

FAME Advisory: Helping GCC Clients Navigate the World of Intensifying Regulation

Nowhere in the world can escape the rollout of ever more tax and other regulations, and the GCC nations are no exception to this reality. FAME Advisory DMCC, where FAME, standing for Financial Accounting and Management Excellence, was created 2015 to extend accounting, compliance and management services, having witnessed the increasing regulatory complexities of the world and the Middle East. Hubbis met with FAME founder Nirav Shah in late 2020 to learn more of his firm and how he and colleagues are addressing the resulting needs and expectations of wealthy clients in the region as they grapple with estate and succession planning and increasingly embrace the psychology and then structures to help them organise their affairs compliantly. Shah is Director at FAME Advisory DMCC, which is a consulting firm within the FAME Group he founded where he specialises in advising on efficient corporate structure, succession planning for families, strategic and financial advisory for companies and their owners.

Shah opens the conversation by explaining that Fame Advisory is a boutique tax firm, that focuses on international tax, structures and compliance, working both for private clients and their families and on the corporate side, both of which are often closely connected. He reports significantly increased levels of enquiries from private clients during the pandemic on various succession planning and estate planning structures.

Time to reflect...

"On the private client side," he explains, "we see that more families have spent more time together during the pandemic and without all the business and personal travel and meetings and so forth, they have had more time to focus on estate and succession planning needs. We have been dealing with more foundations and trusts and helping people and families organise their affairs better."

He sees a variety of challenges for such clients, especially as there is so much private wealth to be transitioned to the second and younger generations. "The reality is also that some of these families have lost loved ones during this pandemic and there is accordingly a lot more focus on getting their affairs in order, on wills and a general rise in awareness that these matters should be addressed professionally. Accordingly, these people now often bring these matters to priority, whereas they might have pushed them aside in the past as they busied themselves in their daily lives."

Tax - a secondary issue in the GCC

Shah explains that the protection of family assets is the main objective, and not so much the

mitigation of tax, largely because the Middle East tax regime is so benign. "However," he says, "while most families which are based here locally are not worried about the tax impact, they are more interested in understanding what their options might be for asset protection, for transfer of wealth to the next generations and to mitigate the impact of unforeseen events. We have also been focusing on some of the jumbo insurance policies and how to put a structure around those, for example."

Shah also reports that the regulators across the Middle East have been introducing more and more compliance requirements.

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The UAE, for example, implemented economic substance regulations and ultimate beneficial ownership regulations, while VAT is being introduced into Oman, where personal tax is being considered, which would be a first of its kind across the GCC.

Driving awareness, crystallising change

"All these steps are in one direction," says Shah, "and consequently driving increasing awareness about the tax and the compliance requirements,

factors that the region has not been exposed to in the past. Accordingly, clients want to ensure they don't fall foul of any of these compliance requirements, that they address these requirements early on and adopt the right structures to accommodate these matters in the future."

Shah explains that the OECD's Base Erosion and Profit Shifting (BEPS) project is now in the implementation phase and the OECD and the EU are actively engaging with countries which have low or no taxes to bring about at least minimum level of compliance, with the GCC countries very much part of that discussion.

Rising pressure

"Because of this pressure from the OECD and the EU, there is rising pressure on any companies and international businesses not to use this region to shift profits to certain jurisdictions in which they do not have substance attached to those activities," Shah explains. "These are key changes taking place globally, and now they are also changing here, so it is a significantly changing environment from the compliance viewpoint. Add to that the CRS and AEOI that have come through



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in the past few years, and one can understand exactly why private clients and the family companies are concerned about addressing these issues early.”

Shah reports that from the firm’s base in the UAE, the clientele actually extends to markets such as Hong Kong, India and some parts of Eastern Africa, as well as some families based out of UK.

A common purpose

“The common link,” he reports, “is their interest in the structures that we can help advise on and create, which may be centred around the UAE or similar jurisdiction which we recommend. And the pandemic has reinforced the concept that complexity is not the mission; simplicity is better than over-complexity, and therefore these clients are often wanting to organise more efficient structures, as well as reorganising and remediating older structures to be more transparent and more effective.”

Encouraging signs

Shah is generally encouraged by the rising levels of professionalism in wealth management and

Getting Personal with Nirav Shah

Originally from Mumbai, Shah later attended the university there to obtain a Bachelor’s Degree in Commerce, then achieved his chartered accountancy qualifications before working for KPMG in Mumbai for about nine years where he specialised in international tax and structures.

At KPMG he reports they were early movers amongst international tax professionals in assisting some of the more pioneering Indian corporate acquisitions abroad. “I was part of the core group specialising in transactions and international tax structures for Indian corporates,” he says.

After KPMG, he joined a corporate, the Dimexon Group, and gained first-hand execution experience of setting up structures in various countries. “I stayed there ten years as Vice President for Tax and Legal, and the role included a varied range of activities managing 10 country operations on finance, tax and legal out of Dubai,” he reports. “That gave me great first-hand experience of managing different and difficult geographies, right from China to US, for tax compliance and finance purposes. And that led me rather naturally to start my own firm offering similar services to clients.”

Married with two children, his elder child, a daughter, graduated in 2020 and began her working life. His son is in the final year of secondary school and due to complete his International Baccalaureate in 2021. Shah’s wife is a lawyer by profession, and she has joined FAME to further strengthen the offerings to the clients.

A true Indian, Shah loves watching cricket and follows the India national team. He also enjoys playing tennis or badminton in spare time and tries to keep fit by walking regularly and other forms of exercise. Quieter moments are spent at home with a good book. And of course, when the pandemic abates, he looks forward to resuming travel for business and leisure.

amongst advisory firms in the region. “The families are also more willing and receptive than ever before to reach out to professionals and experts for help in managing and structuring the wealth,” he observes. “In the

earlier days, the patriarch of the family decided everything but today this situation is evolving in favour of seeking professional assistance in the areas where they lack knowledge and information. It is encouraging.”

One result, he reports, is more family offices, more IAMS and EAMs, and a broader array of wealth management and investor vehicles. “The arrival of rising number of family offices and EAMs in the region means that the UAE is very gradually mirroring developments in markets such

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Key Priorities

Shah explains that a key mission ahead is the strengthening of the firm’s compliance offerings across the region in face of the many new regulations and changes taking place, including for example the introduction of VAT in Oman.

The second main priority is to engage more deeply with the families and put in place more robust asset protection structures. “Some discussions have been underway for some time, and we

need to push on and move those discussions to the next level and complete the structures required,” he reports.

Finally, the firm will continue to embrace technology, making sure that areas including client interaction and engagement, protection of data and enhanced FAME efficiencies are achieved.

Looking on the bright side

Shah closes the conversation on a note of optimism. “2020 was a tough year all round, and we can but hope that 2021 sees a resumption of some sort of normalcy, or a new normal better than today,” he says. “The markets here in this region for our services and expertise are very encouraging, so given an improving situation regarding the pandemic, we are hopeful of a positive 2021 and beyond.” ■

