India's Wealthy Private Clients and Families and their Rising Interest in Alternative Residence around the Globe

To plot the coordinates of exactly where the global investment migration industry is right now, where it is heading, and what it all means to Asia's private clients looking overseas and to global HNWIs and UHNWIs looking at Asia, Hubbis held a Digital Dialogue event on May 5 that uncovered the key trends and identified some of the most compelling opportunities around the globe.

India is a very important market for investment migration consultancies, and Bijal Ajinkya, a Partner at leading Indian law firm, Khaitan & Co, joined us as one of the expert panellists to offer her insights from on the ground. She gave the delegates an insight about how soon after the pandemic hit there had been a major evolution in demand to take in a broader set of motivations than ever witnessed before. She explained how since 2020, there had also been tightening of tax rules for Indian citizens, wherever they might be, and that, as a result, there had been increasing demand for onshore and offshore trusts as the key estate and legacy planning structures. We have summarised her insights in this short report.

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Bijal Ajinkya
Khaitan & Co.

Bijal opened her comments by observing that before 2020, wealthy Indians would look at the idea of another passport or alternative residence as a means to shelter themselves and their families from any potential political instability and possibly any action, or even inaction, from the regulators.

"Rarely would you see someone in India seriously considering an alternate residence without a relocation, unless, perhaps, their children were moving abroad to study, for example, in the UK or the US," he said. "In those situations, we would often see then see family members relocate for that period of time until that phase of their childrens' education was completed, and here I am talking about the very wealthy clients," she reported. "However, since the pandemic hit, the demand has evolved and diversified, with many wealthy families recognising the need to have alternate places of residence for a whole variety of reasons, including healthcare facilities and protocols, education, or just the lifestyle and ease of movement and so forth."

She said there had been that big shift and a significant rise in demand, sometimes with alternative residence evolving to citizenship at a later date, she reported. Popular jurisdictions for Indians, especially vis-à-vis residence, have in particular been the UK and Dubai. Singapore is liked but increasingly difficult for all but the extremely rich and of course, the most successful or promising technology entrepreneurs that have actually moved there in response to government incentives. "All-in-all, we are seeing a lot more interest and activity, with nowadays a far wider variety of motivations," she said.

Bijal also highlighted how these moves could fit in neatly with robust estate and legacy planning. She told delegates to remember that Indians are very social and often significantly influenced by their entire sphere of friends and family. " explained. "As a result, to mitigate the impact of the changes, we have seen a lot of structuring for legacy planning. There is a lot that can be done, such as creating trusts in India or outside India for the incoming or the outgoing Indian citizen. In short, we have seen a lot more awareness and activity amongst wealthy Indians to create or revise their structures."

Bijal said that Indian families are still not yet really looking at investment migration as part of very long-term plans. "They are seeing things more from their needs in the nearer term, but this opens the door to all sorts of regulatory and tax issues and possible pitfalls," he cautioned. "Accordingly, it is very important that clients and their families really consider these pre-immigration planning and structures, even if they only have short- or near-term time horizons."

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She added that Dubai had historically been very appealing as a jurisdiction for tax mitigation and estate planning, but although still in strong demand, perhaps less so since in 2020 the Indian tax laws were amended to capture the income that Indians living offshore were originating from India, which for most people was the core source of their wealth and lifestyle spending.

"We have not shifted entirely to the US system of citizenship-based taxation and global filing of all revenues, but anyone holding an Indian passport and a tax nomad is considered a resident for Indian tax purposes," she

Her final comment was that India has a strong common law system, and that means that Indian citizens, wherever they might be around the world, can rely on trust structures for their estate and legacy planning.

"Wills and testaments are easy to create, and it is easy to ensure that the wishes of the deceased are upheld," she reported. "In brief, outside of any Shariah law clients (to an extent), Indian clients will generally be able to accurately and effectively devolve assets and property to their chosen beneficiaries."