

Hong Kong



New York



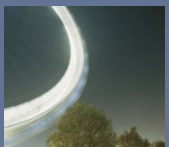
Geneva



Greenwich



London



Milan



New Haven



IWP CUSCO Conference

The Changing Landscape

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[withersworldwide](http://withersworldwide.com)

WHAT WE WILL COVER

- A little history
- Where are we today?
- What, in fact, is changing?
- Some major changes in the law
- What will the impact be?

WHAT WE WILL COVER (II)

- Taxation *and* information reporting
- Thinking ahead for the 21st century
- A few conclusions

A LITTLE HISTORY

- **Switzerland, where it all began**
 - 300 years of protecting Europe's wealth
 - The rise of Nazism
 - Liechtenstein joins the fray
- **Europe and Latin America post-war**
 - Crazy governments
 - A hallmark of instability

A LITTLE HISTORY (II)

- **Rise of the Caribbean and of competition**
 - The democratization of wealth
 - Competition for business
 - ✧ ‘Designer’ jurisdictions
 - ✧ A lot of bad publicity
- **The OECD becomes a player**
 - Supported by major governments
 - Compliance becomes the byword

A LITTLE HISTORY (III)

- **The Financial Crisis**
 - The League of (Broke) Nations
 - Literally hunting down the rich
 - Not confined to US
- **The need to increase the revenue base**
- **Chasing tax cheats will save the world**

WHERE ARE WE TODAY?

■ FATCA

- **Foreign Account Tax Compliance Act**
- **Only applies to American clients of non-US financial institutions**
- **To insure you comply – need to check on all clients**
- **First deadline – June 30**
- **Self-policing**

WHERE ARE WE TODAY? (II)

- **FATCA (cont'd)**
 - **Very detailed rules**
 - **Like Hotel California**
 - ✧ **Easy to come in**
 - ✧ **You never escape**
 - **Very expensive**
 - ✧ **Who bears the cost?**
 - ✧ **Is it a threat to the banking system?**
 - ✧ **We will get used to it**

WHERE ARE WE TODAY? (III)

- **Son of FATCA (UK)**
- **Inter-Government Agreements (“IGA’s”)**
 - Type One or Type Two FATCA Agreements
 - Range of others
 - Automatic vs. ‘voluntary’ exchanges
 - The role of Tax Information Exchange Agreements (“TIEA’s”)

WHAT, IN FACT, IS CHANGING?

- **New world order**
- **Transparency, transparency, transparency**
- **Governments are leaning on people**
- **Privacy? A problem particular to Latin America?**
- **Where do you go to hide?**
- **Still some last bastions – don't count on them**
- **Welcome to Pyongyang**

SOME MAJOR CHANGES IN THE LAW

- Aggressive chasing of tax evaders
- Amnesties
- FATCA – and its lessons
- Automatic exchange of information
- Imprisoning ‘nice’ tax evaders
- Leaning on the ‘sorcerer’s apprentice’

WHAT WILL THE IMPACT BE?

- **Secrecy is dead**
- **Confidentiality is harder and harder to achieve**
- **Asset protection will become increasingly difficult**
- **Rules getting tighter (particularly for institutions)**
- **Even the SEC enters the fray**
- **Can you hide in plain sight? The US as a haven?**

WHAT WILL THE IMPACT BE? (II)

- **Enforcement is more draconian**
- **Taxes, in many places, are getting confiscatory**
 - France – 75%
 - US – 52%
- **People are looking for safe havens**
- **Governments need the money**
- **Should marijuana be legalized?**

WHAT SHOULD YOU BE THINKING ABOUT?

- What is your (or your client's) objective?
- How do you go about this?
- Are you planning for now, or 100 years from now?
- How much flexibility can you build into your plan?
- Where do you want to call home in 10 years?
 - Business?
 - The family seat?
 - Where you live?

WHAT SHOULD YOU BE THINKING ABOUT? (II)

- **What about your children and issue?**
 - Where will they be living?
 - Will they be running businesses?
 - Will they be running a family office?
- **What are your family values? Are they important?**
- **If so, what should you do about it?**

TAXATION *and* INFORMATION REPORTING

- **A growing burden; soak the rich?**
 - What is a 'fair' distribution of wealth?
 - Do governments really need so much money?
 - Increasing sophistication of laws *and* collection
- **Big Brother is watching...**
 - Exchange of information much more sophisticated
 - Government computers beginning to communicate
 - Internet has opened up a whole new world

THINKING AHEAD FOR THE 21st CENTURY

- **We are living in a global village**
- **Simply hiding money is no longer an answer**
- **Families should think strategically - and globally**
- **As wealth grows, some will create family offices**
 - **Is there a family philosophy?**
 - **What about governance**
 - **Who should run the business? The office?**

THINKING AHEAD FOR THE 21st CENTURY (II)

- **What about philanthropy? Impact investing?**
- **How will families invest?**
 - What will they invest in?
 - Will they form clubs?
- **How important is wealth preservation?**
 - Rags to riches to rags in 3 generations (over 90% true)
 - The Gates/Buffet phenomenon
- **Will wealthy families get out of business?**

A FEW CONCLUSIONS

- The world may look the same; but it is *not*
- Keeping family wealth private will be more difficult
- Governments - more intrusive; more sophisticated
- Families are increasingly introspective
 - Do you want a family office?
 - Do you want to be a 'legacy' family?
- From where will the family operate?
 - Safe havens?
 - Tax havens?

A FEW CONCLUSIONS (II)

- **What about impact investing and philanthropy?**
- **The world has changed (and will continue to do so)**
 - The model is transparency, transparency, transparency
 - For families, it is flexibility, flexibility, flexibility
- **Generations to communicate – now more than ever**
 - Will the Harvard MBA kill us all?
 - Can we build some bridges?