

Capitalising on internationalisation of Chinese wealth

In a video interview, Kevin Lee of Zhong Lun Law Firm explains some of the considerations when advising mainland Chinese clients on their wealth transfer and succession planning goals, especially amid today's regulatory and tax scrutiny.

The first issue when it comes to wealth transfer for HNW and UHNW PRC clients, is the fact that so much wealth resides inside China.

For any of it that has already moved outside of the mainland, this is already on the path to diversification. But for the wealth that remains in the mainland, there are some steps that can be taken for succession planning, says Kevin Lee a partner of Zhong Lun Law Firm, whose firm is advising clients on these areas.

THE RIGHT SIDE OF THE LAW

Any “dodgy” client activity will be weeded out, given the focus on compliance and transparency. “Any old methods of ‘going underground’ will no longer work, and advisers need to stay on top of new rules and comply,” says Lee.

And within today's framework, there is a lot of scope for advice. “There are more good clients out there than advisers

to service them,” he explains, adding that opportunities exist, therefore, despite restrictions such as on capital outflows.

For mainland Chinese clients, Lee's firm already structures some trusts for clients, since they help them to achieve various succession planning goals.

FINDING AND RETAINING CLIENTS

The next generation is becoming increasingly sophisticated, given their education around the world. “It is important we meet with the next generation, but also stay close to the parents, so that there are no inter-generational tensions,” says Lee. “We need to service both generations.”

At the same time, the right advice against the backdrop of the current regulatory and tax compliance is, according to Lee, to know all the technical rules of the Common Reporting Standard (CRS), rather than take any short-



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cuts. “For example, in China, we have to understand what ‘tax residency’ means in a mainland Chinese context,” he explains. ■