The International Family Offices Journal

UK Budget special

Editor: Nicola Saccardo

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STEP ADVISING FAMILIES ACROSS GENERATIONS

Globe Law and Business

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Welcome to the 34th issue of The International Family Offices Journal

Nicola Saccardo

I am delighted to introduce another issue, demonstrating the usual range of expertise and insight, but reacting in particular to the recent legal and political upheavals affecting the international world of family offices and their principals.

John A Terrill, Michael A Breslow, Dr Christian von Oertzen, John Riches, Eleanor Riches-Lenaghan and Lyat Eyal open this issue with an overview of the United Kingdom's AML and regulatory regime and the direction of travel. This will be particularly relevant for family offices in light of the changes resulting from the various legal and political developments covered by this issue's other contributors. Building on the same theme, Charlie Bain, Julian Hanson-Smith, Iraj Ispahani and Alastair Levy discuss how family reputations can be protected, enhanced and fostered in this world of increasing transparency.

Henry Brandts-Giesen and Jackson Tu'inukuafe propose a different approach to risk management: captive insurance. This is a form of self-insurance, where the insurer is part of the same structure as the insured entities, which offers interesting alternatives for dividing risk between insurer and insured.

James Grubman draws on his family enterprise consultant experience with an insight into decision-making dynamics in family businesses. This will be relevant to family offices particularly as they prepare for and react to generational transitions to ensure the long-term stability of their structures.

Josephine Howe writes from Jersey with an overview of how modern ESG considerations can be integrated into much more established Jersey trust law and where the trustees' duties lie, particularly where the principal might wish the trustees to emphasise ESG-focused investing. ESG considerations were central to the recent G20 summit, at which a key agenda item was a minimum tax for billionaires. This is reviewed by Mark Summers and Christopher Gothard and will be of critical importance to family offices, which are often consciously structured around the variations between different jurisdictions' tax policies – the proposal considered at the summit would bring this planning to an end.

Much of the rest of this issue addresses recent legislative and political upheavals and how they might affect family offices and the principals they serve. I am joined by Alice Wilne and Daniele Mologni in providing an overview of the Italian lump sum tax regime, of increasing relevance following the UK Government Budget which has prompted a large volume of relocations. Italy has been a beneficiary of this change in the United Kingdom and its lump sum regime has been central to this.

Dominic Lawrance and Catrin Harrison provide a comprehensive overview of the UK changes and, while much of it might make unpleasant reading for those affected, provide useful guidance on mitigation steps and the unexpected silver linings to be found in the draft legislation. Miranda Fisher builds on this, analysing the new rules from a family law perspective for clients seeking to leave the United Kingdom as a result of the Budget, a reminder of the fact that tax legislation is not relevant only to the payment of taxes but can also affect other areas of life as distant as divorce settlements.

Sangna Chauhan and Matthew Radcliffe take a pan-Atlantic perspective with their briefing note on the ramifications of the Budget for those with UK-US ties, particularly for those who have already put planning in place and may now need to consider their structures.

Lisa-Jane Dupernex and Dominic Lawrance subsequently focus on some unexpected winners from the Budget – British ex-pats, whose status is no longer bound to their UK origins and who are now free to consider the beneficial planning opportunities available where they now live. This will be important to consider for family offices and principals with British origins. On the other hand, pension-centric planning has not benefitted from the Budget – Emily Campbell and Harriet Betteridge assess the damage in this respect but also provide some helpful tips for minimising the adverse impact as much as possible.

Finally, Julia Cox and Harriet Betteridge step back from the granular detail and close this issue with a useful summary of winners and losers from the Budget – a good starting point for advisers and family offices looking to take stock and decide which issues to address first.

The articles are followed by our usual round-up of relevant highlights from the STEP News Digest.

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