



Luxembourg as a potential destination for the UHNWIs

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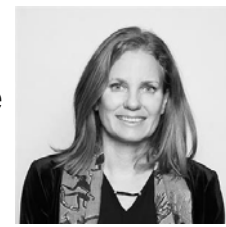
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Introduction

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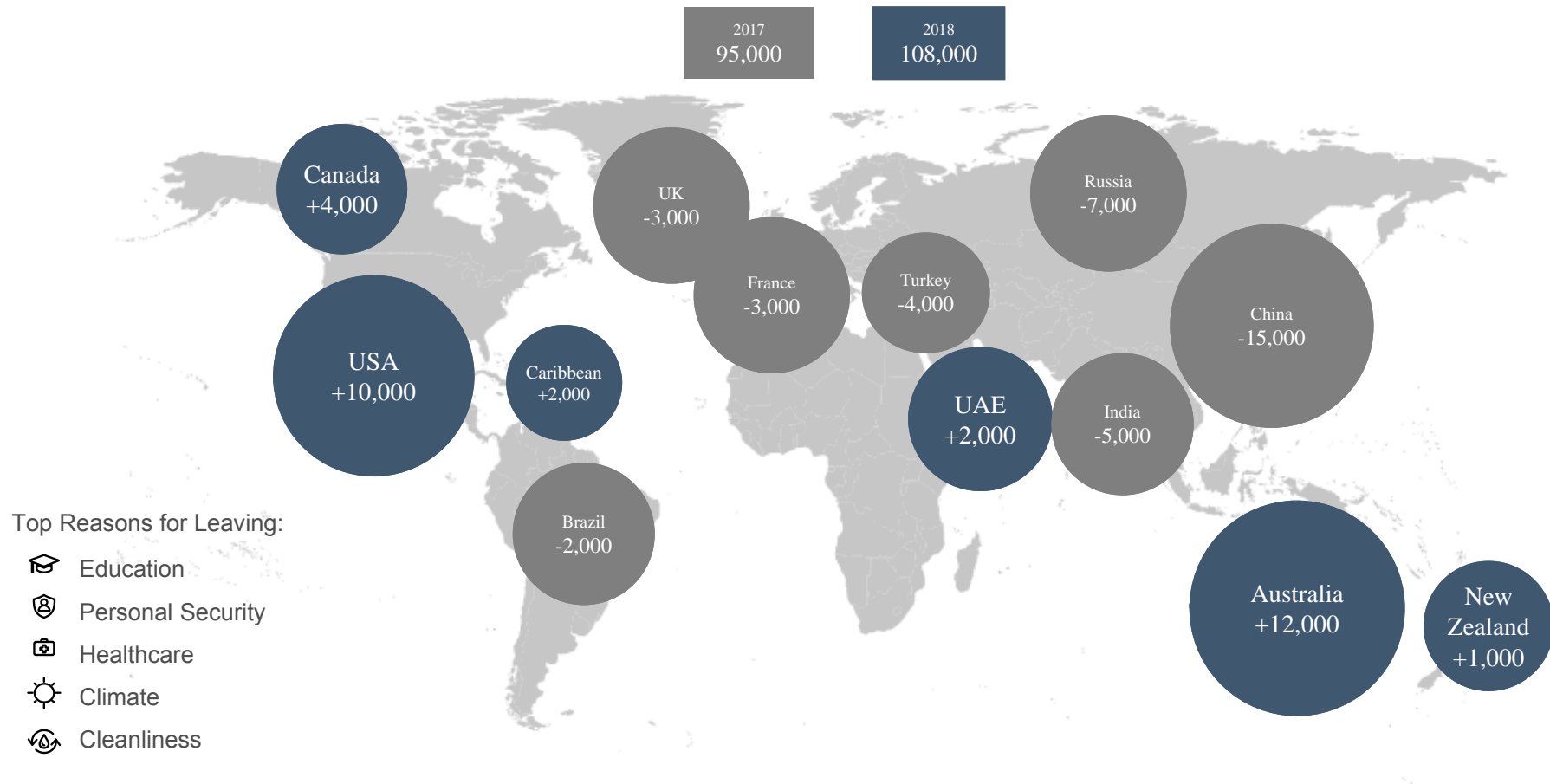
HNWIs Around the World

Investment Migration

Jacopo Zamboni, Henley & Partners

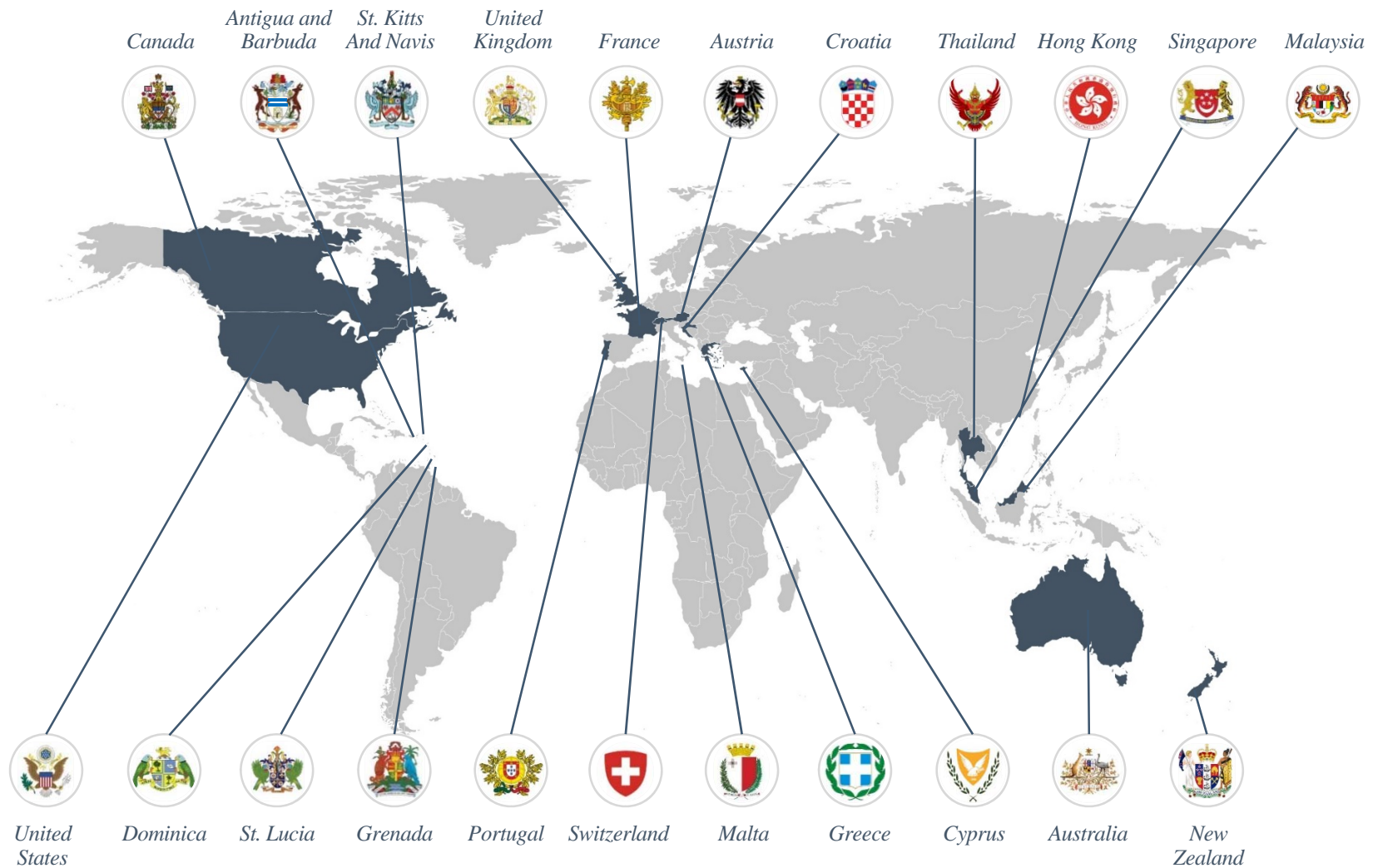
HNWIs Around the World — Movements (2017–2018)

There has been an increase in the number of HNWIs relocating globally



Source: www.visualcapitalist.com

The Leading Investment Migration Programs



18 June 2020

The Difference Between Residence and Citizenship



Citizenship

- The right to vote
- Ability to pass citizenship on to future generations
- Allows international travel
- Affords protection from the state



Residence

- The right to live, work, travel and study in a country
- Usually comes with conditions or requirements
- May give some travel rights
- Can be withdrawn
- Is likely to affect tax status

The Least Known?

MONACO	Male	Female	Total
Chinois(e)		10	10
Chypriote	11	13	24
Indien(ne)	8	7	15
Israélien(ne)	11	8	19
Japonais(e)	7	12	19
Jordanien(ne)	3		3
Libanais(e)	7	10	17
Philippin(e)	17	26	43
Saoudien(ne)	5	5	10
Thaïlandais(e)		7	7
Turc(que)	8	11	19
Vietnamien(ne)		5	5
Autres Asie	23	34	57
Asie	100	148	248

Source: Monegasque Institute of Statistics and Economic Studies (2008 – 2016)

Statistics – Luxembourg & Chinese Nationals

CN/Europe	Total permits, Chinese nationals	% of total population
Luxembourg	3,271	0.53%
Italy	309,063	0.52%
Portugal	23,210	0.23%
Switzerland	15,795	0.18%
UK	400,000	0.70%
Monaco	10	0.03%

Sources:

Eurostat (2017)

Price, Barclay (2019), The Chinese in Britain — A History of Visitors and Settlers

UK: Amberley Books

Monaco institute of statistics (2016)

Statistics – Luxembourg & Russian Nationals

RU/Europe	Total permits, Russian nationals	% of total population
Luxembourg	1,568	0.26%
Italy	40,000	0.07%
Portugal	4,264	0.04%
Switzerland	13,958	0.16%
UK	66,000	0.10%
Monaco	481	1.27%

Sources:

Eurostat (2017)

UK office of statistics (2016)

Monaco institute of statistics (2016)

Comparison table

	Luxembourg	Switzerland	Italy	Greece	Spain	Portugal
Investor visa, min. amount	EUR 500,000 or a regular income of approx. EUR 2,500 per month	n/a, minimum tax liability	EUR 250,000	EUR 250,000	EUR 500,000	EUR 350,000
Processing time (average)	3 months	3–6 months (varies significantly from canton to canton)	2–3 months	2–3 months	3 months	4–6 months
Physical presence required (i.e. presumed tax resident)	YES (presumed)	YES (presumed)	YES (Presumed)	NO (Golden visa)	NO (Golden visa)	NO (Golden visa)
Tax regimes for inpatriates / UHNWIs	YES and step-up regime	YES	YES	YES	YES	YES
Applicable tax rates / amounts	Varies, structuring considered	Lump sum basis: min CHF 220,000	Lump sum basis: EUR 100,000	Lump sum basis: EUR 100,000	Foreign income exempted for 6 years	Varies based on income, structuring usually considered

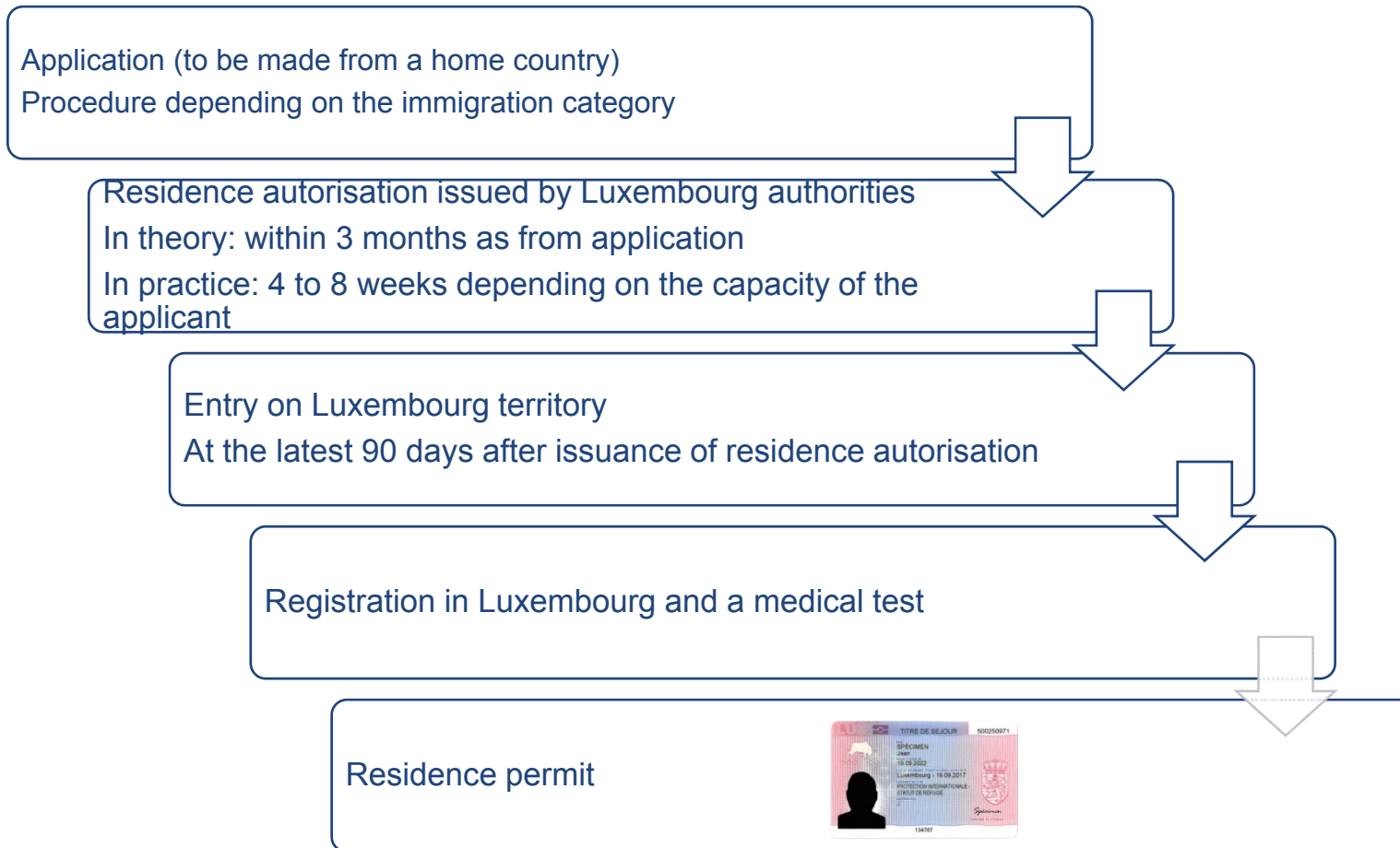


Migration to Luxembourg for UHNWIs

Procedure and legal aspects

Alexander Sokolov, Arendt & Medernach

Luxembourg – how to get there on a long term?



Immigration for private reasons

- Applicable immigration category: immigration for private reasons

- Conditions:

- appropriate health insurance
- adequate housing in Luxembourg; and
- applicant must prove that he is able to satisfactorily support himself from his own financial resources



- Conditions to be checked by a specific commission on a case-by-case basis

Immigration without performing work – essential condition: required financial resources

- The immigration authorities usually request that such financial resources are to be appreciated as regards their regularity.
- Financial resources must not be below EUR 2,500./month (*around* an equivalent to the current Luxembourg social minimum salary).
- How to evidence the regularity of income?
 - Bank statements
 - Investments which provide a regular income
 - Real estate (e.g. lease agreements)
- Is the evidence of important cash reserves sufficient?



Types of living permits for investors

Investment of at least EUR 500,000

- in an existing Luxembourg company (with commercial, industrial or craft activities); and, unless the company is in difficulty at the time of the purchase, commitment to maintaining the existing jobs for five years

Investment of at least EUR 500,000

- in a new Luxembourg company (with commercial, industrial or craft activities), and commitment to creating at least five jobs in the next three years. The vacancies must be filled in collaboration with the Luxembourg Employment Agency.

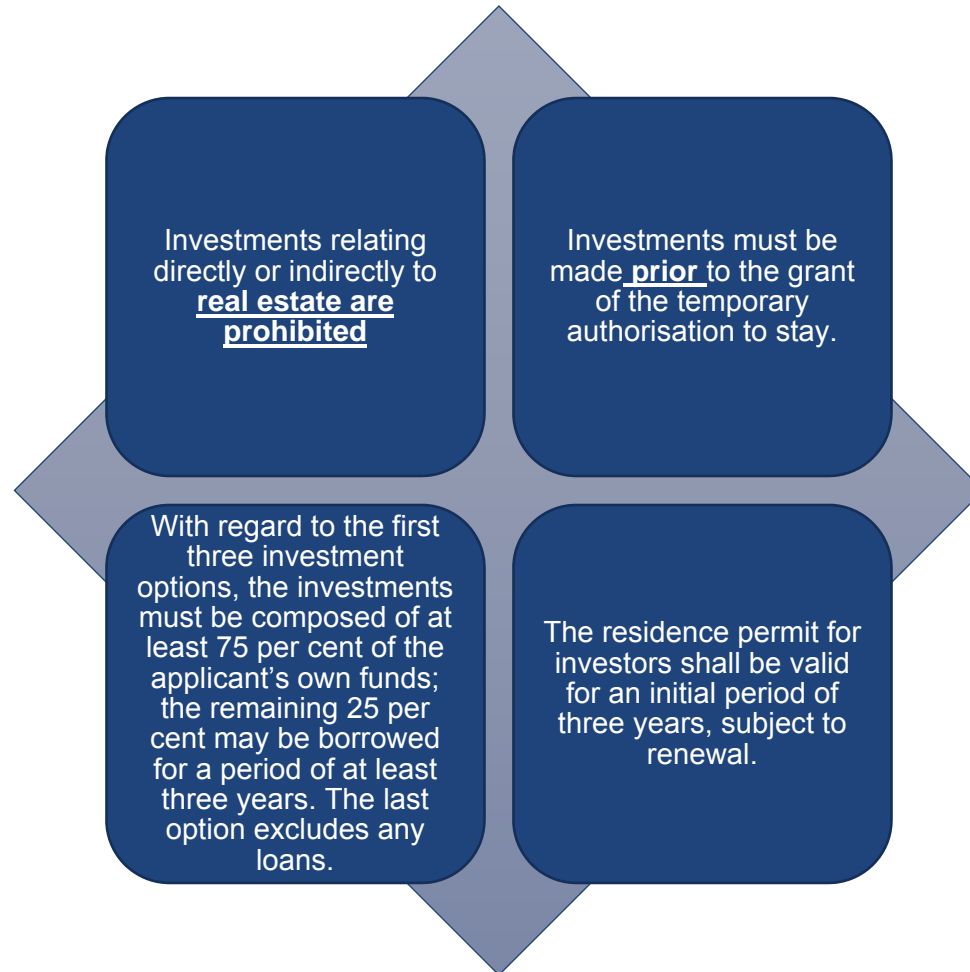
Investment of at least EUR 3,000,000

- in an existing or new investment/management structure that has its registered office in Luxembourg and has proven appropriate substance. The latter condition is assessed with respect to the activity of the structure; the office-space configuration; the financial, human and technical resources needed; the number of jobs; and the contractual relations with the professionals of the financial sector. Further, the investment and management structure must employ **at least two persons** and have appropriate accounting and governance rules.

Deposit of at least EUR 20,000,000

- with a financial institution established in Luxembourg, and maintenance of this investment for at least five years.

Investor visas conditions



Advantages compared to other countries

- ❑ Lower minimum investment requirements than most other countries (minimum EUR 500,000) and private reasons option
- ❑ No obligation to invest in Government bonds
- ❑ No obligation to invest in local real estate
- ❑ Possibility to obtain a Luxembourg nationality after 5 years of continued residency (language requirement still exists)
- ❑ Welcoming community for foreigners (50 % of the population are foreigners)
- ❑ Michelin star restaurants



Lifestyle



Major international brands are present and expanding in Luxembourg



Largest EU private jet operator is based in Luxembourg

Schools & Education



The University of Luxembourg is the most international university in the world

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Luxembourg offers public English speaking schools

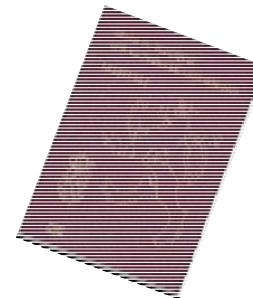
Residence in Luxembourg – what impacts in practice?

■ Employment/professional activity

- Luxembourg Government encourages work on Luxembourg territory (recent exceptions and new proposal for home office)
- Few formalities to be complied with
- Reactivity of the administrations

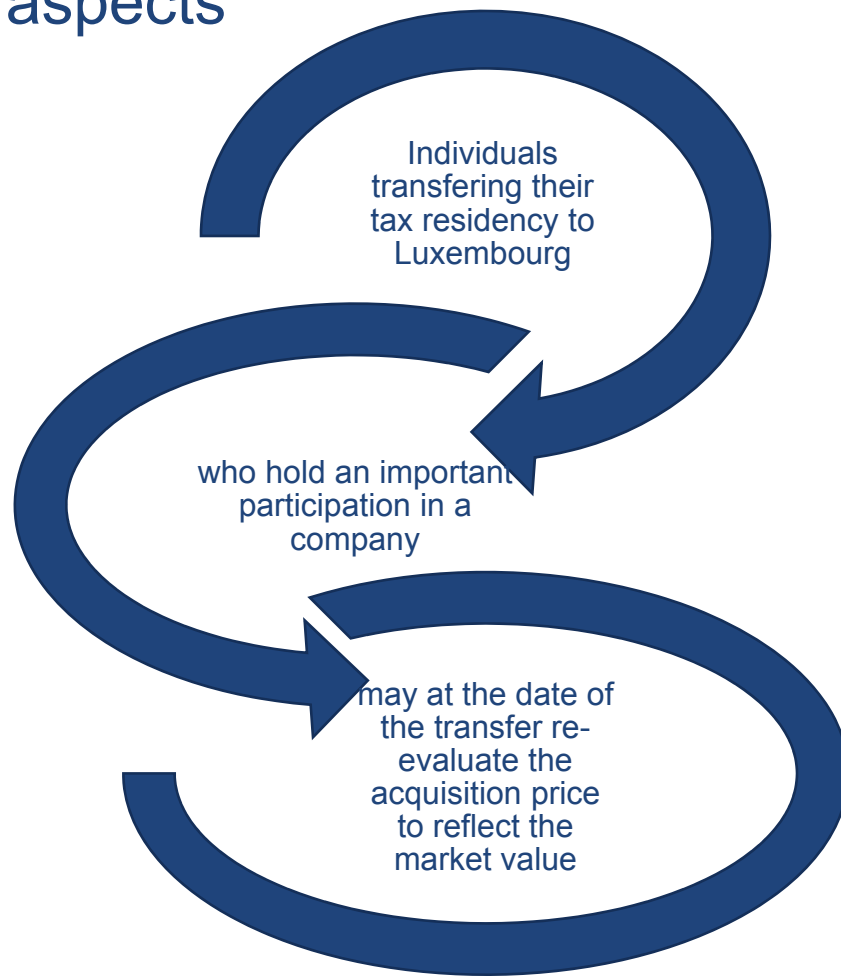
■ Nationality/double nationality possible

- Minimum compulsory period of residence (5 years)
- Possibility to keep the initial citizenship (double nationality principle)



Migration of an individual to Luxembourg

Tax aspects



Relocation to Luxembourg for UHNWIs

Tax aspects

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Relocation to Luxembourg -Tax aspects-

■ Banking framework :

- Banking secrecy for Luxembourg tax residents
- Banks act as tax payers (for some income) : advantage for Luxembourg residents to have one's financial investments in Luxembourg banks

■ Legal / tax framework :

- High degree of stability
- No retroactive laws and early announcement of legal or tax reforms
- Bankruptcy law in favor of investors (in particular Banking and Insurance sector)

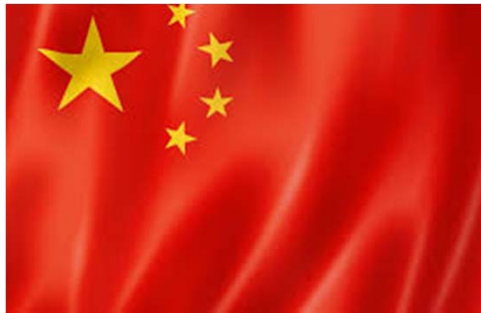
Relocation to Luxembourg -Tax aspects-

- BIL offer for Luxembourg tax residents :
 - Provides banking certificates for the relocation administrative process
 - Assists its clients when structuring financial assets : mitigation of tax burden through the choice of certain products as capitalization investments funds, structuration of portfolios through the Luxembourg family wealth company : SPF (Societe de gestion de patrimoine familial)
 - Helps to adapt wealth so that to fit with Luxembourg civil/tax framework
 - Grants real estate loans for main residence or other real estate project (tax benefits)
 - Implements warrant plans for eligible Luxembourg companies (tax benefits)

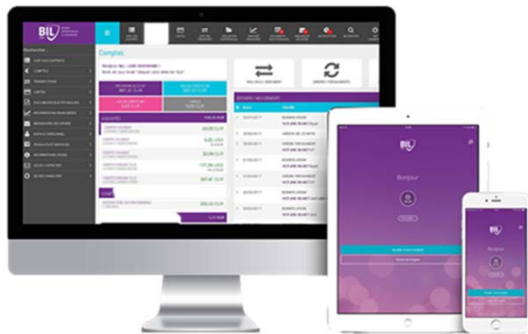
Relocation to Luxembourg -Tax aspects-

- Benefits of a relocation to Luxembourg (branding)
 - Luxembourg does not have the image to be a country which “sells” its nationality with its Visa. This is a very relevant point towards OECD and EU works
 - Luxembourg is not known to be a country which allows fictive tax residencies

Focus Markets (Non-European Private Banking)



Products and Services (non-exhaustive list)



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Financing



Investment performance					
MOVEMENTS IN YOUR ASSETS OVER THE PERIOD			MOVEMENTS IN THE VALUE OF THE ASSETS (NOK)		
Start of period		04-08-2013	Period	Assets end of month	Inflows / Withdrawals
End of period		04-08-2014	08 - 2013	433.778.471,13	22.732.453,83
Assets at start of period	NOK	416.293.231,02	09 - 2013	441.029.988,18	-991.380,32
Inflows / Withdrawals	NOK	339.537,35	10 - 2013	460.220.105,59	6.078.387,58
Assets at the end of the period	NOK	450.536.382,02	11 - 2013	419.661.129,79	-40.000.024,46
			12 - 2013	426.778.587,76	-61.116,78
			01 - 2014	426.167.391,82	-4.783.183,70
			02 - 2014	420.173.939,00	-1.617.198,64
			03 - 2014	458.806.635,99	35.780.921,40
			04 - 2014	461.325.875,22	
			05 - 2014	455.785.324,46	-14.754.141,66
			06 - 2014	454.373.576,72	-2.045.180,90
			07 - 2014	450.539.530,52	
			08 - 2014	450.536.382,02	
PERFORMANCE HISTORY					
Period		%			
2011		-14,93%			
2012		55,34%			
2013		9,51%			
Performance during the period from 04-08-2013 to 04-08-2014		7,83%			
Year 2014 performance		2,66%			
Performance calculated using the TWR method					

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Conclusion

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