UTMOST WEALTH SOLUTIONS

Expatriate Tax and Wealth Planning
Mitigating Re-Entry Shock

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AGENDA

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THE IMPORTANCE OF TAX IN WEALTH PLANNING

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As a tax free jurisdiction, wealth planning in the UAE can sometimes overlook the tax aspect. However…

88%

of the UAE population are expatriates with most coming from high tax jurisdictions

Therefore, tax is fundamental to planning where:

- There is an intention to retire or take up residence in other jurisdictions
- Family members reside overseas
- Assets are based overseas

UAE

EXPATRIATE POPULATION IN CORE SEGMENTS

NATIONALITY	NUMBERS RESIDING IN UAE
India	3,500,000
United Kingdom	120,000
South Africa	100,000
Australia	15,000
France	30,000
Italy	10,000
Spain	6,300
Portugal	4,000

TAX REGIMES IN CORE EXPATRIATE JURISDICTIONS

COUNTRY	TOP EFFECTIVE RATE OF TAX	WORLDWIDE BASIS	CAPITAL GAINS TAX?	ESTATE DUTY /GIFT TAX?
India	42.74%*	Yes	Yes	No
United Kingdom	45%	Yes	Yes	Yes
South Africa	45%	Yes	Yes	Yes
Australia	47%**	Yes	Yes	No
France	49%	Yes	Yes	Yes
Italy	43%	Yes	Yes	Yes
Spain	47%	Yes	Yes	Yes
Portugal	53%	Yes	Yes	No

* Includes income tax surcharge and education cess
** Includes Medicare levy of 2%

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THE KEY SUCCESS FACTORS IN A PORTABLE WEALTH PLAN

THE IMPORTANCE OF PORTABILITY IN WEALTH PLANNING

NOT ALL STRUCTUTURES ARE THE SAME

Pensions, mutual funds, trusts – may be difficulties in local recognition and different taxation rules applicable

Anti-avoidance provisions targeting specific structures:

- CFC legislation
- Targeted legislation against trusts
- Punitive tax rates
- Difficulties with succession / inheritance tax planning

BENEFITS OF PORTABILITY

CHANGING RESIDENCY

BENEFITS FOR THE CLIENT

- Structure remains locally compliant
- Ability to adapt to tax rules
- Estate planning adapted to local mechanisms
- Potential simplification of tax reporting in the new country of residence

BENEFITS FOR THE ADVISER

- Tailored advice to country of residence and future destination
- Client retention
- No need to change investment management arrangements or strategy

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KEY SUCCESS FACTORS FOR A PORTABLE WEALTH PLAN

- Can my **wealth continue to accumulate tax efficiently** if I return?
- Can I **draw on my wealth tax** efficiently?
- Can I **transfer my wealth** tax efficiently?
- Is the structure flexible enough to **adapt to changing circumstances**?

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THE ROLE OF PPLI IN CROSS-BORDER WEALTH PLANNING

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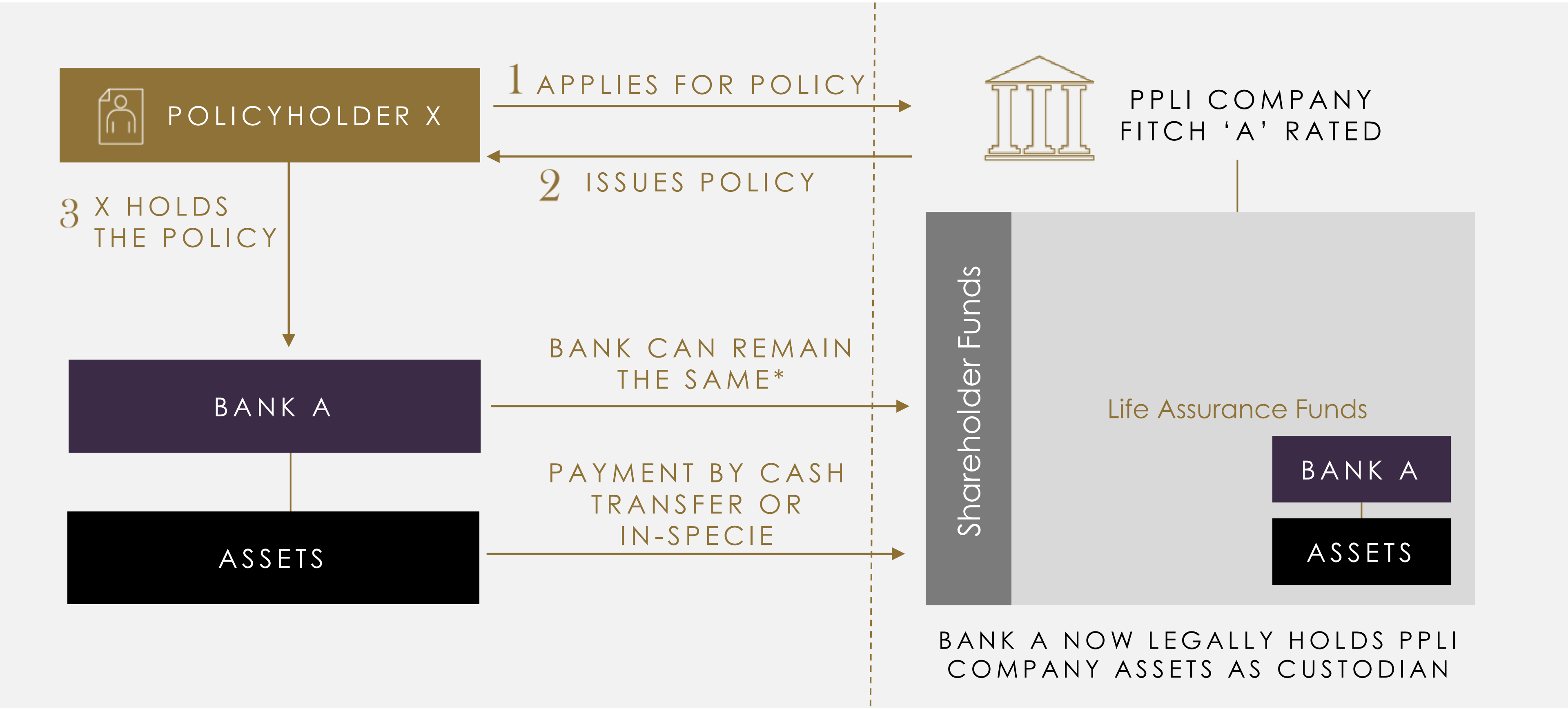
PPLI

PROCESS



* Agreement needed

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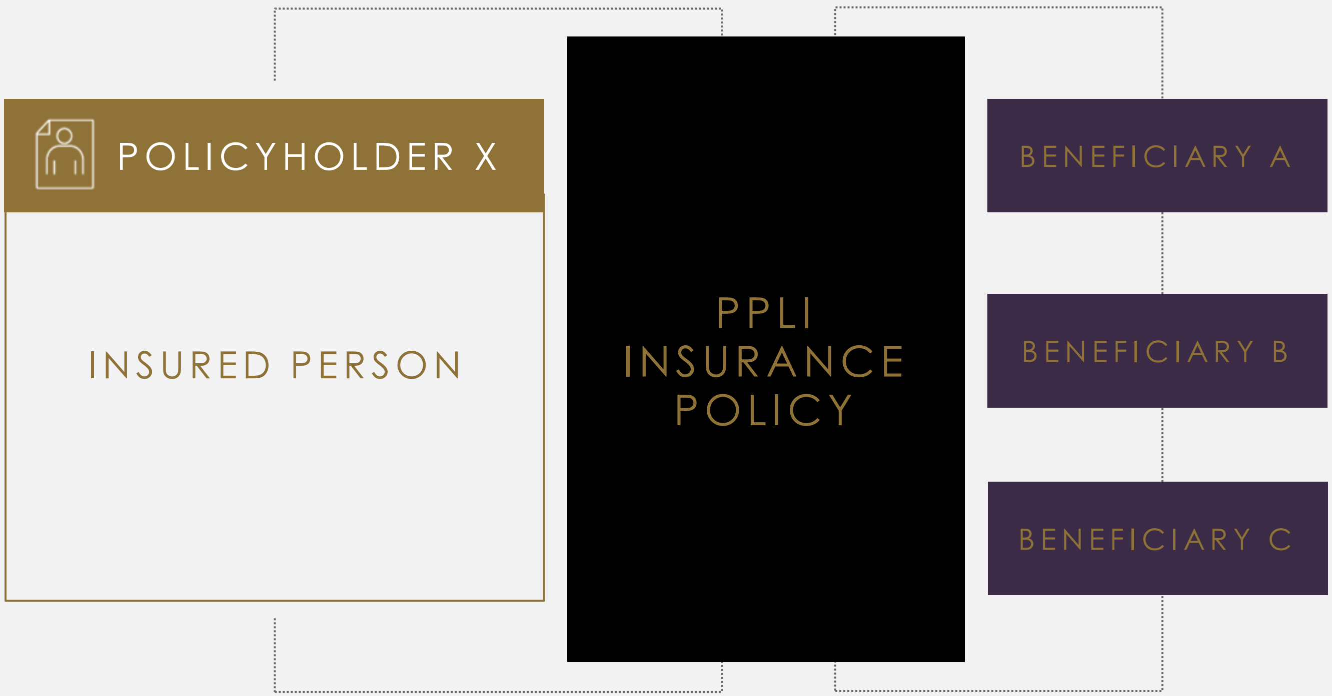
PPLI

SUCCESSION PLANNING



SUCCESSION PLANNING

- X takes out a PPLI policy
- Policy issued with beneficiaries nominated
- Privacy of succession planning
- On death, PPLI pays out to the nominated beneficiaries
- No delays, control over who benefits and in what percentage

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ROLE OF PPLI IN WEALTH STRUCTURING

INSURANCE
is a universally recognised concept

TAX PLANNING
- Tax free inside build-up
- Tax efficient exit strategies
- Inheritance tax planning

SUCCESSION PLANNING
- Ability to nominate beneficiaries
- Complimentary to other structures; e.g. trusts

SIMPLIFICATION
- No need to segregate income and capital
- Simplified reporting under CRS

Tax Summary

COUNTRY	TOP EFFECTIVE RATE OF TAX	PPLI DURING ACCUMULATION	PPLI ON WITHDRAWAL / SURRENDER
INDIA	42.74%*	Gross Roll up	• Gains subject to Capital Gains Tax • Rate is 20% • Max surcharge = 15% (compared with 37% for income)
UNITED KINGDOM	45%	Gross Roll up	• Ability to draw down 5% of premium p.a. with no tax liability • Ability to claim relief for gains made whilst overseas • Ability to claim relief to place more gains in basic rate (20%) tax threshold
SOUTH AFRICA	45%	Gross Roll up	• Gains subject to Capital Gains Tax • Max rate = 18%
AUSTRALIA	47%**	Gross Roll up	• Taxable gains reduce by taper relief from year 8 • Gains tax free after 10 years
FRANCE	49%	Gross Roll up	• Gains subject to special flat tax @ 30%
ITALY	43%	Gross Roll up	• Tax on Gains is 12.5% to 26%
SPAIN	47%	Gross Roll up	• Gains taxed at 19% to 26% dependent on amount of gain
PORTUGAL	53%	Gross Roll up	• Gains tax at 28% reducing to 11.2% after 8 years

TAX REGIMES IN CORE EXPATRIATE JURISDICTIONS

COUNTRY	TOP EFFECTIVE RATE OF TAX	WORLDWIDE BASIS	CAPITAL GAINS TAX?	ESTATE DUTY / GIFT TAX?	POTENTIAL TO MINIMISE WITH PPLI?
INDIA	42.74%*	Yes	Yes	No	Yes
UNITED KINGDOM	45%	Yes	Yes	Yes	
SOUTH AFRICA	45%	Yes	Yes	Yes	
AUSTRALIA	47%**	Yes	Yes	No	
FRANCE	49%	Yes	Yes	Yes	
ITALY	43%	Yes	Yes	Yes	
SPAIN	47%	Yes	Yes	Yes	
PORTUGAL	53%	Yes	Yes	No	

*Includes income tax surcharge and education cess
**Includes Medicare levy of 2%

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THANK YOU

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