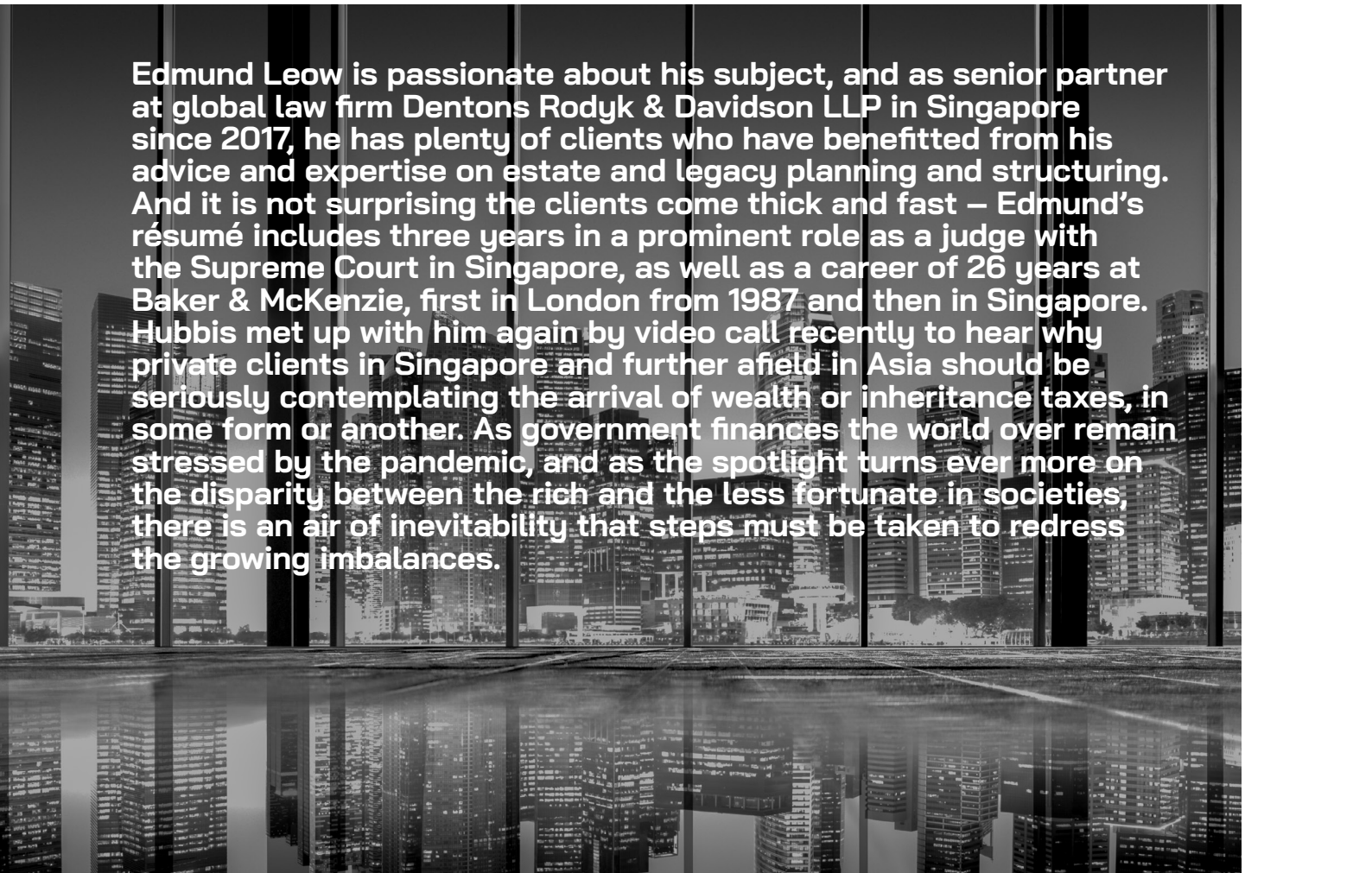


Leading Singapore Lawyer Edmund Leow Surveys the Inevitable Arrival of Wealth Taxes to Asia



Edmund Leow is passionate about his subject, and as senior partner at global law firm Dentons Rodyk & Davidson LLP in Singapore since 2017, he has plenty of clients who have benefitted from his advice and expertise on estate and legacy planning and structuring. And it is not surprising the clients come thick and fast – Edmund’s résumé includes three years in a prominent role as a judge with the Supreme Court in Singapore, as well as a career of 26 years at Baker & McKenzie, first in London from 1987 and then in Singapore. Hubbis met up with him again by video call recently to hear why private clients in Singapore and further afield in Asia should be seriously contemplating the arrival of wealth or inheritance taxes, in some form or another. As government finances the world over remain stressed by the pandemic, and as the spotlight turns ever more on the disparity between the rich and the less fortunate in societies, there is an air of inevitability that steps must be taken to redress the growing imbalances.

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EDMUND LEOW
Dentons Rodyk & Davidson LLP

Leow first explains that more relevant and tax-effective structures have become available in recent years in Singapore, helping the island republic attract more ultra-wealthy families to its shores to establish vehicles and family offices, and thereby helping Singapore to continue to build its global reputation as a jurisdiction of both substance and quality. And from this bedrock of stability, Leow offers his advice to clients from multiple jurisdictions.

Redressing social inequalities

He notes that a key issue many countries are currently grappling with is the spectre of a wealth tax in some form or another, to help redress social imbalances and stressed government coffers. This is a possibility in many countries in Asia, including Singapore, where despite pronouncements from the Prime Minister that it would prove difficult to bring in, he specifically said that they have not yet made a final decision. "The reality is the government has talked quite a lot about the concept, which makes many think it is inevitable at some stage," Leow comments. "And if it

does emerge, it will presumably centre on the very wealthy, not the ordinary citizen."

He says there are many forms it could take. For example, in Singapore, there is no capital gains tax, estate duty was removed in 2008, and there are other manifestations such a 'wealth tax' could take. "However, I do not think this will emerge as a European style wealth tax, where someone's net worth is calculated, and a percentage charge is levied on them each year. That is not the Singapore way, and I do not think that approach would be taken more broadly in Asia."

"Simply, the rich have become richer, the poor have become poorer. Associated with this, there is growing resentment against the rich, manifested by social media and then events such as the Pandora Papers, and the whole rising perception that the rich are either evading or avoiding taxes in ways that are not legitimate. Hence the debate about additional taxes, especially on the wealthy. This debate, as I said, is taking place not only in Singapore, but around the world."

Change is coming, so get ready

But whatever form the new taxes take, Edmund feels that change is inevitable. "We see three core reasons," he reports. "Government finances have been stressed by the pandemic, in the form of lower revenues and more expenditure. Secondly, this pandemic has crystallised concerns about the inequitable distribution of wealth and of course healthcare and

social care. Simply, the rich have become richer, the poor have become poorer. Associated with this, there is growing resentment against the rich, manifested by social media and then events such as the Pandora Papers, and the whole rising perception that the rich are either evading or avoiding taxes in ways that are not legitimate. Hence the debate about additional taxes, especially on the wealthy. This debate, as I said, is taking place not only in Singapore, but around the world."

As to outlets in Singapore, as Edmund had indicated, there is no capital gains tax. "An idea mooted

is for tax on real estate gains," he says, "but perhaps not on other assets. Real estate is deeply immersed in social and political controversy, as when real estate rises, again the rich just get even richer, and the poorer members of society and their families are left even further behind. The government might see this as a means to redress some of the vast, and growing, divide between the haves and have-nots."

Many ways to tax luxury purchases

In Singapore, he adds, there are also taxes on cars, which they could increase even further. They could make some of those taxes progressive, targeting the luxury cars maybe more than ordinary cars, for example, to proxy for some form of wealth tax. “There are clearly some forms of tax that would find more popular support, even at the expense of the fewer very wealthy people,” he says. “Clearly, something needs to be done for the majority of the population.” And of course, there are other forms of luxury tax, anything from clubs to travel to wines and a host of other discretionary purchases.

Not the European model

What Edmund does not envisage is the European type model coming to Asia. “The Government of Singapore tends to be quite pragmatic; they always try to impose taxes that are easy to administer, that don’t cost too much to administer,” he comments. “So, what one might

consider the European style wealth tax is probably going to be too complicated and may not actually raise as much money as they were hoping. In short, I don’t really expect them to take that route.”

Optimism, at least for now

His final comment is that Singapore has so far managed the pandemic with agility and a decent amount of common

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Balancing the needs

He expands on his perception of the pragmatism of the government, noting that Singapore will not act in any way that serves to deter foreign investors. “The government have always been conscious of the fact that Singapore needs to remain attractive to investors, and that of course includes the influx of HNWIs and families and UHNWIs and families, which has been a drive for the government and regulators in recent years. So, it’s going to be a careful balancing act.”

sense. “There is opening up, but of course we all need to see the impact of Omicron or other new variants,” he observes. “There is certainly greater access within the Asia Pacific region, and we can but hope that things normalise before too long. But we are moving gradually, not suddenly, as the Prime Minister has made clear. The economy is improving and there is a greater feeling of optimism. We now have to hope we can all build on those gains.” ■



Getting Personal with Edmund Leow

Edmund Leow is a senior partner heading up both the Tax Practice and the Trust, Estates and Wealth Preservation Practice at Dentons Rodyk & Davidson LLP in Singapore. He has amassed more than three decades of experience in advising multinational organisations on cross-border tax planning, transfer pricing and tax disputes. He also advises on international trade issues such as customs, WTO and free-trade agreements. And in his role leading the Trust, Estates and Wealth Preservation Practice, he advises high net worth individuals and families, private banks and trust companies in personal tax, as well as in trust and estate planning matters.

Leow has an impressive resume. He was invited by the government to serve as a Judicial Commissioner at the Supreme Court and served from 2013 to 2016. On stepping down, he was appointed Senior Counsel in 2017, making him the first and only Tax and Trust lawyer to be given this accolade nationwide.

Prior to his appointment to the Singapore judiciary in 2013, Leow was named a Tier 1 lawyer by The Legal 500 Asia Pacific for Tax in 2012. His views on tax and wealth management were widely sought and publicised in the media, such as Bloomberg, BBC, Channel NewsAsia, Reuters, The Financial Times and The Straits Times. He was also a founding partner of a Singapore law firm that was associated with Baker & McKenzie, where he headed up the Tax and Wealth Management practices in Singapore.

He is also President and an honorary member of the Singapore Trustees Association (STA). He is a co-founder of the STA, and previously served as its President from 2004 to 2008, then as Vice President from 2008 to 2013. The STA represents the interests of trust companies in Singapore.

In addition, he has been appointed Deputy Chairman of the Income Tax Board of Review, which is a statutory tribunal which hears income tax disputes between the Inland Revenue Authority of Singapore and taxpayers.

His immense wealth of experience includes key legal advisory roles in many corporate and other transactions, mergers and acquisitions across a wide variety of industry sectors, from financial services to real estate, retail, medical, healthcare, to name but a few.

A Singaporean by birth, he studied all the way locally through high school and then won a place to study Law at Cambridge University, after which he began work in London at Baker McKenzie, later becoming managing partner of Baker's Singapore office, after which the government asked him to serve as a judge.

"That was a wonderful opportunity," he recalls, "and a chance to give back to our society. It was a humbling and a great experience to serve as a judge of the High Court for some three years."

He then decided to return to private practice in 2017, starting what was essentially a new trust and tax practice for Dentons. "We have been growing this team steadily since," he reports, "with seven people now in different areas of tax and trusts. I can say that our growth here mirrors the growth in Singapore in these areas, so it has been very encouraging."

Leow is married, and the couple's two children are in their 20s and both lawyers. "Neither seems to have been sufficiently deterred by seeing their father practice law," he quips, jovially.

Leisure time in the past often involved travel, but that is, of course on hold. "Singapore is a small place to be stuck in these circuit breakers," he says, "but a great place to be nevertheless at this time for many reasons. And as both children still live with us at home, we have managed to enjoy a lot of close family time since March. Normally, they would be off here and there and travelling themselves, so this enforced situation has had some major positives in the time we can spend together."

When conditions permit, Leow and his wife enjoy weekend trips within Asia and further afield when time permits. "We are fortunate to be healthy and working, and now we can but enjoy what we have today and look forward to a resumption of our former lives, sooner or later," he says, on closing the conversation.