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International Relocation

International relocation to tax-friendly countries is commonly used as a tax-planning tool by affluent families and their family offices. Most family offices in Switzerland support their clients international relocation and help them obtain residence permits.

International relocation is increasingly popular

For decades, affluent individuals and families have been relocating to more tax-friendly countries such as Switzerland, the United Kingdom, Monaco, Dubai, Malta, Singapore, Hong Kong, Gibraltar and other jurisdictions alike. Especially in the past decade, international relocation has become increasingly popular as a tax-planning tool. There are many reasons for this, such as improved communications media, for example, mobile Internet and Skype, which makes it easier to stay in touch with relatives and business, as well as thoroughly improved, more regular and cheaper international flight connections, making it simpler to travel between one's country of origin and the country of choice.

Relocation to optimise one's life

The main benefit of permanent emigration for affluent individuals lies in the fact that in most cases it creates a substantial tax benefit. Often, it is also a necessary condition for protecting the assets of a family and its members. Sometimes it is best if a whole family relocates, and sometimes interesting wealth planning possibilities may arise if only one or a few of the family members relocate to another country.

The family, supported by their multi-family office, may of course also select a new country to reside in based on factors such as climate, infrastructure and a secure political environment. We also encounter international relocation when children of affluent families attend schools and universities in countries such as Switzerland, the United Kingdom and the United States of America. A multi-family office can often support you with this last issue quite well.

Tax planning is a necessity when you relocate internationally

Affluent families often relocate to the United Kingdom (London), Monaco or Switzerland. There are other attractive alternatives, but they are less well-known. For people with European Union (EU) citizenship, relocating within the EU or to Switzerland is not a problem, but for a person who is not an EU or Swiss national, international relocation to Switzerland or the United Kingdom could prove more difficult. In all cases of international relocation, careful planning is necessary, especially when it is done primarily for tax reasons. Anyone who intends to relocate for tax reasons will therefore need to obtain appropriate tax advice from a reputable law firm specialising in fiscal matters before they actually relocate.

Some countries do not require tax planning before you enter them. However, and especially in the case of business owners, it will be necessary for the family office to plan the departure from the country of origin in order to avoid negative tax consequences, or to generate the positive tax results as planned. Structures often proposed by multi-family offices in connection with international relocation are trusts and private placement life insurance solutions. It is also often necessary to plan in advance to obtain the necessary residence permits.

Relocation to the Bahamas

Strategically located just off the coast of Florida, the Commonwealth of the Bahamas offers all its residents an income tax- and wealth tax-exempt environment. Although known to most of us as a typical holiday destination, the Bahamas has long offered a secure and stable living environment for affluent families from all around the globe.

Relocation to Dubai

Dubai in the United Arab Emirates is one of the destinations in which an increasing number of affluent families are interested. Strategically located between Africa, Asia and Europe, the destination is easily reached. Besides a pleasant climate for at least 6 months of the year, it offers attractive real estate opportunities, a cosmopolitan lifestyle and complete exemption from tax.

Relocation to Hong Kong

Hong Kong is an increasingly popular jurisdiction for affluent families from all over the world to relocate to. Besides the fact that Hong Kong offers an attractive territorial system of personal income taxation, it is also a vibrant jurisdiction to establish a new business in and the gateway to China. In combination with the fact that it does not levy any wealth tax or inheritance tax, and is globally one of the freest economies, at least for so long as it is a SAR, it is clearly one of the most attractive locations in Asia to relocate to.

Relocation to Jersey

Jersey has long promoted itself as an attractive jurisdiction to relocate to. In order to attract affluent families to the island it has developed specific legislation for so-called High Value Residents. Those that qualify as High Value Residents benefit from reduced personal income tax rates. As corporate income tax rates are low, Jersey can be an attractive jurisdiction for entrepreneurial families to relocate to.

Relocating to Luxembourg

Luxembourg is an interesting alternative to consider for relocation, especially for EU-residents. Centrally positioned between Belgium, France and Germany it offers an attractive tax environment, interesting culture and excellent opportunities to establish a business.

Relocation to Monaco

Although the Principality of Monaco is fairly small, it is still a popular jurisdiction for affluent families from all over the world to relocate to. Besides the fact that Monaco does not levy any personal income tax, wealth tax or inheritance tax, Monaco is also considered attractive due to its location and the fact that it is relatively easy to become a resident there, even for families coming from outside the EU.

Relocating to Singapore

Although Singapore is primarily known for its financial centre, it is actually also an interesting jurisdiction to relocate to. Due to Singapore's territorial tax system its residents only pay tax on income which is accruing in, or derived from a Singapore source. Singapore particularly aims to attract successful entrepreneurs through its Global Investor Programme. Applicants are granted permanent residency when they directly or indirectly invest in the jurisdiction.

Relocation to Switzerland

A considerable number of Swiss cantons offer affluent families who want to relocate to Switzerland the possibility, before entering Switzerland, of negotiating a fixed annual level of income and wealth tax with the tax authorities, regardless of their actual annual income and wealth. The main basis for negotiation with the tax authorities is the person's annual expenditure. This arrangement is called lump-sum taxation.

Relocating to the United Kingdom

London is one of the most popular destinations for affluent families. When relocating to England (UK), it is possible to benefit from UK non-domiciled taxation. Under the non-domiciled taxation rules, foreigners who have internationally relocated to the UK will only be taxed on income and gains that arise or accrue in the UK on the assets they hold in the UK (including UK bank accounts), and on the income they generate outside the UK and subsequently remit to the UK.

International relocation to other jurisdictions

Swiss multi-family offices may also assist you to relocate to other tax-friendly countries. International relocation to countries such as Gibraltar, Cyprus, Malta and Portugal offers the possibility of using schemes specially developed for affluent individuals. Under these schemes, there is little to no tax to be paid; you are granted a residence permit and, in most cases, access to Schengen countries without any visa requirements.

International relocation to several tropical islands such as Bermuda, are also an option, given that they do not levy any tax at all on income, wealth, gifts or inheritances.

Although international relocation to these countries comes with great tax benefits, relocating to other countries may also come with severely negative tax consequences. Some examples of these countries are the United States of America, France and Germany.

Last but not least, many countries offer excellent opportunities to structure a family's assets before relocation, in such a way (such as via trusts and private placement life insurance) so that the overall tax burden of the family will decrease significantly.

A Swiss family office can support you with international relocation planning strategies and help you to comply with local rules and legislation. As affluent families become more internationally exposed every year, this should normally be one of the most important services of a high quality Swiss family office.

Our support to you

We regularly deal with affluent families whom intend to relocate to Switzerland, Monaco, the United Kingdom or other jurisdictions. So, please do not hesitate to contact us when you would like to discuss how we can support you with our multi-family office selection services, or if you want to further discuss the benefits and possibilities of international relocation. We look forward to supporting you.