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Vaduz Castle, Liechtenstein

## Dear Reader



I am sure most of you are already preparing for the Festive Season, which will start soon. 2013 confirmed our expectation that the regulatory and political climate will require the wealth management industry to change its approach towards banking secrecy and privacy. Most financial centres

have already signed the Multilateral Convention on Administrative Assistance in Tax Matters. These include Switzerland, Singapore and China. In addition the introduction of an

automatic exchange of information in tax matters is on the agenda of the international community. The wealth management industry as a whole will be affected by these initiatives.

Yours sincerely,

Alex Jeeves  
Group CEO  
Jeeves Group

## Let's not confuse matters !

The Multilateral Convention on Administrative Assistance in Tax Matters has been signed by all the big players in the industry. This convention on its own is a large step into exchanging tax relevant information more easily and internationally. It is noteworthy that not only European countries have signed up to this agreement by now, but every country can and will be encouraged to do so.

There is possibly only one disadvantage: The information needs to be asked for and will not be exchanged automatically. In order to address this issue there is also – quite separate from the above – a political push towards an automatic exchange of information in tax matters i.e. ultimate beneficial owners. The USA with its FATCA regime has paved the way for this idea and Europe is working intensively on this project. Liechtenstein and Luxembourg have joined other larger countries in Europe and have confirmed that they are willing to participate in this project actively in order to define and later implement such a regime.

Liechtenstein offers an active role in the European group and asks in return for a few additions. These include the explicit recognition of its legal entities not only in tax but also in civil matters, the prospect of a double-tax treaty and last but not least, a solution for existing and possibly untaxed assets which respects the interests of all parties concerned. This is of great importance and shows that Liechtenstein is committing itself not only to international standards but also to a respectful treatment of existing and new clients. I believe Liechtenstein will strengthen its role in the Wealth Management World and will even become more important in the years to come.

The automatic exchange of information has not been defined in detail so far. The assumption is however that it will exchange information on the ultimate beneficial owner generally speaking. The automatic exchange will apply to personal accounts, to accounts of legal entities (possibly with exceptions) and very likely not to discretionary structures.

A word of caution here: Tax compliance is not directly connected to the exchange of information or the lack of it. In other words, irrespective of the automatic exchange of information clients will in the future have to be tax compliant. At some point in the future the predicate offense list will be expanded and will include serious tax offenses which heralds the end to undeclared funds generally speaking. While this is all not implemented yet, it will be in a few years and we believe it is important to recognize this.

### The way forward

It will become more and more important to recognize the tax position of every client and often succession planning and investment structures might be tax neutral for clients. This will depend on several factors inclusive the residency, the passport, the place where the assets are held and what type of assets they are. I believe that the main reasons to set up structures will not be tax driven but driven by long-term succession planning intentions. Given the trend of more and more tax transparency in the world legal privacy will become even more important.



Head Office, Liechtenstein

## Hong Kong Update

Our Hong Kong office has recently hired a new Client Services Manager: Ms. Kristina Pavchenko. She has experience in providing legal and consultancy services for various firms in Russia and concluded her studies with a Masters Degree in law. Kristina Pavchenko speaks Russian, English, Spanish and Czech. We welcome her to our team in Hong Kong!

## Singapore Update

Singapore is a prime wealth management hub in Asia and continues to attract more and more clients and investors from Eastern Europe especially. Singapore seems to be a second hub for entrepreneurs in Eastern Europe and Russia who are doing business with Chinese and other Asian partners. The Private Trust Company regime in Singapore has proven to attract a lot of interest amongst clients. It can be used as a holding structure for a family office which enables family members and advisors to be more actively involved.



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