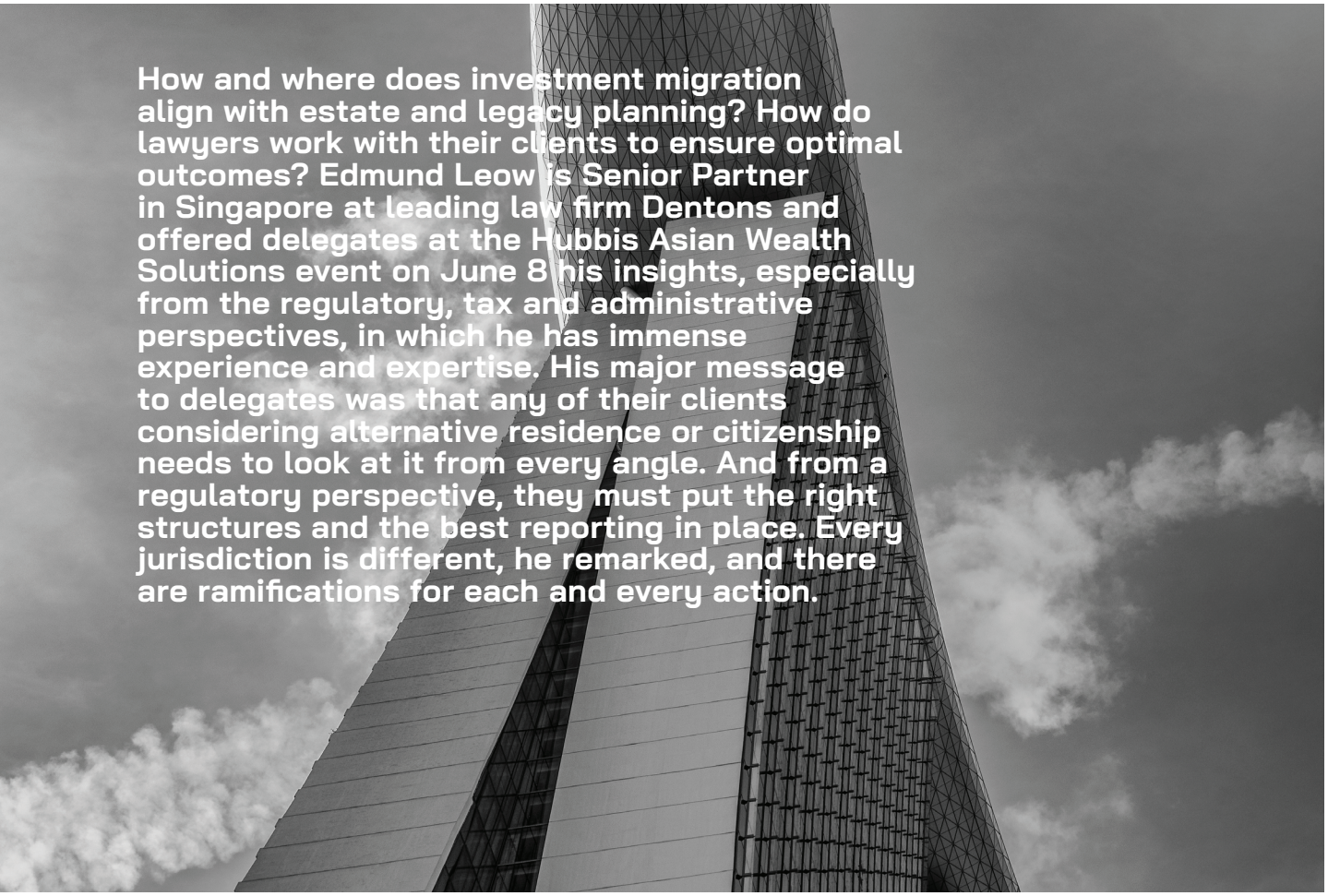
Link to Article on website

The Implications of Diversifying Residency & Citizenship from a Singapore-based Legal Eagle's Viewpoint



How and where does investment migration align with estate and legacy planning? How do lawyers work with their clients to ensure optimal outcomes? Edmund Leow is Senior Partner in Singapore at leading law firm Dentons and offered delegates at the Hubbis Asian Wealth Solutions event on June 8 his insights, especially from the regulatory, tax and administrative perspectives, in which he has immense experience and expertise. His major message to delegates was that any of their clients considering alternative residence or citizenship needs to look at it from every angle. And from a regulatory perspective, they must put the right structures and the best reporting in place. Every jurisdiction is different, he remarked, and there are ramifications for each and every action.

GET IN TOUCH

View this Panel Discussion On Demand

View Edmund Leow's LinkedIn Profile

Find out more about Dentons

Edmund Leow
Dentons

Edmund opened his

observations by reporting that many wealthy clients are interested in inward or possibly outward investment migration to or from Singapore, but that the first mission is to ensure that they are all fully aware of the ramifications of such moves, from the regulatory, legal and tax viewpoints. "Whichever way they go," he reported, "we need to help them structure their estate and legacy planning robustly, as well as perhaps their family governance."

Family succession is a core element of the conversations, he said, because each location will have its own set of rules and practices, and residence and domicile are not always the same in terms of the associated treatments by tax authorities.

"The laws that govern succession differ greatly around the world," he reported. "Perhaps someone is moving to a place which has forced heirship. Some might be Muslim clients or others who move to a country with strong Sharia laws. In short, there are numerous issues that you need to think about."

Moreover, he said that asset protection protocols also differ significantly. "Let us say a client moves to another location and gets divorced; well, you cannot simply assume the same laws exist there as in your home country, so you must factor this in as well," he stated. "We can work closely with the wealth management community and the investment migration specialists to ensure that clients consider all these issues, and structure themselves robustly."

And Edmund should - and indeed does - have a very firm grip on all these issues. He has enjoyed a stellar career in law and exudes the same passion for his subject as if he were still climbing the legal profession ladder. But actually, he is at the pinnacle – he has been senior partner at international law firm Dentons, Rodyk & Davidson LLP in Singapore since 2017, joining directly from three years in a prominent role as a judge with the Supreme Court there. That call to serve his country came after 26 years of practising law at the prestigious firm of Baker & McKenzie, first in London from 1987 and then in Singapore.

He turned his gaze again to tax issues, noting that tax residence is the key touch point. "Every country approaches these issues differently," he observed. "In Singapore, you can be tax resident without paying a single cent of Singapore tax. Why is that? Well, that's because Singapore doesn't tax you based on residence. Singapore taxes you based on your source of income primarily. That is a major difference between Singapore, which has a territorial system, and most OECD countries, which have a worldwide tax system. In the worldwide tax system, once you are resident there, then you're going to be taxed on your worldwide income, and usually worldwide capital gains as well."

He quipped that if someone moves to the US and obtains a US passport or a US green card, then "congratulations", as they will then have the privilege of paying US tax on their worldwide income and worldwide capital gains.

"These are all the kinds of questions to think about, and I can say that because of these trends and these issues, people like me are busier than ever at the moment. More people are more mobile and as a result they need more and better advice."

"These are all the kinds of questions to think about," he advised, "and I can say that because of these trends and these issues, people like me are busier than ever at the moment. More people are more mobile and as a result they need more and better advice."

He also focused his attention on Singapore itself as an excellent inward investment migration option for many of the world's wealthy. He cautioned that Singapore itself is not immune from the financial and other pressures to raise income tax, or to introduce 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," he told Hubbis in an interview last year. And he told delegates that such moves were still possible and that the government will assess very carefully what potential impact any such move might have on Singapore's attractiveness.

"This year we saw the budget introduce a higher property tax," he noted. "They didn't re-introduce estate duty, as some people thought they might. They didn't bring in the net worth tax, again as some thought might happened. They want to maintain Singapore's competitive position, but on the other hand, there are worries over increasing inequality in Singapore."

His final comment was that the government is forward-looking all the time and wants to address a negative in the form of a shortage of talent. "There are numerous initiatives taking place to boost skills and encourage the expansion of talent here," he said. "We are all busier than ever, and we certainly welcome all such efforts." ■