy of person and family information, professional expertise, a transparent and a tried and tested judicial system, effective taxation/tax incentives and treaties, and convenience will be high on the list of priorities. Political and economic stability, privacy, and security are also high on the list of priorities, along with lifestyle, education and healthcare. Other factors would include stable government policies and a deep reservoir of financial markets expertise, and a broadly based and advanced wealth management industry."

»

"Key drivers are no longer just tax mitigation but also the quality of life, health care in the event of another pandemic and where there is a constitutionally protected right to privacy as opposed to secrecy. In the main, the pandemic has shown wealthy families that they can engage with family members globally without having to travel, so where they are located is less relevant."

»

"The concerns are whether the location in which a family office will be located is one where they can see themselves spending extended periods of time. The pandemic has made the concern of not being able to fly in and out easily extremely relevant to the UHNW community. What used to be a location easy to fly to and from might just become a permanent base in case of a lockdown."

»

"The biggest driver of new family offices comes from Asia, where it is seen as fashionable for the newly wealthy to employ highly skilled advisors to manage their fortunes. The rise in popularity of investing in order to further specific social or environmental goals has certainly played a role in incentivising more UHNWs to bring their financial operations in-house as investors look to boost their legacy as well as their bottom line. The most significant advantage of having a family office is that it can facilitate a smooth transition of private wealth between the generations. Due to the increased privacy and control that they facilitate, family offices are becoming common among the ranks of the ultra-wealthy. Consequently, it's essential that both wealth managers and entrepreneurs start adjusting to reflect the increasingly important role that family offices are set to play going forward."

»

"The pandemic has given UHNWs more time to reflect and delve deeper into their financial affairs and legacy planning. With so much surveillance going on and governments around the world tightening their tax laws and enforcement to recover as much tax revenue as possible (especially with exceptionally higher spending in light of Covid-19), the need to plan holistically in setting up family offices has increased quite a bit. It needs to take into account cross-jurisdiction asset holdings and family members located in many different countries."

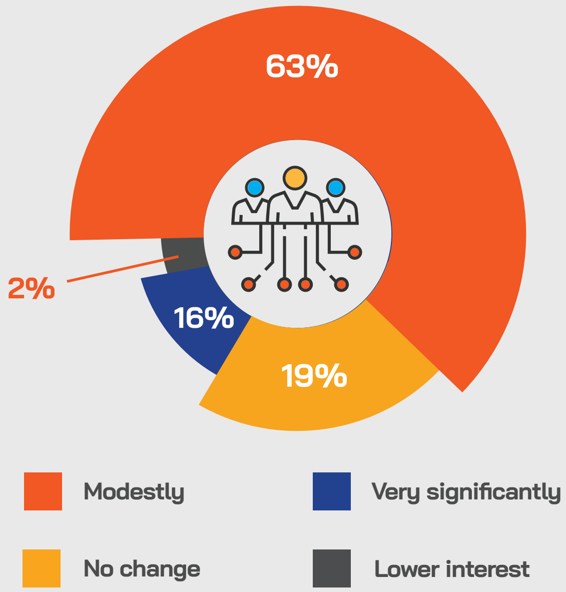
»

"Family offices are mostly looking for personal safety and financial security in terms of location to base their family offices. With the pandemic, it highlights the effectiveness of certain countries in handling the crisis, so this becomes a litmus test for the evaluation of the location infrastructure and the government capability. Previously it was tax consideration which will remain one of the important considerations, but with the pandemic, the tax issues have taken a less prominent position."

79% BELIEVE THAT THE PANDEMIC HAS MODESTLY OR SIGNIFICANTLY BOOSTED INTEREST AMONGST UHNWS IN ESTABLISHING FAMILY OFFICES OVERSEAS

Little surprise here, as UHNWIs and their families, like the rest of us, have time on their hands during lockdown, and most are focusing more scrutiny on their forward planning, making this an ideal time to consider such a move.

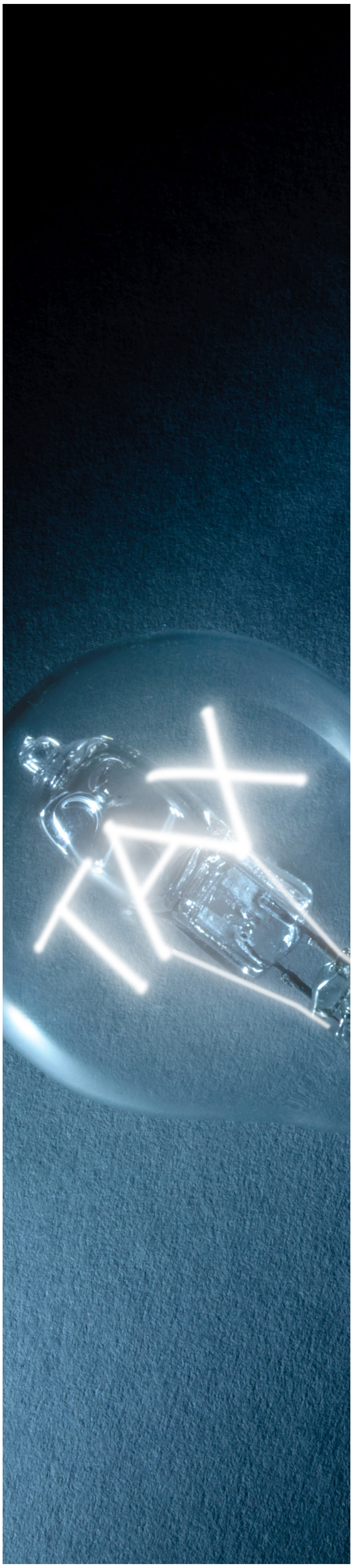
To what extent has this pandemic accelerated the interest and demand amongst UHNWIs and families to establish family offices away from their traditional home base?



Expert Viewpoint

MARK SMALLWOOD, Rapier Consulting

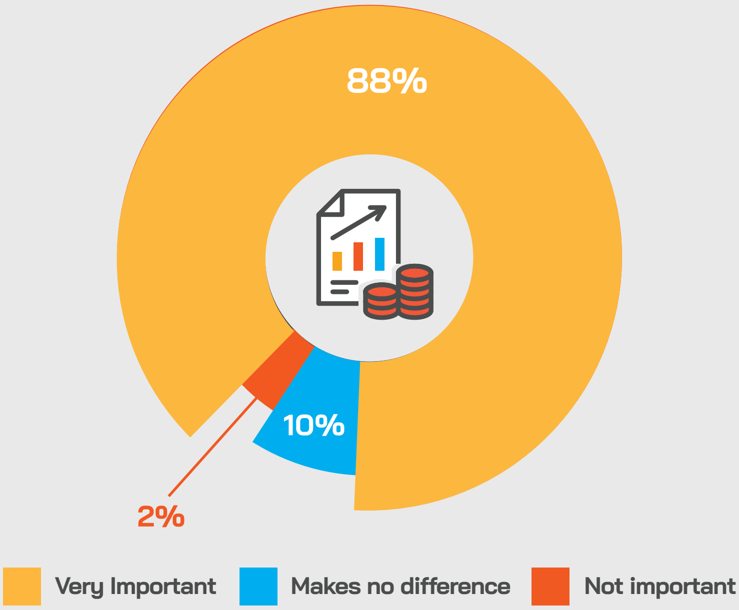
"UHNW families have multiple aspects to consider. A thorough evaluation of their current family dynamics, asset disposition, succession arrangements and management and control have to be considered before determining suitable options which can lead to an informed decision."



88% OF REPLIES HIGHLIGHTED THE GREAT IMPORTANCE OF TAX MITIGATION AND PLANNING

Of course, tax mitigation and the role of tax planning in estate and succession planning are vitally important in the selection of any jurisdiction, whether for a family office or for investment migration. But as the next question and the replies highlighted, there are many other factors involved in the selection process of any jurisdiction, especially for the major undertaking of establishing a new family office.

How important is tax in the decisions around jurisdiction today?



Expert Viewpoint

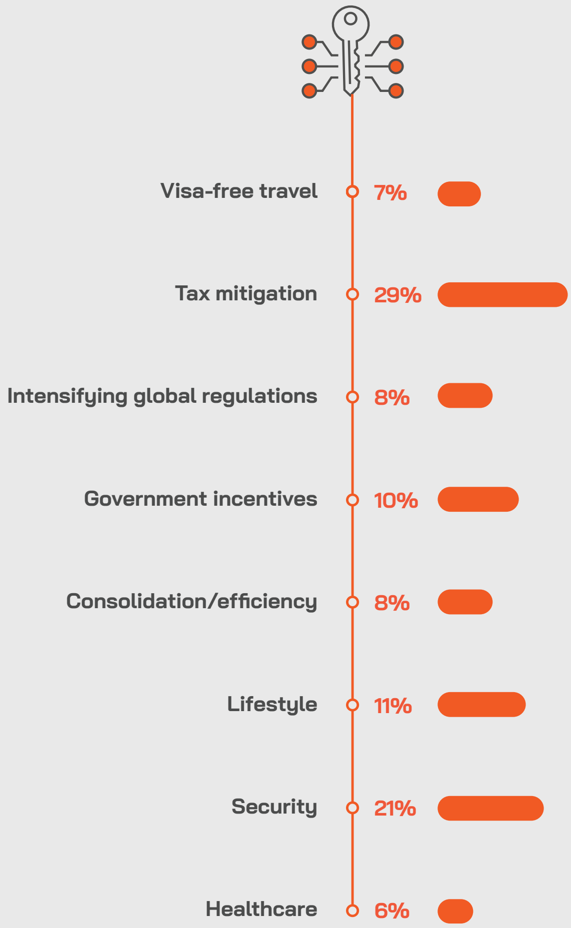
MARK SMALLWOOD, Rapier Consulting

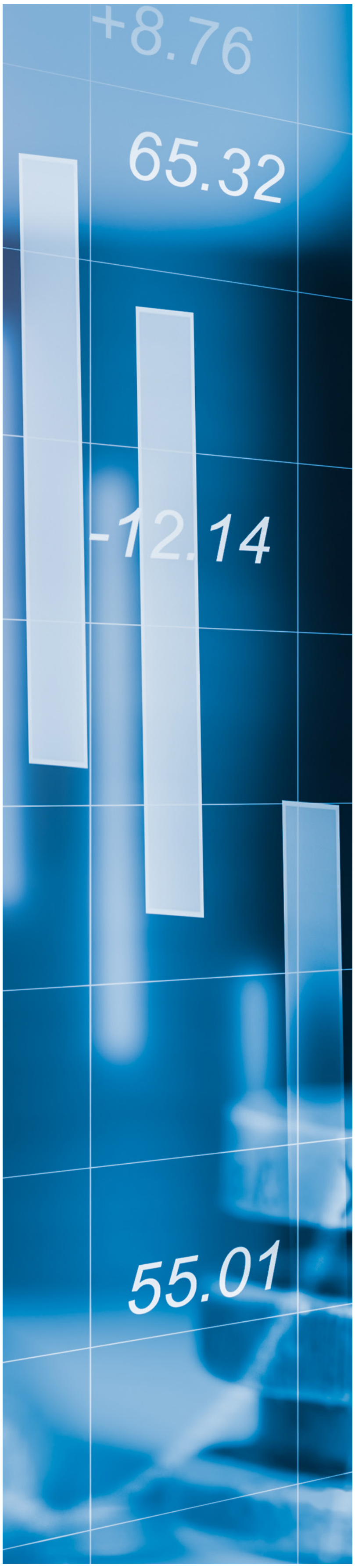
"The Covid-19 situation is likely to lead to a continued fiscal attack on HNW/UHNW clients and their families, particularly in the form of more aggressive tax collection. It is therefore vital that their affairs are in order and they fully anticipate, and mitigate, any such risks that they may have."

WHILE 40% SAID TAX MITIGATION AND INCENTIVE ARE KEY FACTORS, THERE ARE MANY OTHER KEY CRITERIA TO CONSIDER FOR THE LOCATION OF A NEW FAMILY OFFICE

Tax mitigation is the most important element, a fact not lost on the Singapore authorities that have in the past several years introduced such a robust and far-reaching set of tax and other incentives to attract UHNW families to their shores. To establish new family offices. Security is also very important, and again Singapore scores very highly in this regard, with the country being lauded for many years as offering law abiding people there the requisite freedoms under the rule of law, with the requisite transparency and accountability. But there are also a number of other leading criteria that will appeal or dissuade would be UHNW families from establishing their new consolidated asset management base in one particular jurisdiction, as well as potentially a number of their key family members.

What are the key drivers for UHNW families establishing a family office in a new jurisdiction?





The Future of Privacy

Turning to the the issues of privacy and confidentiality, an expert highlighted how the authorities' efforts at clamping down on tax evasion have thus far not meant a total invasion of privacy but expressed concerns that worse is to come.

"There are still some pockets of privacy," he observed, "however, I think that will change. CRS and FATCA mean all relevant information can be obtained about bank accounts, investment accounts, most insurance products, all of which can be obtained through most compliant jurisdictions by your home authorities. jurisdiction. We have money laundering rules that require the disclosure and vetting of sources of funds, and in Europe, the DAC6 proposal essentially means that if you seek tax advice, the advisor has an obligation to report that to the authorities, and that is likely to be rolled out across the world. There are some hiccups about that in Europe now, but that is something that the OECD is also trying to roll out, particularly in the context of CRS avoidance schemes."

He maintained therefore that the mantra must now be that one assumes everything is known to the authorities around the world.

"If that is not the case exactly right now, it soon will be," he warned. "Some countries remain outside the CRS network, the Philippines, for example, and FATCA, by and large, is not reciprocal, so the US is not sending information about residents of other jurisdictions who have their bank accounts and security accounts in the US. However, we must assume the US will come into the fold and, in any case, if you are actually using the US banking system in order to hide funds, you are committing an offense under US law. While the authorities may not be prosecuting that too diligently right now, we have no idea when that will change."

In short, he advised to operate on the basis that everything is going to be open and transparent, in other words that the dirty laundry is very much more likely to be seen by the neighbours in the future.

"However," he added, "a more encouraging outcome of all this," he added, "is as tax compliance rises, countries are actually taking other remedial steps, such as lowering

Expert Viewpoint

HOWARD BILTON, Sovereign Group

"We believe there is an important distinction between privacy and secrecy. Most would agree that there is no reason why a government tax authority should not have access to the information it needs to ensure that an individual or corporation is making correct tax filings. But even more would agree that there is no reason why that information should be available to members of the general public simply to satisfy their curiosity. There is an increasing move towards public registers of everything. We believe that is wholly undesirable and completely unnecessary."

tax rates, offering more incentives and exemptions in order to attract investment funds, and so forth. But I also feat that the question right now with the pandemic, the incredible stimulus packages, rising government debt and OECD, we may see tax rates creeping up again."

Another panel member concurred, adding that, for example, the UK's furlough scheme has 9 million people enrolled at a cost of some GDP90 billion in the first three months. "There will likely be socially driven requirements and pressures to increase taxes," he remarked. "Real estate is probably the easiest asset to tax, because it is immoveable, so we need to think not only about where people live, but where they hold their assets and the sort of assets they buy given that we have an increased threat of much higher taxation down the line."

"We should distinguish clearly between privacy and secrecy," came another voice. "I never have had any particular sympathy for people who use offshore structures so that they can illegally evade taxes. Tax authorities should be able to get the information that they need so they can properly tax people."

However, he expressed his dismay that the world seems to be heading in the direction that all such information that is required by the government authorities is soon going to be a matter of public record. "That is a really bad idea in my view," he said, "and actually it is thoroughly objectionable. Norway, for example, requires you to publish your tax returns online so everybody can see what we are up to. But why should we have to put an announcement on our gate post about our assets and liabilities so that everybody can see it? It is time we took a stand and said no to all that."

He added that the continual erosion of privacy of course extends to CCTV and face recognition software increasingly being used around the world, highlighting the dangers of what he called the '1984 society' where everything we do is monitored. "We are entitled to privacy, but not to secrecy, and the danger is that we are now moving to complete transparency in every aspect of our lives," he warned.

A fellow expert agreed and expressed his concern that there is increasing pressure from all

Audience Insights on the Crucial Issues Surrounding Privacy

In our post-discussion survey, Hubbis asked the audience for their views on the future of privacy. They were naturally concerned about the direction, fearing that privacy might be further eroded as the authorities' drive for transparency and accountability accelerates. We have selected several of their replies here:

» "I am concerned about privacy issues. The tracking due to this pandemic of where we will be, where we have been, and what we had done, and the check-in system that is implemented in some locations, and the rise and rise of social media and Big Tech mean privacy has become a luxury.

» "Privacy and transparency are two different topics. People are entitled to privacy and confidentiality but cannot and should not be anonymous."

» "With CRS being enforced with most of the countries these days, there will be limited privacy and more transparency from the authorities."

» "People should be entitled to their privacy. By all means ensure that the necessary authorities have essential data to ensure compliance with the law, but that does not necessarily have to be made public where there is no benefit."

» "There is a growing acceptance that things are changing and the ability to remain completely private will slowly either become extremely difficult and expensive, or simply not be possible."

» "While transparency is understandable for the tax and enforcement authorities, for the law-abiding citizens, privacy is legitimate and must be preserved."

» "Most families and their advisors have been operating in new normal for some years now with AEOI and FATCA and CRS. The concern is indeed on privacy where the public or other interested parties (other than the tax authorities or law enforcement agencies) demand greater access to such information."

» "It is very difficult to have both total transparency and total privacy at the same time. You can't keep everything private and have transparency, and you can't share everything as that violates privacy. Simply put, you can't have your cake and eat it."

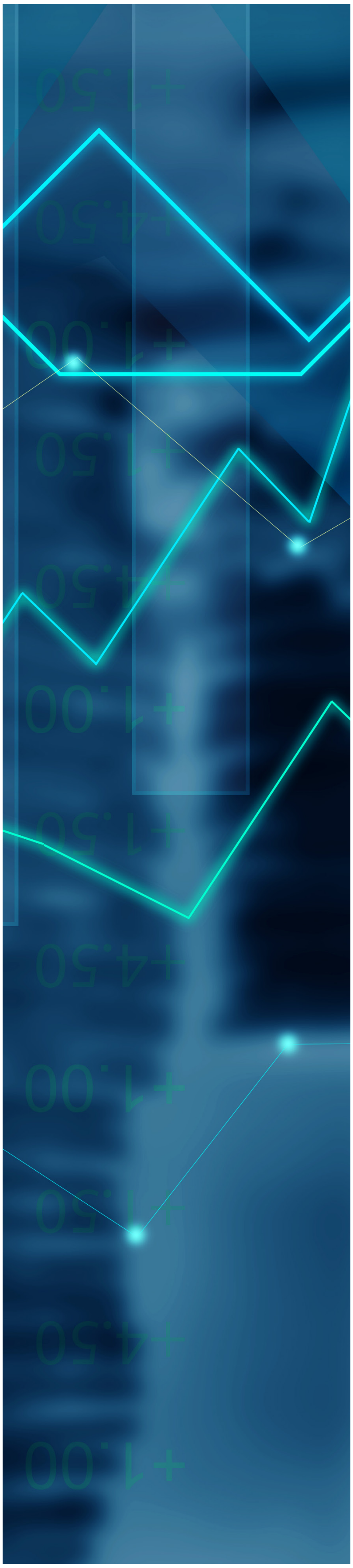
quarters, the media, pressure groups, the NGOs to make information public. "The good news though," he said, "is that I think the pendulum will swing back, because if you look at all the constitutions of the world and all the human rights treaties, all of them do purport to recognise a right to privacy, and what we are seeing is all of this fiscal aggression and information sharing means the right to privacy seems to have been just disregarded."

He noted that proposed French legislation to make public information about the ultimate beneficial ownership of trusts had been thrown out by the courts as unconstitutional because it violated the privacy rights under the EU treaties.

As a result of the current situation, he also extrapolated that we are reaching the stage now where perhaps personal migration is going to be the only way that you can legitimately mitigate tax. We are seeing more and more examples, he said, for example in Spain, where tax authorities are getting super aggressive and even attacking arrangements that might actually be legal but that they do not like. "So, maybe the only way in which you can really tax plan is to move and there are more and more feasible routes to do so. Move to somewhere with a lower tax rate and where tax planning is more effective."

Another guest agreed, noting that international and domestic authorities are today much more focused on the concept of substance and in relation to shell companies and so-called tax havens, what was permissible a decade or more ago is now being more typically regarded as evasion rather than planning, unless there is the extra dimension of substance in these arrangements. "And this will continue to be the case in the future, and even more so," he said.

Another expert remarked on the anomaly that governments are, on the whole, taxing their people more and more but seem ever more willing to give tax concessions for foreigners who invest in their jurisdiction, attracting wealthy people and their assets using tax concessions.



The Choice of Jurisdiction for Asian UHNW Family Offices

Panellists agreed that anyone setting up a family office in a particular jurisdiction should be extremely thorough in their analysis of what they want to achieve and why, of the alternatives available, and then proceed with great professionalism and supported by the relevant advisors.

"A family office is a very expensive thing to assemble properly," said one expert. "And then there are numerous decisions to make on how much of each function is handled in-house once established, and what is outsourced to other parties. Family decision makers must look at the entire governance framework of the family, consider all the regulations and tax issues and multiple components that need to be coordinated correctly to achieve the optimum results." If all this is conducted efficiently and comprehensively, the panel agreed, the family office and the family are likely to thrive for many generations ahead.

The discussion turned to Hong Kong and whether the political situation and social unrest had thus far significantly undermined it to favour Singapore in the eyes of Asia's UHNW community. "My view," said one expert, taking the positive line, "is Hong Kong does in fact remain very stable; there might be blips and there might be ups and downs, but Hong Kong is Hong Kong and I don't think there is any fundamental threat to the Hong Kong financial and business infrastructure."

Another expert agreed, remarking that the Hong Kong independent judiciary will continue to make sensible decisions according to the principles of English law as laid down by the basic law, and as long as that continues, Hong Kong will continue to be an attractive place for UHNWs and others to have their assets and structures based.

He also noted that Hong Kong remains the gateway to China and the English law system offers an excellent avenue to access that vast economy. "As long as that continues then I think Hong Kong's place in the financial world is secure," he stated. "But if we get some decisions which are perceived to be wrong and due to political pressure, then I think that we are in big trouble." He added that as long as due process is exercised through the Hong Kong courts and there is an independent judiciary, everyone can take comfort.

Another panellist remarked that the risks apparent in Hong Kong relating to China and social upheaval are too great right now. "Singapore or elsewhere are preferable," he said, "and after all 2047 is not that far away, and things will change well ahead of that date, so I think there will be a gradual transition in Hong Kong towards that date, greater involvement by Beijing, and that raises questions over not only law, but taxation, currency and so on. There are a number of factors to think about there."

Audience Insights on Deciding on Singapore or Hong Kong

In our post-discussion survey, Hubbis asked the audience what they consider whether they think more of Asia's UHNW community will opt for Singapore Hong Kong when opening family offices in new jurisdictions. We have selected a number of their replies here:

»

"Much depends on the original jurisdiction of the UHNW family. If it is a Chinese family with assets in Hong Kong, they might consider having an establishment in Singapore as a hedge, whether there is a pandemic or not, due to concerns over Hong Kong's political and economic future, and privacy."

"For clients in Hong Kong, the key driver for the UHNW community is the uncertainty surrounding China, as there have already been so many examples of unwarranted intervention by the mainland, and clients are right to be concerned. The pandemic has had no impact on this growing threat, as it has been ongoing and undeterred throughout this time. However, the closed borders may have slowed the plans of clients who are considering various jurisdictions and may want to fly around to check out the different options."

"As far as the UHNW community in Hong Kong is concerned, the key driver is China. The pandemic may have put plans on hold temporarily due to closed borders. Still, clients should immediately resume searching for and selecting alternative jurisdictions once viable, as time is always of the essence."

Expert Viewpoint

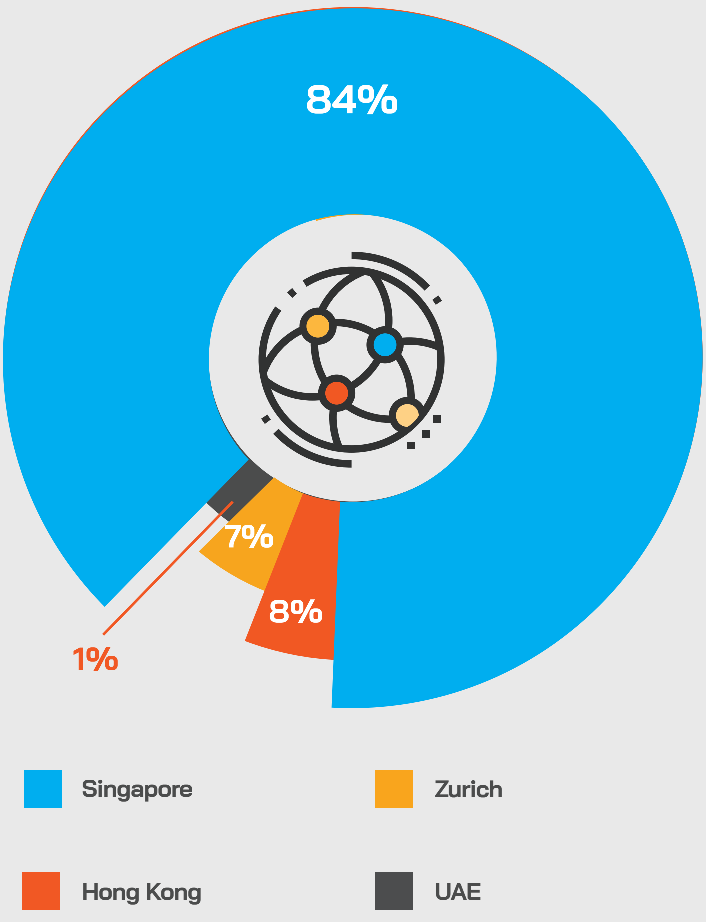
MARK SMALLWOOD, Rapier Consulting

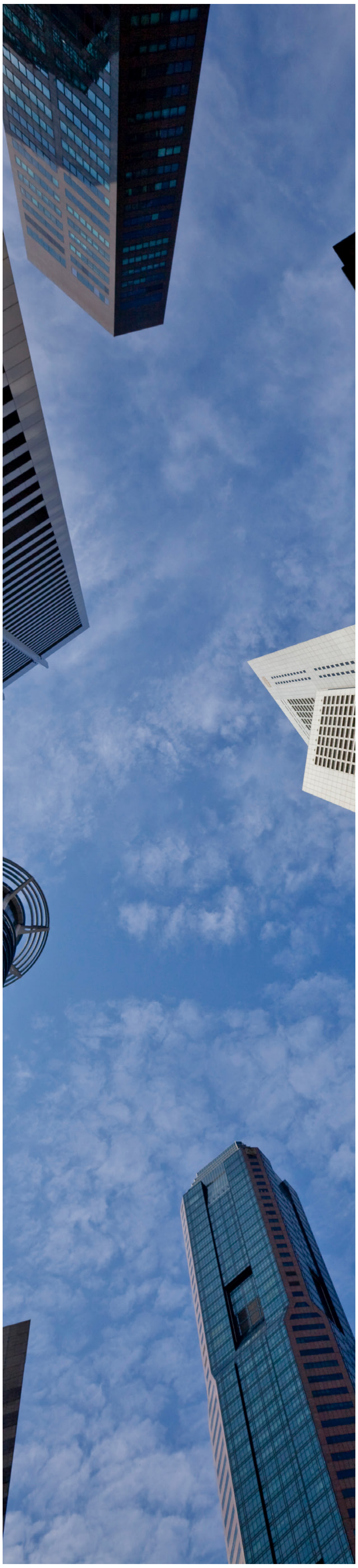
"Hong Kong will always have a strong strategic position, in particular for the servicing of North Asian clients (both private client and institutional). However, whether it is an optimal location for the establishment of fiduciary structures and the custody of banking relationships is a question that needs to be carefully assessed by each family and their advisors."

FOR A FAMILY OFFICE, SINGAPORE IS THE CLEAR WINNER FOR 84% OF RESPONDENTS

The stars are aligned for Singapore. The government's suite of tax and other incentives, combined with the depth of Singapore's wealth management advisory community, its legal system, the rule of law, high quality educational establishments, top-flight healthcare and political stability, as well as excellent lifestyle make Singapore a go-to jurisdiction. The problems relating to Hong Kong's social unrest and perceived interference from China, as well as China's impaired reputation following the arrival of Covid-19 add up to an unappealing cocktail right now, for all but the most ardent supporters. It is clear that Asian UHNWs prefer to be located in their time zone for their family office and to consolidate their family members, and European or other locations are increasingly viewed as alternative residence or citizenship destinations, the availability of which will certainly not diminish following the establishment of a family office, for example in Singapore.

Where would you set up a family office today?





The Rising Tide of Investment Migration – A World of Choice

A panel member distinguished between the establishment of a family office and the less complex motivations for obtaining alternative overseas residency or citizenship, which is open to a much broader range of wealthy Asian investors than only the UHNW community. He explained how the growing investment migration industry in the past decade or more has very much been focused clients seeking visa-free travel and a more robust passport than perhaps their countries. He also highlighted how the discussions with such clients during the pandemic have evolved more to pandemic preparedness, government reaction, how healthcare systems have coped, and flexibility for permanent residents or citizens to return to certain countries.

He reported that interest in places such as Australia and New Zealand have grown through the crisis, due to their sparse populations, excellent management of the crisis, top-quality healthcare, clear government tax and other policies and the availability of interesting investments, such as farms and estates.

In terms of pure investment migration, there was not enough time during the discussion to go into alternatives in any breadth or detail, but one panel member highlighted the attraction for Asian investors of EU countries such as Portugal, which offers value for money, a real estate play, access to the EU and Schengen, appealing cost of living and on top of these appeals, the government has reacted smartly and efficiently to the pandemic.

"Portugal is the place, I believe," said one panel member. "There are tax holidays available, and it ticks so many boxes; it is a beautiful place to live, with friendly people, great architecture, a great climate, wonderful coastline, fantastic wines, food, and so forth."

Other go-to programmes in Europe from a UHNW perspective remain Malta and Cyprus for direct citizenship by investment, although Malta is now close to the 1800 applicant cap it had set on allocations when it launched the programme in 2014.

"Whatever the impression," an expert commented, "the tax angle is not the driver in many cases, as generally speaking, unless you are going to physically move to a jurisdiction, spend usually six months or more a year there and become a tax resident, then you really will not benefit from any type of tax incentives that it has."

He did however note that Cyprus, however, is interesting for a lot of clients in Asia as the trigger is 60 days, meaning families or individuals can take advantage of the tax situation by spending only 60 days a year there. There are also some interesting programmes

Expert Viewpoint

HOWARD BILTON, Sovereign Group

"The idea of the perpetual traveler who spends insufficient time in any one place to be tax resident anywhere is becoming increasingly difficult. Without being able to point to somewhere where you are definitively tax resident, the risk is that countries that you visit will consider you tax resident there even if your time there is limited or might ordinarily be insufficient to establish a tax residency. Establishing a base in a low or zero tax jurisdiction is becoming increasingly attractive and important."

in Asia, for example Malaysia, or Thailand, with territorial tax systems. In Thailand, for example, only offshore money remitted into Thailand in the year that it was earned is taxable.

He added that Singapore is adjusting its requirements for family offices to make it even more appealing to families to bring assets there and to relocate key family members, as well. With a world-class lifestyle, security, education, healthcare, the rule of law and clear incentives and guidelines, Singapore is certainly winning the PR competition in the region, and to some extend globally.

Another guest noted that the cost of living is always a factor, and that tax must be configured in that equation. Other key considerations are whether the jurisdiction offers sufficient depth of landscape, seascape, variety, arts and culture, diversity as well as tax incentives and other fundamental appeals such as security, healthcare and education.

A panel member highlighted how the investment migration industry has very much been focused clients seeking visa-free travel and a more robust passport than perhaps their countries, but the discussions with such clients during the pandemic have evolved more to pandemic preparedness, government reaction, how healthcare systems have coped, and flexibility for permanent residents or citizens to return to certain countries.

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Expert Viewpoint

DOMINIC VOLEK, Henley & Partners

"Investment migration was once a deeply discreet process, but now represents a transparently-marketed financial services product for the global HNWI, designed by sovereign states as an alternative, debt-free capital raising platform that can diversify economies, thereby creating societal and sovereign value - what we refer to as "sovereign equity". This is becoming more and more important with regard to post Covid-19 recovery."

"The Covid-19 pandemic has impacted the lives of global citizens everywhere. While in the past, wealthy clients sought to establish a second citizenship or residence in countries that provided the best access, resources and opportunities, now the ability to reside in a country with a world-class healthcare system is at the forefront of wealthy families' motives for considering investment migration. As the curtain lifts, people will seek to move from poorly governed and ill-prepared places to more proactive countries with greater resilience and a better standard of medical care. Health security may also become a key consideration for countries in future when negotiating visa waivers, thus impacting global mobility and access."

"The destruction of value in a range of investments across the globe has made HNWIs reconsider their portfolios and investment management differently. Hence, we have seen a rush for European property purchases via investment migration, which is now seen as an asset class in its own right, and a hedge against further volatility and market uncertainty. Real estate has always been seen as an investment with staying power. Meanwhile, real estate–linked investment migration has the additional value add of enhancing the investor's options for relocation or retirement."

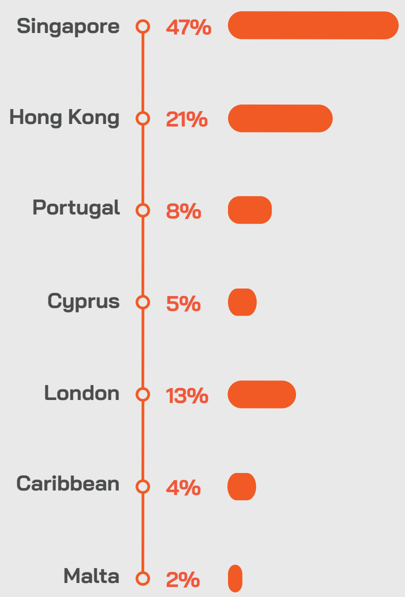
"In the current context, many strategic global investors are already engaging in 'post-pandemic planning' – assessing their wealth portfolios and opting to diversify via real estate-linked investment migration programs. And the proof is in the figures – we've seen a 42% increase in clients wanting to proceed with an application in Q1, 2020 when compared to Q4, 2019."

"An investment migration application today might not help with the current pandemic, but it might help with the second or third waves of this one – or whenever the next one hits. The perception of investment migration has shifted from being about living the life you want in terms of holidays and business travel to a more holistic vision of life that includes a better lifestyle, healthcare provision, quality education, and so forth."

FOR ASIANS IN ASIA, 47% VOTE FOR SINGAPORE, AND 21% FOR HONG KONG AS NEW BASES

The question addressed here is where UHNWIs and families would want to live, and clearly Singapore is in favour, as it is also the preferred destination for a family office. Asians like Asia for their primary residence, and it is therefore unsurprising that Hong Kong is next on the list, as it retains many appeals for Asians, and is similarly well located for Greater China, Korea, Japan, Australia and New Zealand, as well as Southeast Asia. Interestingly, London retains its appeals despite higher real estate taxes in the past decade and a much more robust tax oversight regime.

Which countries offer the greatest appeal for Asian UHNW families to live in?



Audience Insights on Investment Migration

In our post-discussion survey, Hubbis asked the delegates for their views on what they key drivers are for the UHNW community in seeking one or more alternative residences or citizenships around the globe, and to what extent has this pandemic exacerbated or reduced such drivers, and why? We have selected some replies as below.

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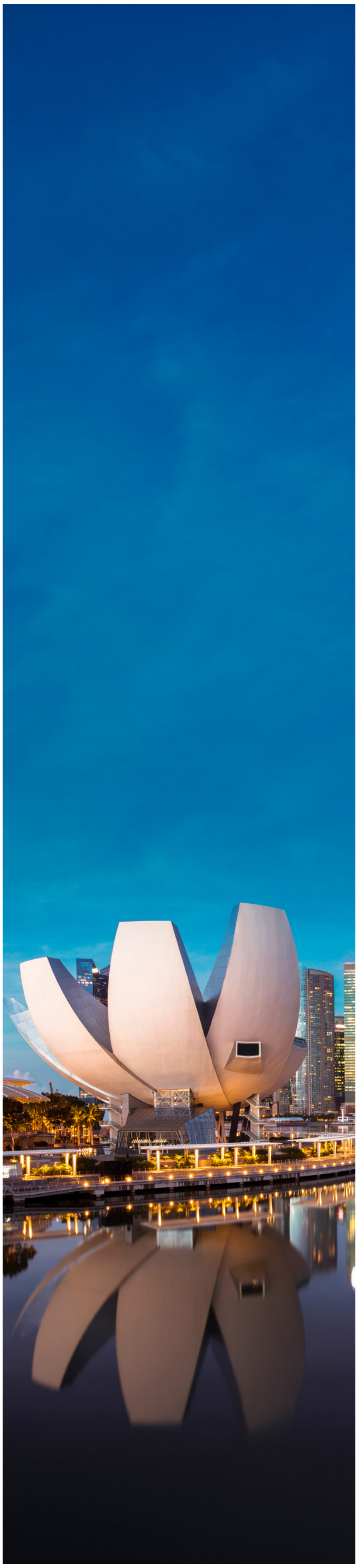
"The pandemic has of course increased the importance of health care, but at the same time has made it more difficult for people to move to these new jurisdictions."



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"The wealthy have always been looking for a second home, to have an alternative to where their domicile is. Usually, the domiciled jurisdiction is the place where most of their wealth or family members are, but might not be the ideal place that they want to live in. After this pandemic, this alternative planning will be exacerbated, cause diversification is the key now, as we have witnessed different countries have different measures when it comes to crises, and when you have that substantial amount of wealth, the UHNW will want another place to be called home, and enjoying the benefits of the jurisdiction, and the fluidity in managing them."

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"Multiple residences have been acquired to ensure that the UHNWs have options depending on circumstances. The pandemic has underlined the importance of citizenship given that so many countries closed their borders to non-residents or non-citizens. The security of knowing that there is another location that will accept them is the primary driver in the pandemic."

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"The need for privacy and to protect assets, key of which involves tax planning and tax rate arbitrage. Alternative residences or citizenships cater to lifestyle preferences which a tax haven may not provide well enough. The need for privacy and asset and wealth protection remain, but with movement across geographical borders significantly restricted due to the pandemic, there is likely to be increased discussion on the merits or otherwise of multiple citizenships and whether it might be better to absorb some trade-offs in favour of consolidation of assets into one chosen jurisdiction. The pandemic has certainly cast a spotlight on mortality and the options for the entire healthcare eco-system that may alter medical tourism industry in future."

CONCLUSION

The discussion clearly identified the many key concerns that Asia's UHNW families must address in their selection of a jurisdiction for a family office, and identified the key motivations for Asia's wealthy to establish alternative residence or citizenship overseas. There are numerous factors to consider, especially for the family office, which is an immense undertaking, but there is little doubt that this pandemic has given Asia's wealth management and client community time to pause for due consideration on these matters, as well as additional impetus to such decisions. ■