

# JERSEY'S APPEAL FOR INDIA'S WEALTHY

RICHARD CORRIGAN, DEPUTY CHIEF EXECUTIVE OFFICER OF JERSEY FINANCE, EXPLAINS THE REASONS WHY JERSEY IS A PREFERRED OFFSHORE JURISDICTION FOR INDIA'S WEALTHY, AND HIGHLIGHTS THE STRUCTURES WHICH ARE APPEALING TO INDIAN CLIENTS.

As India's high net worth (HNW) and ultra high net worth (UHNW) families continue to globalise the nature of their business and financial assets, they are increasingly looking to various offshore jurisdictions for solutions.

Singapore, Dubai and Mauritius have always been a favourite among this client base, but there is much more of a focus by certain advisers on encouraging families to also consider Jersey.

The basis for this, is the trust law expertise that exists in that jurisdiction and has been cultivated over several decades, making it difficult to replicate.

"We might not be the name on the lips of the UHNW client, but we are often recommended by advisers who put the structures together for them, and that's the most important audience for us," says Richard Corrigan, deputy chief executive officer of Jersey Finance.

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## A SOLID FOUNDATION

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Based on a solid foundation of tax neutrality, Jersey has been attracting

deposits and investments from institutions and private clients across the globe for over 50 years. That has led to the evolution of the local financial industry to keep pace with the demands of a global marketplace.

According to Corrigan, this is due to a combination of political independence, economic stability, and also a mature and respected legal and regulatory system.

The reputation has been endorsed by independent assessments from some of the world's leading bodies, such as the OECD and the IMF, and Jersey received an AA+ credit rating from Standard & Poor's (S&P) in 2013 and 2014.

Building on this, Jersey Finance has a clear value proposition in India, explains Corrigan.

Via its representatives in Mumbai and Delhi, it aims to engage a broad base of niche advisers who cater to the upper-end of the wealth spectrum. It does that through providing first-hand information on the merits of Jersey, at events, sponsorships and also a variety of forums.



**Richard Corrigan**

Jersey Finance

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## BUILDING ON ITS REPUTATION FOR TRUSTS

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UHNW Indians are becoming increasingly aware of the differences and relative strengths between various in-

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ternational finance centres (IFC). From Jersey's perspective, its heritage in trusts is particularly well-recognised.

More specifically, the attraction to Indian clients has so far stemmed from outbound investment flows.

"As Indian wealth internationalises, Jersey provides a suitable hub for the structuring of that wealth before it goes to the destination market," explains Corrigan.

control over their assets. A PTC acts as a hybrid."

In such cases, the PTC usually takes the form of a Jersey Limited Liability Company, where family members or trusted advisers are then appointed to the board.

Corrigan further highlights Jersey's role in becoming more of a preferred location for Indian families to set up their family offices.

Russian clients, although Indian clients represent a reasonable proportion," explains Corrigan.

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## STRATEGY FOR INDIA

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Corrigan is optimistic about the potential to create greater awareness about Jersey among Indian investors. As a part of the strategy to achieve this, Jersey Finance has set up an advisory board consisting of senior people from the industry, called the Jersey Advisory Group (JAG) India.

The group's members play a vital role in advancing Jersey's proposition as a preferred international hub for off-shore structuring.

While Jersey doesn't have a double-tax treaty (DTA) with India at the moment, Corrigan says that this is something he would be keen to negotiate with the Indian authorities.

The geographic proximity and long-standing commercial relationship with the UK is a further selling point for Jersey Finance.

UK property is an attractive asset class for both Indian individuals and property developers.

According to Corrigan, Jersey is known for its significant expertise in structuring investments into the UK real estate market – many of which are achieved through Jersey trust structures and for more complex high-end investments through the Jersey Property Unit Trust (JPUT) structure.

"As a part of their investment strategy, Indian property developers are also increasingly looking for opportunities overseas," he adds. ■

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**"We have seen a desire among first-generation [Indian] wealth owners for a lot of control over their assets. A PTC acts as a hybrid."**

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Discretionary trusts, for example, have for some time proved popular as a succession planning tool for Indian families which hold overseas assets.

In a recent report, Jersey Finance highlighted that the provisions of Jersey discretionary trusts typically give considerable flexibility in terms of the trustee's powers in relation to beneficiaries, plus they are also sufficient when managing any inter-generational conflicts.

It follows that Jersey-based trust structures accommodate the needs of both non-resident Indians (NRI) and resident Indians.

Corrigan also observes a trend in the setting up of a few private trust companies (PTCs) by Indian families.

"We have seen a desire among first-generation wealth owners for a lot of

He attributes this to the jurisdiction's tax neutrality, financial infrastructure and stable legal, political and regulatory environments.

"Jersey is often used by wealthy Indian families for asset protection, estate planning, family governance and by UK-resident non-domiciled Indian families to manage their tax affairs."

Yet while Jersey clearly offers some robust trust structures, Indian families tend to be more comfortable with foundations; they feel more like a corporate vehicle and give more control, he explains.

Jersey Finance has set up over 200 such structures, he says, with roughly one-third of them created for charitable purposes.

"The interest in foundations has predominantly come from Chinese and