



the global voice of
the legal profession®

What can I do with my assets in this new abnormal world?

Focus on Europe, United States, Colombia and LATAM Overview

28th Annual International Private Client Conference

05 - 07 March 2023

Claridge's, London, England



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What can I do with my assets in this new abnormal world?

The Why (the abnormal)

As a result of major crises such as the US–China commercial battle, continuing economic effects of Covid-19, run-away causes by socialist-communist political movements in some countries, and the current European entanglement with transparency regulation, asset protection has re-emerged as a critical part of private client planning. There is a demand on lawyers to address the needs of personal security, family migration, political abuse, financial and market volatility, family business internationalization, rather than solely focusing on tax. This panel will analyze how the legal profession is dealing with such protection needs without violating the transparency world and the responsibility imposed on advisors.

What can I do with my assets in this new abnormal world?

The who **is protecting** (the fear and the cost)

The what **are they protecting** (the assets and the family)

The where **they are protected** (the home and the harbors)

The when **they should be protected** (the now and then)

The how **is protected** (the law and the brain)

Europe

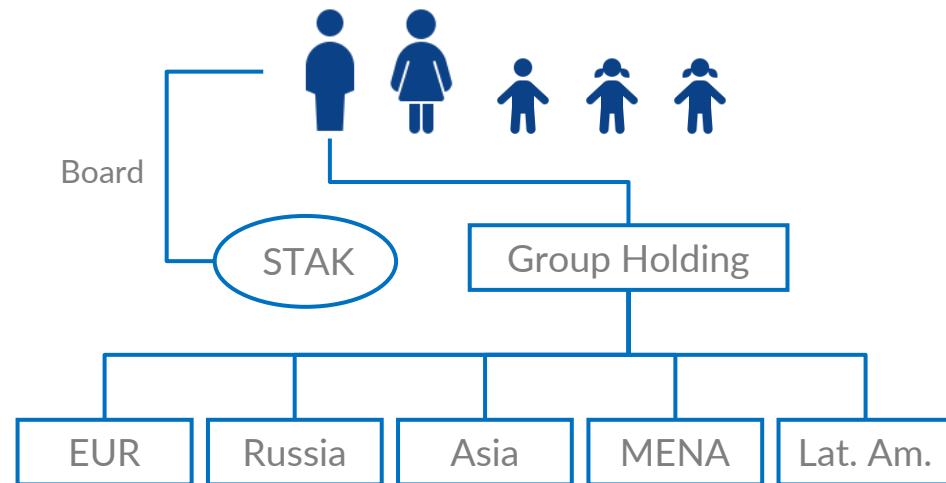
Let the Dutch Foundation (STAK)

Protect your assets against expropriation, dispossession or nationalization.

The Stack

Stichting Administratie Kantoor

a Dutch foundation

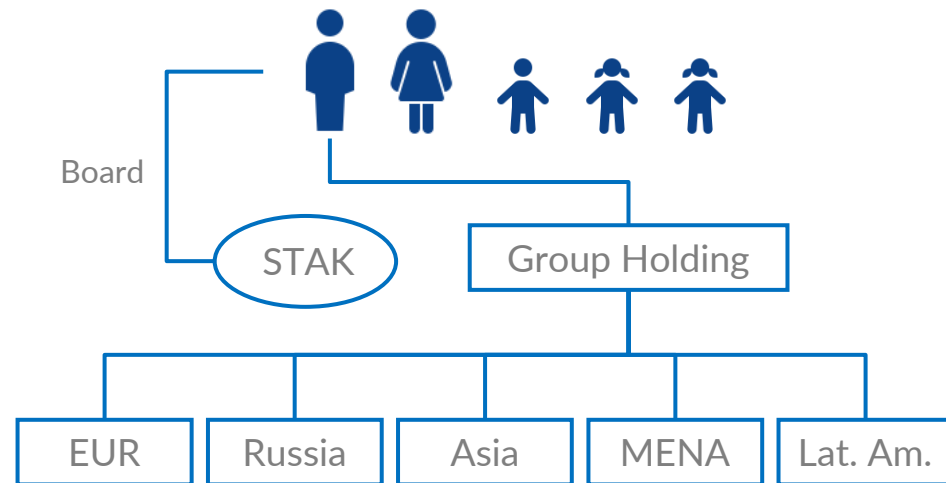


- Worldwide used legal entity since well over 100 years
- Board (free composition and powers)
- No shareholders, members or outsiders
- Safe, stable, proven, discrete
- Set up under notarial deed with limited scope articles of association
- In essence any asset can be transferred to STAK under private contract in exchange for depositary receipts

The Stack

Stichting Administratie Kantoor

a Dutch foundation

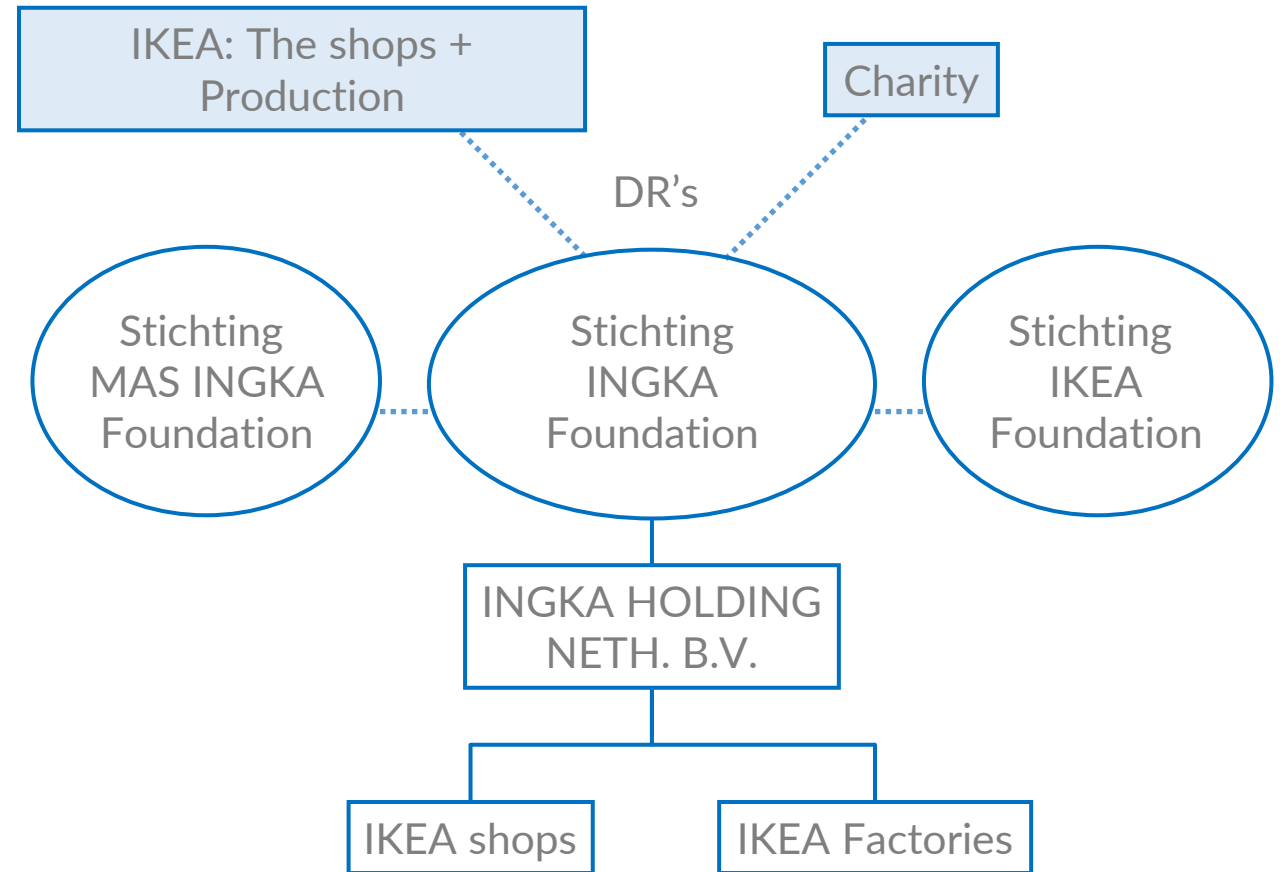


- Incorporation of STAK possible in 24 hours
- Transfer of assets to STAK depends on local requirements for transfer of such assets
- Transfer on the basis of tailored private contract which may differ depending on sort and location of assets, transferor and beneficiaries (We have special STAK structures for people from KSA, UAE, Brazil, Mexico, Colombia, Portugal, Spain etc)
- No involvement authorities or outsiders
- Very limited legal restrictions
- No Dutch taxation; no published accounts
- No Dutch nexus required; managed and administered by one or more persons of choice and at desired location

IKEA

The use of foundations

- Stichting INGKA Foundation est. in 70's
- Total control by board over business
- No undesired influence from stakeholders
- Separate charitable foundation
- Separate asset management foundation

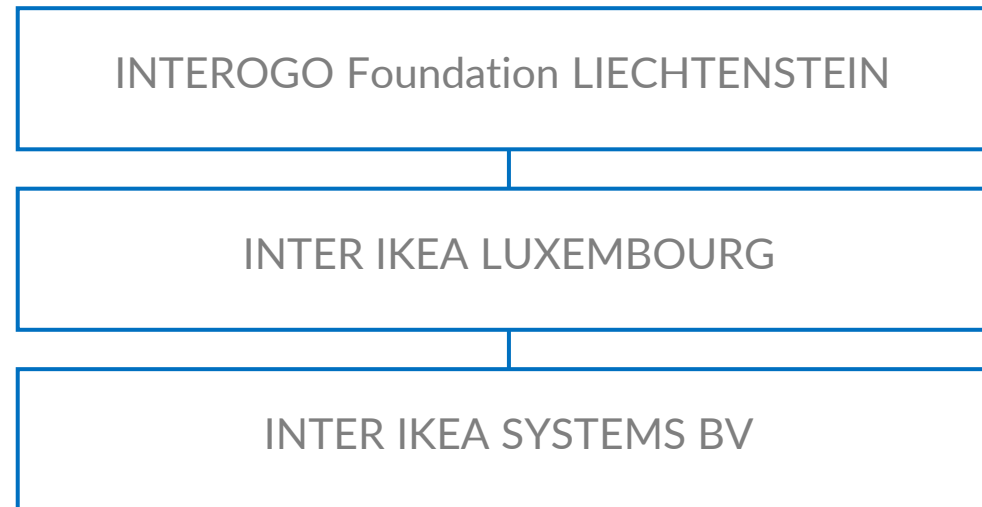


IKEA

The use of foundations

- Separate intangibles from business
- Inter IKEA Systems B.V. licenses all shops and factories to use IP's against fee

IKEA: INT. PROP. + FRANCHISE



Ownership of IP'S,
franchise to all shops

So “What could Yukos do with its assets when under threat from Russia?”

Who is protecting: a STAK not managed and residing in Russia

What assets: All non-Russia located assets

Where: board of STAK non-Russian, managed outside Russia

When: As from the date of transfer of all assets



Establish (Late!!) a STAK + NL
holdco



Appoint boardmembers living
abroad



Yukos transfers all foreign
assets for dep.receipts issued
to Holdco

The Stack

Your strongest protector?!

- The STAK can own and manage any property which can be held by a foreign (=Dutch) legal entity
- The Dutch High Court has exclusive jurisdiction over the STAK
- In over 100 years no STAK arrangement has been challenged successfully

The strong protector

- Any dispute over assets of STAK is ultimately decided by Dutch High Court
- STAK can invoke Bil. Invest. Treaties in case of expropriation/nationalisation
- Founder/family can have under normal circumstances level of control through firing/hiring of board members

What better protector?

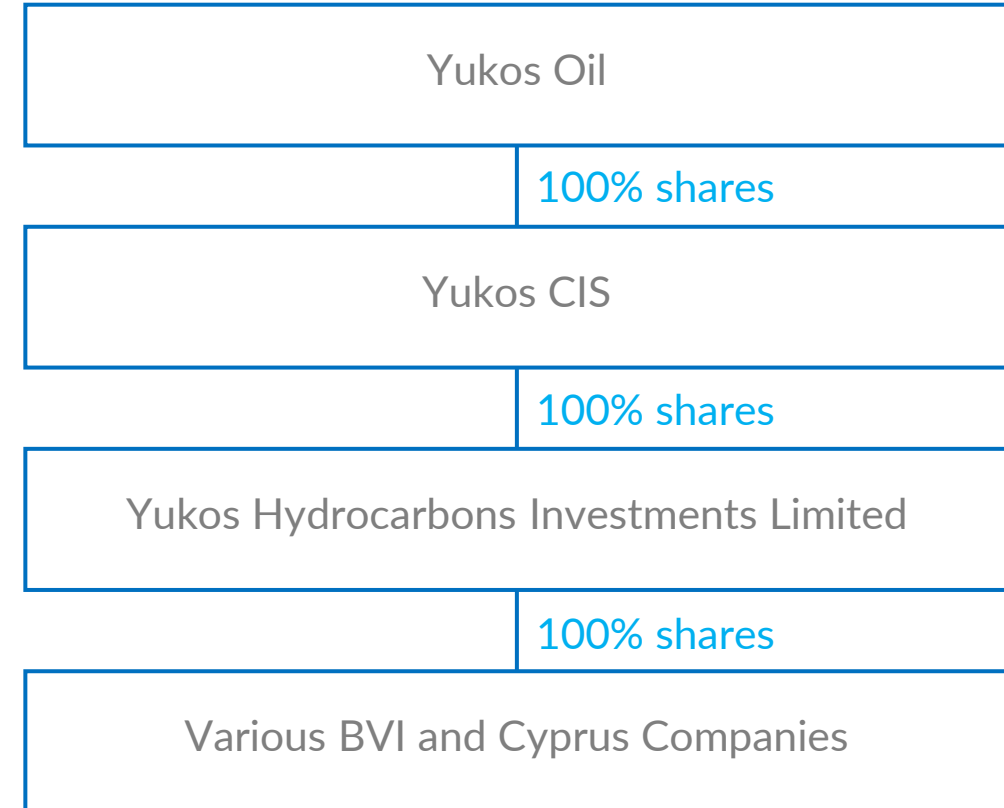
- The board of the STAK must consist of trustworthy people chosen by founder
- Boardmembers must reside in “safe countries” so they cannot be put under pressure
- Boardmembers control assets exclusively based on private contract

YUKOS

Armenian Yukos Oil branch structure

- Yukos Oil (Russian Company)
- Yukos CIS (Armenian Company)
- Yukos Hydrocarbons Investments Limited (BVI Company)
- Stichting Administratiekantoor Financial (Dutch Foundation)

Before restructuring

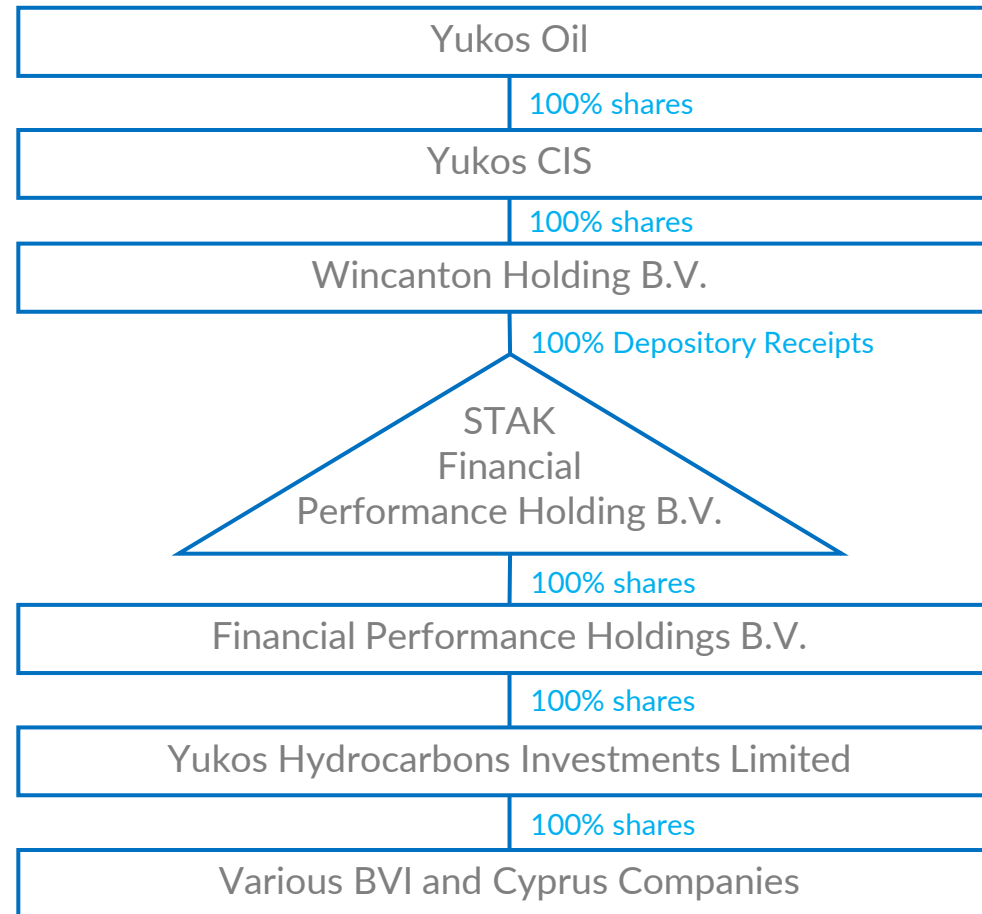


YUKOS

Armenian Yukos Oil branch structure

- Financial Performance Holding (Dutch company)
- Wincanton Holding B.V. (Dutch company)

After restructuring

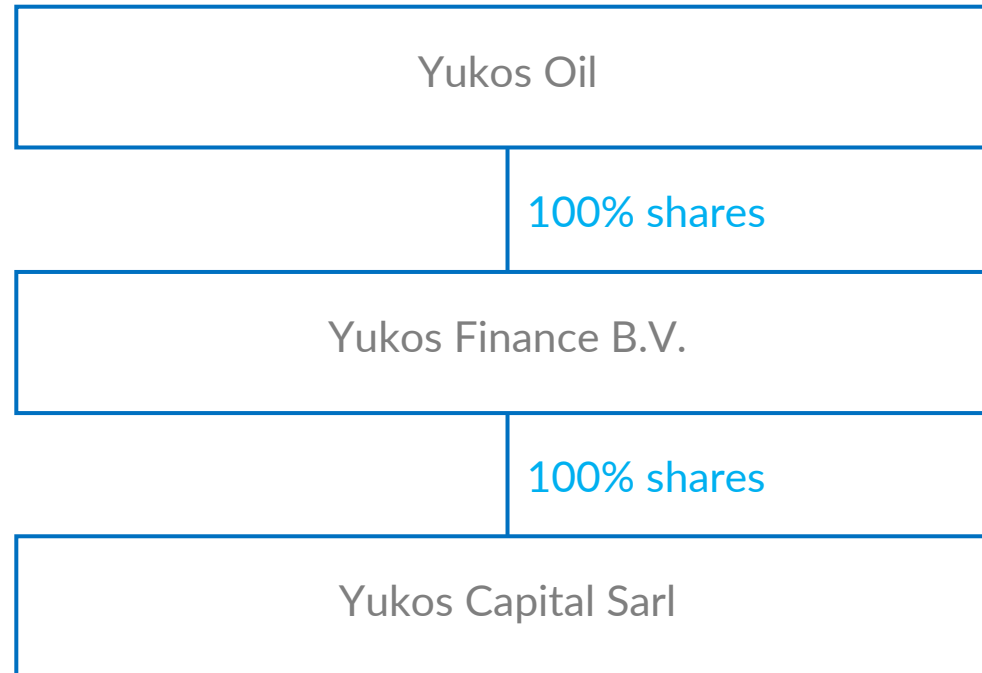


YUKOS

Dutch Yukos Oil Branch Structure

- Yukos Oil (Russian company)
- Yukos Finance B.V. (Dutch company)
- Yukos Capital Sarl (Luxemburg company)

Before restructuring

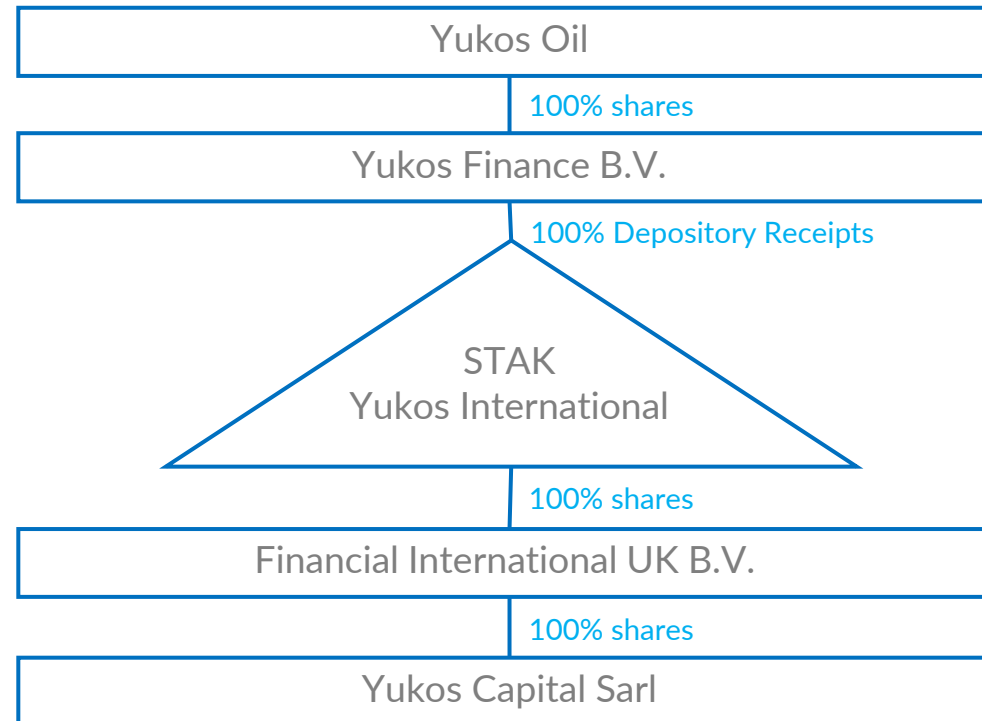


YUKOS

Armenian Yukos Oil branch structure

- Stichting Administratiekantoor Yukos International (Dutch foundation)
- Yukos International UK B.V. (Dutch company)

After restructuring



Costs

Costs of setup of standard structure:

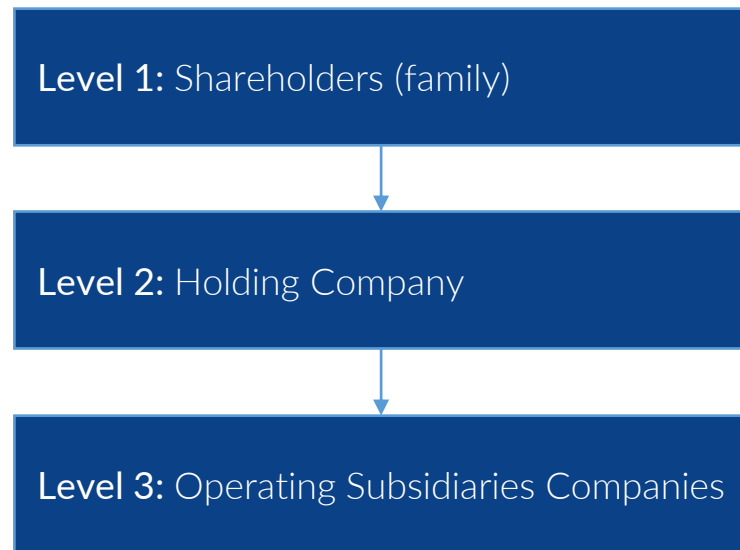
Incorporation STAK, Holdco	EUR 7.5 -10.000 each
Private contract conditions	EUR 10 -15.000
Transfer/contribution Group Holding to STAK structure	Case-specific
Family charter, family council	Case-specific

Running costs

Registrations, filings	EUR 1.000
Accounts and admin Holdco (if required)	EUR 10.000
Tax filing Holdco (if required)	EUR 2.000

What are the major demands of the Clients?

Current situation implies the need to provide an international service with three characteristics:



Global service covering all three levels.



Full service advisory that includes not only taxation advice but also migrations, international corporate reorganization, international succession scheme, etc.



Preserve Financial Wealth

Service aimed at protecting and preserving family assets



Where do these Clients come from?

However, the way we advised to help these Families can be extended to all types of jurisdictions where there are Family Business seeking to protect their Family Assets.

How can we help these Families?

1. We have to be able to understand what their needs are.
2. Although our work is about tailoring suits, we have identified three needs in advising family businesses

Needs

Spain as a good option

1st need: Personal wealth protection without losing their current tax residence



Golden Visa



School Year

2nd need: Change its current tax residence



Spanish Tax:
The Beckham Law



Amended in 2023

3rd need: Business asset protection



Transfer the holding
company to Spain

ETVE Regime

+20 Bilateral
FIPAS

1st Need: Personal wealth protection without losing their current tax residence



1st Step Tax Analysis

- (i) How to perform the investment: Directly or through a Company.
- (ii) Report with the proposed structure
- (iii) Tax obligations after the investment



2nd Step Formal proceedings in Spain

- (i) Assistance and drafting of a POA in our favour in order to represent the client in the following steps
- (ii) Assistance in the opening of the bank account.
- (iii) Assistance in obtaining the NIE



3rd Step Due Diligence

- (i) Legal due diligence on the building or the subject of the investment (ownership titles, encumbrances, urban licenses, condominium rules, etc.).
- (ii) On site inspection of the building prior to the reservation and to the purchase



4rd Step Purchase of the building

- (i) Private documents for the purchase (promise of purchase and sale, etc.).
- (ii) Drafting of the purchase public deed and coordination of its signature before a notary public.
- (iii) Liquidation of taxes
- (iv) Registration within the Land Registry.



5th Step Golden Visa

- (i) Document compilation.
- (ii) Fulfilment of the relevant official forms, filing the application.
- (iii) Obtaining the visa/residence authorisation.
- (iv) Obtaining the TIE.
- (v) Appointment with the police.

Spain

2nd Need: Change its current tax residence



1st Step
Confirmation of immigration status

Do you have your immigration status in order?



2nd Step
Choosing the destination: In Spain there are 17 Regions (CCAA)

Which is the more attractive ccaa from a tax perspective?



3rd Step
Estimating the tax cost without any planning

Which taxes will apply?



4rd Step
Seeking for tax optimization alternatives

How to optimize your taxation?

2nd Need: Change its current tax residence

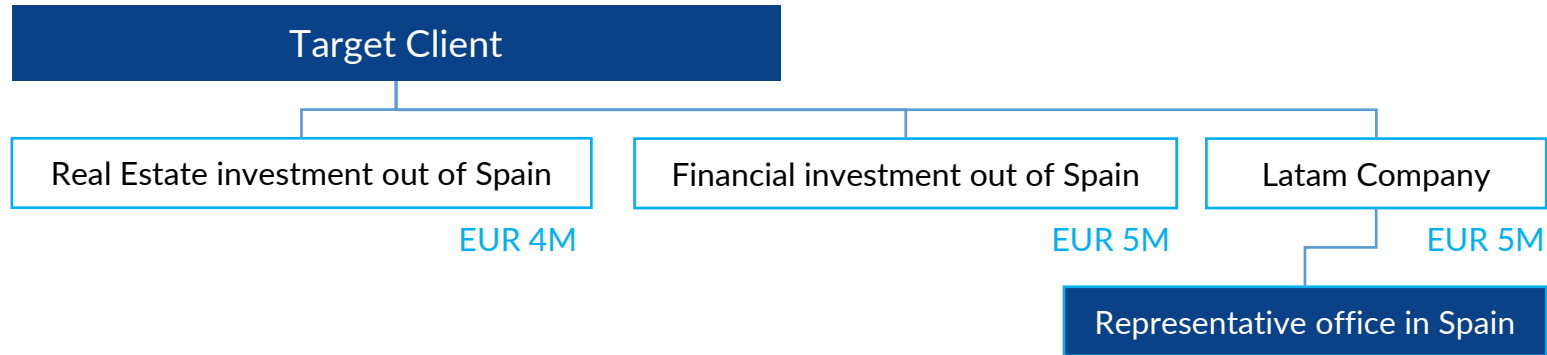
Alternatives once you become Spanish tax resident: Special in-patriate tax regime



Special in-patriate tax regime

- **Real name:** Special Regime for expatriate workers that are transferred to Spain. Nick name “Beckham Law”.
 - **What are the benefits:** Special Regime taxpayers are treated as non-residents, paying PIT and WT as if they were no residents in Spain (with the exemption of salary income which are taxable in a worldwide basis) They are not obliged to disclose assets located overseas.
 - **How long?** Regime applies for the year of application + the subsequent 5 years.
 - **Who?** The scope of application of the special regime include the employee and **now it is extended to the spouse of the posted employee and includes children under 25 years of age or disabled children**
- **What are the requirements? Individuals:**
 - A. That have not resided in Spain during the five tax periods prior moving into Spanish territory.
 - B. That their settlement in Spanish territory occurs as a result of any of the following circumstances:
 - 1) As a consequence of an employment contract; or
 - 2) As a consequence of being appointed as director of an Entity. Please note that if the Entity is “Patrimonial Entity” the Director cannot participate with more than a 25% in the capital; or
 - 3) As a consequence of the exercise of an activity qualified as “entrepreneurial”
 - 4) As a consequence of the performance of an economic activity classified as “highly qualified” under the terms of the Law
 - C. That does not obtain income that would be qualified as obtained through a permanent establishment located in Spanish territory: i.e., do not develop business activities, **with the exception of number 3) and -4) above mentioned**

2nd Need: Change its current tax residence



Estimated Income tax under general regime	
Taxes EUR	Liability EUR
Income Tax (Impuesto sobre la Renta de las Personas Físicas)	140.000
Property tax (Impuesto sobre el patrimonio)	269.000
Total taxes	409.000
Form 720	Yes, penalties applied if there are errors in its fulfilment

Estimated Income tax under Beckham law	
Impuestos EUR	Cuota EUR
Income tax (Impuesto sobre la renta de las personas físicas)	24.000
Property tax (Impuesto sobre el patrimonio)	Not applicable
Total taxes	24.000
Form 720	Not applicable

Example of an individual with the following data :

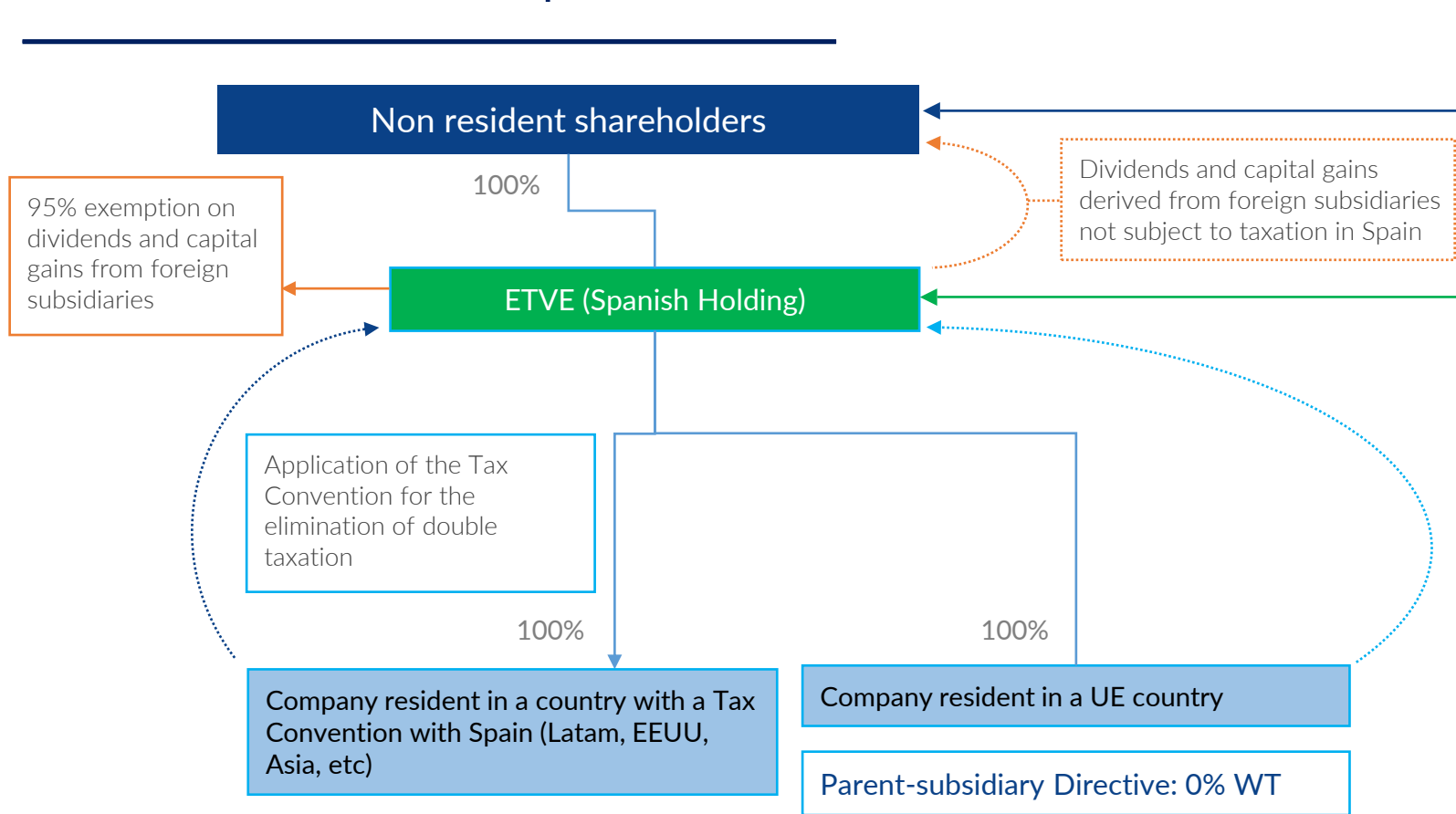
Assets: 14 million

Revenue:

- 3% of the financial investments (5 million USD):150.000 EUR/year
- Dividends from a foreign company : 200.000 EUR/year
- Salary: 100.000 EUR/year

Tax summary	EUR
Total annual savings	385.000
Savings during 6 fiscal years, applicable timeline of the special regime	2.310.000

3rd need: Business asset protection



Applicable advantages to the ETVEs' non-resident shareholders

There is no withholding tax as they are not considered as an income obtained in Spanish territory.

- There is no withholding tax in Spain on profits distributed by ETVEs to their non-resident shareholders.
- There is no withholding for shareholders who obtain capital gains when selling shares of an ETVE.
- There is no withholding for partners who obtain capital gains in a separation of shareholders or liquidation of an ETVE.

Applicable advantages to the Spanish ETVEs

95% Exemption (As a general rule it implies an effective taxation of 1,25%)

- 95% exemption on the amount of the dividends received from Spanish and foreign companies.
- 95% exemption on the amount of the capital gains arising from the sales of shares in Spanish and foreign companies.

United States

Considerations

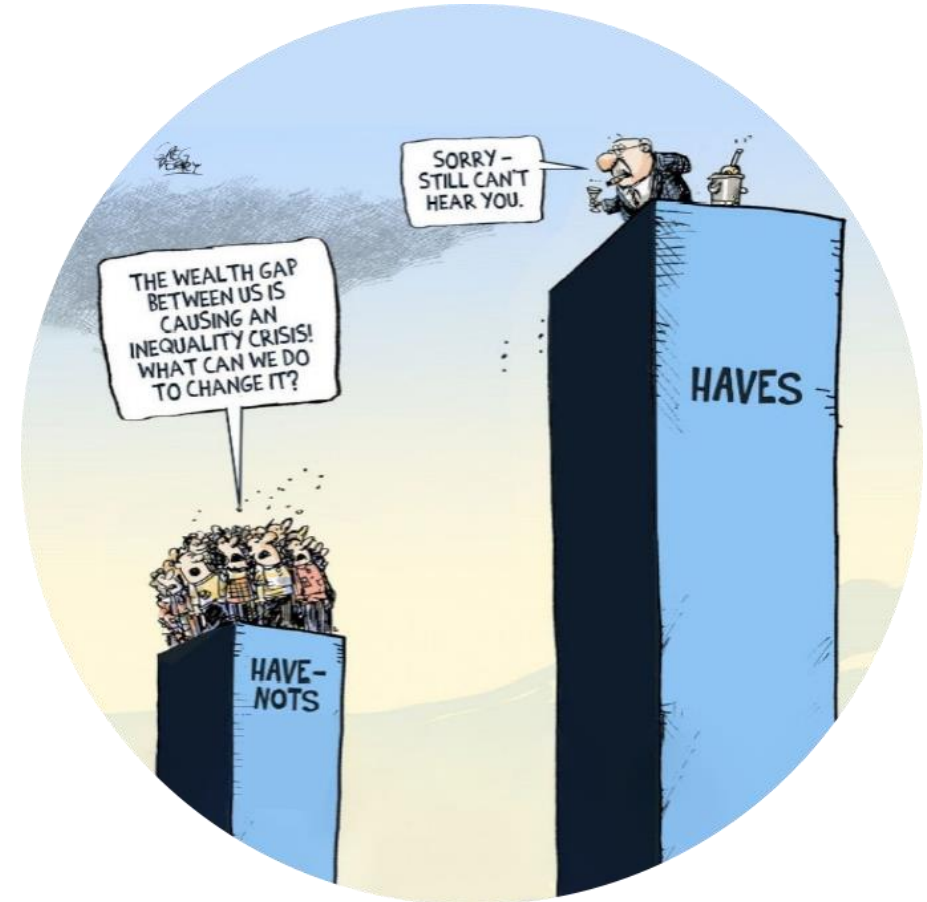
Political volatility

Economic volatility

Proposed tax reform

Customized structures in jurisdictions based on investments

Foreign Non-Grantor Trusts, UNI and PFICs





Considerations

Asset protection concerns

Forced heirship and in terrorem provisions

Alternate citizenship and residences

Corporate Transparency Act

Individuals and Corporations

Residence & World-wide Taxation

- 183-day rule within any 365-day period.
- Loss of residence occurs by spending the same amount of time out of the country or by acquiring residence in another jurisdiction. Colombian nationals subject to additional requirements.

New

- Minimum corp. tax rate 15%
- International corporate clients and nomads, watch out for special new permanent establishment rules.

Taxes

- Income tax: up to 39% vs 35% corp. tax
- Dividend income: 10%
- Capital gains tax: 15% (new)
- Wealth tax – ww assets: 1% to 1.5% (new & permanent)
- Estate tax: 15% new

Tax Reform 3.0

- Dividend income 20% income tax withholding.
- Capital gains, inheritance and gift tax rate increased from 10% to 15%
- HNWI - Permanent wealth tax
 - Tax rates of 0.5% for assets over USD600k approx.
 - 1.0% for assets over USD1.1mm approx. and;
 - 1.5% for assets over USD2mm approx. applicable only for fiscal years 2023-2026.
- General corp. tax rate remains at 35%
 - Minimum corp. tax rate of 15% - in line with OECD directives...
 - Financial institutions, insurance companies and brokers 40% tax rate.
 - Oil, gas & carbon industries subject to an additional tax rate of up to 15%
 - 50% Deduction of local income tax eliminated.
- UBO - Novel definition. UBO registry delayed
- Criminal prosecution for tax evasion rules enhanced

Noteworthy



Fiscal Rule



Pension Reform



Healthcare Reform



Peace Accord 2.0



Zero green gas emission policy
Lack of income replacement plan

Argentina

Overview

5% to 35%
Ordinary income

15%
Capital gains

7%
Dividends

0.5% to 1.25% local assets
or 2.25% offshore over US\$100K
Wealth Tax

5% or 10.5%
No estate tax at federal level
Estate / Gift tax

Noteworthy

- Annual inflation reached 100% in 2022.
- US & Argentina IGA (automatic and reciprocal) effective January 1st, 2023.
- New tax amnesty 2023 at a rate of 2.5 through march 31st 2023; 5% and 7% for the subsequent quarters respectively. Members of the government and their relatives are excluded from participation in this program as well as the taxpayers of the solidarity tax
- Loss of fiscal residence: 12 months of physical absence or having acquired immigration residence in another country.
- Effective July 14th new 25% tax on credit card purchases and expenses abroad exceeding USD300.
- Consensus agreement reached with provinces - allowing provinces to create new taxes and increase the rate of existing ones.
- Codification of irrevocable trusts
- UBO registry - Trustee?
- Vice president Cristina Fernandez sentenced on criminal prosecution charges.

Overview

4% to 43%
Ordinary income (2023)

27%
Corp. tax chilean companies
Foreign company with tax
treaty credit available

22% (2024)
Capital gains – securities

22% individuals
Dividend tax

22%
Foreign Co. w/o tax treaty

Wealth Tax (2024)

1%
1% NW exceeding USD 5MM

1.8%
NW USD 15MM

Filing obligation
for NW over USD3.2MM

Up to 25%
Estate / Gift tax

Possible Exit tax (2024)

Noteworthy

- Constitutional reform 2.0 in progress
- Mayor tax reform 2.0 also in progress
- Retained earnings for passive investment companies at 2.5% starting on taxable year 2025. For fiscal year 2024, the rate is 1%.
 - Wealth tax proposal 1.5% for NW over USD5MM and 1.8% for NW over \$15MM
 - CFC rules modified to include spouse and family members. Low tax Jurisdiction concept redefined to exclude jurisdictions with IEA + the quality of the information received. (2023)
 - General Anti-Avoidance Rules. Determination typically made by the Courts will now be made by the Tax Administration, appeals process available to taxpayers with the Tax Administration. Statute of Limitations enhanced in favor of the tax administration.
- **New** – Tax on luxury assets of 2% of FMV at yearend. The tax will be collected for the first time in April 2023. Exceptions apply.
- Loss of Tax residence. 12 full months of physical absence + Vital Center of interest in another jurisdiction** + new filings with Tax Authorities

Overview

Up to 36%

Offshore Capital Gains under personal name is zero but if held under a PIC capital gains subject to 12%

Labor income

12%

Capital gains (local gains)

0.10% to 0.40%

Wealth tax

N/A

Estate / Gift tax

12%

Offshore dividends and Interest income

Noteworthy

- No world-wide Tax
- 183 days of physical presence within the calendar year or
- Center of economic interests in Uruguay
- Real estate USD\$1.9MM – No physical presence required
- Inv. in Uruguay company USD\$5MM -
- New Real estate in Uruguay USD\$400K (per person) + 60 days of physical presence starting on July 01, 2020

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