

Private Clients & Estate Planning

Chairs:

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A graphic of a network or web structure, consisting of numerous white dots connected by thin white lines, with a few red dots interspersed. The background is dark blue with a subtle pattern of light blue dots and lines.

Interactive group discussions on topical matters

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Privileged Taxation Systems in Europe

MSI SIG – Private Client and Estate Planning

Things to think about 2025 – Vienna 2025

Holistic Advice

- different Countries with different people and different...
 - Laws: common (anglosaxon) law, civil law,.....
 - taxes: derichment system, enrichment system, capital gains and privileged income tax regimes
 - Alternative legal entities: trusts, stiftings, hybrids
- for entrepreneurs, sportsmen, artists, etc...
- for the provision of structured tax advice for bespoke circumstances
- to avoid additional expenses and avoidable pitfalls
- some examples and then a questionnaire ..

Income taxation systems

- Lump Sum Taxation
 - Swiss Forfeit Taxation Regime (so called ruling with the cantons) – foreign nationals relocating to Switzerland after more than 10 years absence and do not work pay tax on worldwide expenditure subject to annual minimal base
 - Italy – T€ 200 p.a. for qualified workers and freelancers – covers all Italian taxes – but prior clearance is required with the Italian Tax office. Note - be careful: Italy regards partnerships as non transparent with the effect that income can be taxed on a pass through approach in Germany and additionally as a dividend in Italy
- Remittance Based Systems
 - UK from 6 April 2025 individuals (foreign nationals and British nationals) who move to the UK after more than 10 years absence can claim the new FIG (Foreign Income and Gains) regime. No UK tax when the income or gains arise worldwide and no UK tax when they are remitted into the UK. Applies for four years only. There is no fee for the FIG regime. To claim the exemption full disclosure of worldwide income and gains should be made to HMRC on the Self Assessment tax return.
- Exclude foreign Income from taxation
 - Spain: Lex Beckham extended in 2022 to certain Start Ups – total exemption of foreign income
 - High Wealth tax

Impact of low tax jurisdictions on DTA

Where am I for DTA purposes

Lump Sum Taxation

- Swiss / FRG: Art 4 sec 6 says you are not resident in Suisse because a lump sum is no taxation
- Italy/FRG Protocoll Sec 17 the §§ 2 ff German Foreign Tax Act applies T€ 200 p.a. for qualified workers and freelancers – covers all Italian taxes with prior authorisation – but be careful: Italy regards partnerships as non transparent with the effect that income can be taxed on a pass through approach in Germany and additionally as a dividend in Italy

Impact of low tax jurisdictions on DTA

Where am I for DTA purposes

Remittance Based Systems

- UK from 6 April 2025 individuals (foreign nationals and British nationals) who move to the UK after more than 10 years absence can claim the new FIG (Foreign Income and Gains) regime. No UK tax when the income or gains arise worldwide and no UK tax when they are remitted into the UK. Applies for four years only. There is no fee for the FIG regime. To claim the exemption full disclosure of worldwide income and gains should be made to HMRC on the Self Assessment tax return.

- Malta

Exclude foreign Income from taxation

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ATTRACTIVE TAX RESIDENCY PROGRAMMES

- Malta – Offers a Global Residence Programme on the remittance basis.
- No tax on foreign capital gains irrespective if brought to Malta or not
- No tax on foreign income not brought to Malta
- Applicant must pay an initial one time government fee and €15,000 by April each year as minimum tax.
- Applicant must acquire property for a minimum price of €275,000 (varies upon region) or rent a property for a minimum of €9,600.
- Applicant cannot spend more than 182 days in any other country.
- Applicants must have private medical insurance.
- Applicants must show they are self sufficient.
- Approx 3 months process.
- Gibraltar – Offers Category 2 tax regime for individuals with net wealth of £2M in any asset class:
 - Tax capped at a maximum of £42,380 per year. A deposit of this amount needs to be paid on account.
 - All passive income including in the taxable amount.
 - No capital gains tax in Gibraltar.
 - No minimum day requirement in Gibraltar (but need to ensure you are not tax resident elsewhere).
 - Property must be rented or purchased in a premium area.
 - Private medical insurance required.

MALTA & GIBRALTAR TAX ADVANTAGES FOR RESIDENTS

- Malta
 - If the individual is not Maltese, they can set up a Malta trading company and have a shareholding company outside of Malta ie. Gibraltar. The corporation tax would be 35% however, they can apply for a 6/7ths tax refund as the shareholder is outside of Malta. The tax refund can take up to 18 months.
 - If the client wishes to pay 5% immediately, they can set up a Malta trading company, Malta hold company and Gibraltar hold company and they would file consolidated accounts and pay 5% immediately.
- Gibraltar
 - Corporation Tax is charged at 15% on income accrued and derived in Gibraltar. Income accrued and derived outside of Gibraltar is not taxable. Management and control needs to be examined.
 - No VAT.
 - No Capital Gains Tax.
 - No Wealth Tax.
 - No Inheritance Tax.
 - No Withholding Tax.
 - Royalties Taxed at 15%.
 - DTA's only with UK and Spain.

Attachement – a questionnaire before leaving

...Questionnaire before you leave

“Facts to consider” for expatriates on assignment

1. **Basic information**
 - e.g. nationality, present country, host country
2. **Family**
 - e.g. family status, marriage contract, children (minors ?)
3. **Proxies/Attornies**
 - if available, e.g. legal form, to whom, applicable jurisdiction of formation
4. **Last Will**
 - if available, e.g. legal form, language(s), heirs (nationality, minors), applicable jurisdiction to devolution of moveable and immoveable assets
5. **Estate**
 - Asset type, e.g. real estate, company shares, bank accounts and *lex situs* and conflicts of law

questionnaire in detail...

1. Basic Information

- Please indicate your nationality and domicile
- Please indicate the country you are living in
- Please indicate the country you are moving to

2. Family

- Are you married ?
 - If yes, where did you marry ?
- What nationality does your spouse have ?
 - Where will your spouse live ?
 - Applicable law of marriage (documents bilingual ?)
 - Do you have a prenuptial agreement ?
- Do you have (minor) children ?
 - Of what nationality are your children ?
 - Do your children live in the same country as you ?
 - Are your children married ?

3. Proxies/Lasting Powers of Attorney

- Have you given any proxies ?
 - for what ?
 - to whom ?
 - in which legal form and applicable law ?
 - in which languages and country ?
- Have proxies been given to you ?
 - for what ?
 - from whom ?
 - in which legal form and applicable law ?
 - in which languages and country ?

4. Last Will

- Do you have a last will ?
 - in which legal form, applicable law ?
 - in which languages and country ?
 - nationality of the heirs, country they live in ?
 - Have you made any donations to an heir or a family member ?
- Do you have a last will together with your spouse ?
 - in which legal form, applicable law ?
 - in which languages and country ?
 - nationality of the heirs, country they live in ?
 - Have your spouse made any donations to an heir / a family member ?

5. Estate

- Do you own real estate ?
 - if yes, where ?
 - solely owned by you ?
- Do you possess shares of a company (percentage) ?
 - legal form and seat of the company
- Do you possess life policies?
 - if yes, what kind of policies ?
- Do you have a bank account or an investment portfolio ?
 - if yes, where ?
- Do you possess any pensions ?
 - if yes, from whom and where ?
- Do you possess any further estate ?
 - if yes, where and what kind ?

Future SIGs

Next SIG Festival: register online

- ***Private Clients and Estate planning***
 - Wednesday, 18 June 2025, at 09:00 UK/ 10:00 CET
 - Wednesday, 18 June 2025, at 17:00 UK/ 18:00 CET

Other discussions and comments

Independent legal & accounting firms