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Why International Private Clients use Switzerland

- Individuals
- Corporations
- Trusts and Wealth holding structures

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Individuals

- Some evidence of migration of individuals from UK to Switzerland
- High earners due to increase in top rate of income tax to 50% from April 2010 on earnings over £150,000 (eg those running Hedge Funds)
- Resident non-domiciled individuals
  - £30,000 annual charge (since 2008) for using remittance basis of taxation if resident for at least 7 tax years
  - £50,000 annual charge (from 2012) for using remittance basis if resident for at least 12 years

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Corporations

- Corporation tax rates perceived to be relatively high
- CFC rules on taxing overseas profits of UK companies have been unpopular
  - eg Wolseley (a FTSE 100 Company) moved its tax residency to Switzerland in 2010 because of the CFC rules

Response of new Government:

- Corporation tax is reducing this year and next year
- CFC rules are being reformed and new rules are to be introduced in 2012

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Corporations

Corporation Tax Rates

Level of Profits £	Financial Year 2010	Financial 2011	Financial Year 2012
0-300,000 Small profits rate	21%	20%	tba
1,500,001+ Main rate	28%	26%	25%

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Wealth Structures

Example 1

- A Jersey-based family with wealth all round the world in companies and in dynastic trusts
- Traditionally in Jersey but now moving some to Switzerland
- Switzerland appeals because
  - sophisticated financial centre
  - now recognise trusts (but no body of trust law)
  - can have English law trust with a Swiss Trustee
  - Swiss Trustees would not recognise or enforce Jersey legitime rules (assisted UK beneficiary by ensuring assets not within her estate for UK inheritance tax purposes)

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Wealth Structures

Example 2

- An Isle of Man family increasingly spending time in the UK
- Substantial family trusts originally in Isle of Man, and now in Jersey
- May move trusts to Switzerland
  - concerns over "Eurocreep"
  - Switzerland robust against EU pressure
  - geographically close and similar time-zone
  - sophisticated financial centre

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Wealth Structures

Example 3

- Retired UK business owner moved to Switzerland for retirement because of its low tax and quality of life
- Able to control his estate planning due to interaction of Swiss and UK law
  - avoided claims on his estate in English Courts under 1975 Inheritance Tax (Provision for Family & Dependants) Act 1975 because non-domiciled
  - not subject to Swiss rules of forced heirship because elected under Swiss Private International Law Act for English law to apply to the succession of his estate

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Reasons for using Switzerland

Reasonable personal and corporate tax regime

Political stability

Political independence

Financial stability

Sophisticated financial centre

Recognise trusts following Swiss ratification of Hague Convention in July 2007

Independent jurisdiction with scope for legitimate asset protection

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