

Inside Karina Wong's Mission to Guide Greater China HNW and UHNW Families Through the Maze of Tax and Succession Planning

Since November 2023, when she was appointed EY Greater China Business Tax Services Leader, Private Tax Co-leader, and Family Enterprise Leader, Karina Wong has dedicated her working hours to advising high-net-worth (HNW) and ultra-high-net-worth (UHNW) clients in Greater China. Hubbis recently caught up with her to learn more about her missions in tax matters advisory, estate and succession structuring and family office advisory.



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KARINA WONG
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At the heart of Karina's work lies her unwavering commitment to navigating the intricate challenges faced by HNW and UHNW clients in the region. "Our focus is not merely on structuring their wealth, but helping ensure that its growth, protection, and successful transfer across generations are properly aligned with the right structures that fit their and their family's objectives. We collaborate extensively with trusted lawyers, trustees, and wealth industry stakeholders, offering a broad service that is highly sought after."

Karina's insight into the role of trusts in Mainland China is particularly interesting. She notes that trusts are seen as an efficient tax planning tool, but that from a Mainland China perspective, the establishment of a trust properly is sometimes seen as a step too far, as it is seen as too distant from the individual if properly structured. "It

is this segregation that allows for strategic wealth management and legal protection, essential in today's world of regulation and in the uncertain economic and geopolitical climate we all face. Trusts need to be seen as offering more advantages beyond the traditional view of them as mere tax shelters."

She notes that Mainland Chinese clients might need to address additional steps such as foreign exchange and other policies compliance. "They need highly specialised and strategic structuring advice to help meet regulatory requirements and optimise wealth management strategies."

Karina explains that seeking quality advice involves a deep analysis of the client's situation. "Before we offer any advice, we need to firstly understand the individual's situation and also the family's broader make-up, location and the general scenario," she elucidates. "This understanding forms the basis of our tailored advice, ensuring that solutions are not only compliant but also aligned with the client's long-term goals and family dynamics."

The concept of family offices, as Karina articulates, is similarly far from the one-dimensional asset management function it is often mistaken for. "A family office holds a much broader scope," she comments. "It is like a gatekeeper to manage the wealth of the family as well as non-financial needs. This expansive role can include everything from risk compliance

management to philanthropy, education and next-generation training, showcasing the dynamic nature of family offices in contemporary wealth management."

Karina demystifies the family office concept further: "A family office is far more robust if aligned with carefully articulated family governance, determining how they want to support the family members going forward and also how they want to maybe segregate different roles of family members," she elaborates. "Family governance can be seen as central to the whole endeavour."

She also touches upon the evolving global tax environment, accentuating the growing importance of tax transparency and compliance. "Tax is now getting more and more complicated, meaning that clients are more willing to engage with professional service providers to obtain a holistic review of their situation and thereby obtain the best advice," she says.

She closes the conversation with a call to arms. "Of course, I would say this, but I do believe it is critical, given the increasing complexity of tax regulations, that tax professionals play a core role in helping wealthy clients navigate this landscape. Taking a methodical and client-centric approach and knowing the clients' situations properly allow us to design solutions crafted with precision and foresight." ■

« **"Very often, family office management goes *hand in hand* with family governance, detailing support for family members and segregating duties across philanthropy and family business responsibilities."** »

SELECTED INSIGHTS AND COMMENTS FROM KARINA WONG

On the Role of Trusts in Tax Consideration:

“Trusts are not only about tax consideration but also about setting up for other purposes, such as asset protection, succession planning and philanthropy purposes. From a Mainland China perspective, when you set up a trust properly, it can be an efficient tool from both a tax and legal perspective.”

The Broad Scope of Family Offices:

“A family office is more than just managing assets; it’s like a gatekeeper for the family’s wealth and non-financial needs, including risk management and compliance, philanthropy, succession planning and education for the next generation.”

Defining Family Office Functions:

“Family offices need to decide which functions to keep in-house and which to outsource, balancing various roles from wealth management to compliance, to make it cost-efficient for the family.”

Challenges for Mainland China Clients:

“Mainland clients are looking to diversify investments both inside and outside of Mainland China. With foreign exchange restrictions, they need proper structures, like a Hong Kong parent company, to repatriate income efficiently.”

Importance of Strategic Wealth Management:

“Some clients may consider setting up a family office in Hong Kong to build up substance and manage assets, enhancing the overall tax efficiency.”

Tailored Advice for Ultra-High Net Worth Families:

“First, I need to understand the family situation such as the tax residency status of family members, the location of their assets, the existing holding structure, etc. before we can properly explore the best tax-efficient structures. Understanding their needs for estate and business succession is a vital first step to determining for example whether a trust or family office is the most suitable vehicle for their needs.”

On Engaging with Professional Service Providers:

“High net worth individuals are now more inclined to engage professionals for a broader review, seeking proper tax advices due to the increasing complexity of tax regulations.”

Family Governance:

“Very often, family office management goes hand in hand with family governance, detailing support for family members and segregating duties across philanthropy and family business responsibilities.”

Navigating the Global Tax Environment:

“The global tax environment keeps evolving, with tax transparency becoming more important. Clients are concerned about compliance and are seeking advice on how to plan for the future efficiently.”

Getting Personal with Karina Wong: Career and Life Intricately Woven into a Fine Tapestry

Karina Wong's professional journey is as diverse as the tax landscapes she navigates. Born in Hong Kong and transplanted to Australia during her high school years, Karina's early life set the stage for a career that would straddle continents and tax jurisdictions. "I worked in a professional firm, focusing on family business even when I was working in Australia," she recalls, highlighting her initial foray into the world of tax advisory and wealth management.

On her return to Hong Kong in 2007, Karina joined the EY teams, initially working on corporate tax advice and compliance for Multinational Corporations (MNCs). This period marked the beginning of her thrust deeper into the complexities of tax planning, a field that was rapidly transforming even then.

"About five years ago, we started to focus on working for high-net-worth individuals, at a time when the landscape was completely different from where we are now," Karina observes. "The reality is that the global environment is such now that the intricacies of personal wealth present constant new challenges and opportunities; it is a fascinating field. These days, increased compliance obligations and the importance of tax transparency have meant that clients reach out to us proactively to make sure they are compliant. It is a different world from the one I saw arriving back in Hong Kong 17 years ago."

The introduction of new tax rules in Hong Kong, particularly regarding the taxation of offshore income, has necessitated a re-evaluation of wealth management strategies. Karina explains: "With the introduction of the foreign source income exemption last year, even offshore income needs to satisfy economic substance requirements; otherwise, they could be deemed taxable." This changing landscape has made tax certainty a paramount concern for her clients, leading to increased interest in the single-family office regime, which offers a high degree of tax certainty on investment income.

Karina's academic background, which includes a Bachelor of Commerce from Sydney University, laid the foundations for her proficiency in tax advisory. However, it is her client-facing experiences that stand out as the highlights of her career. "Helping clients to solve their tax issues really gives me a lot of satisfaction," she shares, underscoring the fulfilment she derives from her work.

Away from the complexities of tax planning, Karina finds balance in her personal life. Married with two daughters, she enjoys jogging every morning along the harbourside in Kowloon, where she lives. "It gives me a good opportunity to clear my mind and plan for the day," she says, "and oftentimes the best solutions come to me during these runs."

Karina's personal reflections offer a glimpse into the individual behind the expertise - a dedicated professional, a family woman, and someone who values fitness and focus, enabling her to successfully navigate the challenges of a rapidly changing world, for herself, her family and her clients.

The views reflected in this article are the views of the author and do not necessarily reflect the views of the global EY organization or its member firms.