

Robert Brodrick, Kathryn Bradbury.

Partners, Payne Hicks Beach Solicitors



Robert Brodrick



Kathryn Bradbury

1

Kathryn, Robert, please explain briefly the work Payne Hicks Beach Solicitors do...

Robert Brodrick:

We provide specialist legal services and wealth planning advice to ultra high net worth individuals, family offices, trustees and family businesses. Our longstanding reputation - the firm has been around since the mid-1700s - is built on our Private Client and Family work and we are regarded as one of the very best of the small number of London-based firms that provide these specialist services at the highest level. We have recently complemented that capability with a top ranking capacity in privacy and media law, construction and most recently, citizenship and immigration. We also handle property, dispute resolution, corporate and employment work.

2

Kathryn, how does it differ helping wealthy investors immigrate to the UK as opposed to what one may normally undertake in immigration law in the UK?

Kathryn Bradbury:

When advising investors you need to look at their needs wholly, advising not just on the visa application itself, but also the ongoing obligations to ensure they will meet the requirements for indefinite leave to remain (permanent residence) and/or citizenship further down the line.

They also require a broad range of advice in areas such as tax, property, and schools. Working alongside the private client department we are able to offer joined up tax and immigration advice to clients.

3

Robert, how do the rigours of representing your clients in the UK differ from those representing your Middle Eastern clients?

RB:

Advising UK based clients is often very tax driven: almost everything you might want to do in the UK will have tax consequences or reporting obligations. In the Middle East, there is virtually no personal taxation – for example there is no inheritance tax - and as a result people do not feel the need to plan in the same way. However there are other pressures. In particular fixed inheritance rights under Islamic Law can make it difficult to keep family businesses together as they pass down the generations, and geo-political risk means that many families want to have an 'emergency fund' outside the region. As families become increasingly international they are also likely to become exposed to tax in other jurisdictions. Such families therefore need to look at long-term holding structures for their core assets, family governance structures and trusts, which can help to overcome some of these issues.

4

Robert, how do trusts in the UK differ from those in the Middle East?

RB:

Trusts have been used since the Middle Ages and most modern trust law is based on English Law. However, there is an enormous difference between trusts in the UK and trusts for clients based in the Middle East. The principal difference is tax. Typically anyone from the Middle East looking to establish a trust will use one of the offshore

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jurisdictions so that the trust will not be subject to tax. Trusts are very flexible and can adapt to change. They can be irrevocable or revocable.

They are recognised by the UK and US tax authorities and can be structured to accommodate the interests of beneficiaries who either live in the UK or the US, or have acquired UK or US citizenship. They also enable the family's core assets to be kept together whilst benefiting the entire family.

5

Kathryn and Robert, how do you think the recent UK Investor Visa changes will affect Arabs looking for citizenship by investment? How will they affect each of your work in trying to help Middle Eastern clients?

KB:

In November 2014 the threshold for the investor visa was increased to £2million. The threshold had been £1million since 1994 so it is not surprising it was increased. So far I have not seen this deterring Middle Eastern, or any other clients and it has not, in my view, reduced the attractiveness of the investor category when compared to other citizenship by investment schemes. Alongside the increase to £2million, the government relaxed the requirement to 'top up' the investments if the market value dropped.

This has given investors more flexibility over the types of investment. I have had clients invest in private limited companies in the UK.

This form of investment is permitted, but it can be particularly complex particularly surrounding the requirement to provide valuations at regular reporting periods.

In April 2015 the government introduced a requirement to open a UK bank account before making the investor visa application.

This means that much more pre-application work has to be done by the lawyers and banks. It is important to start this process early as it can sometimes take several weeks to open an account and complete due diligence.

RB:

One of the key features – which is often overlooked or mis-understood – of the UK Investor Visa programme is that unlike many other citizenship by investment programmes, there is no residence requirement in the UK, so there is no need to become tax resident.

If you want to go on to acquire Indefinite Leave to Remain you will have to satisfy the residency requirements but it does mean that it provides a flexible alternative for any clients who want to be able to come to the UK to work or spend longer periods of time here. ☺

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