



Risk Management of Cross-Border Wealth Structures
in the Context of Tightening
Global Tax Regulations

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21 October 2024

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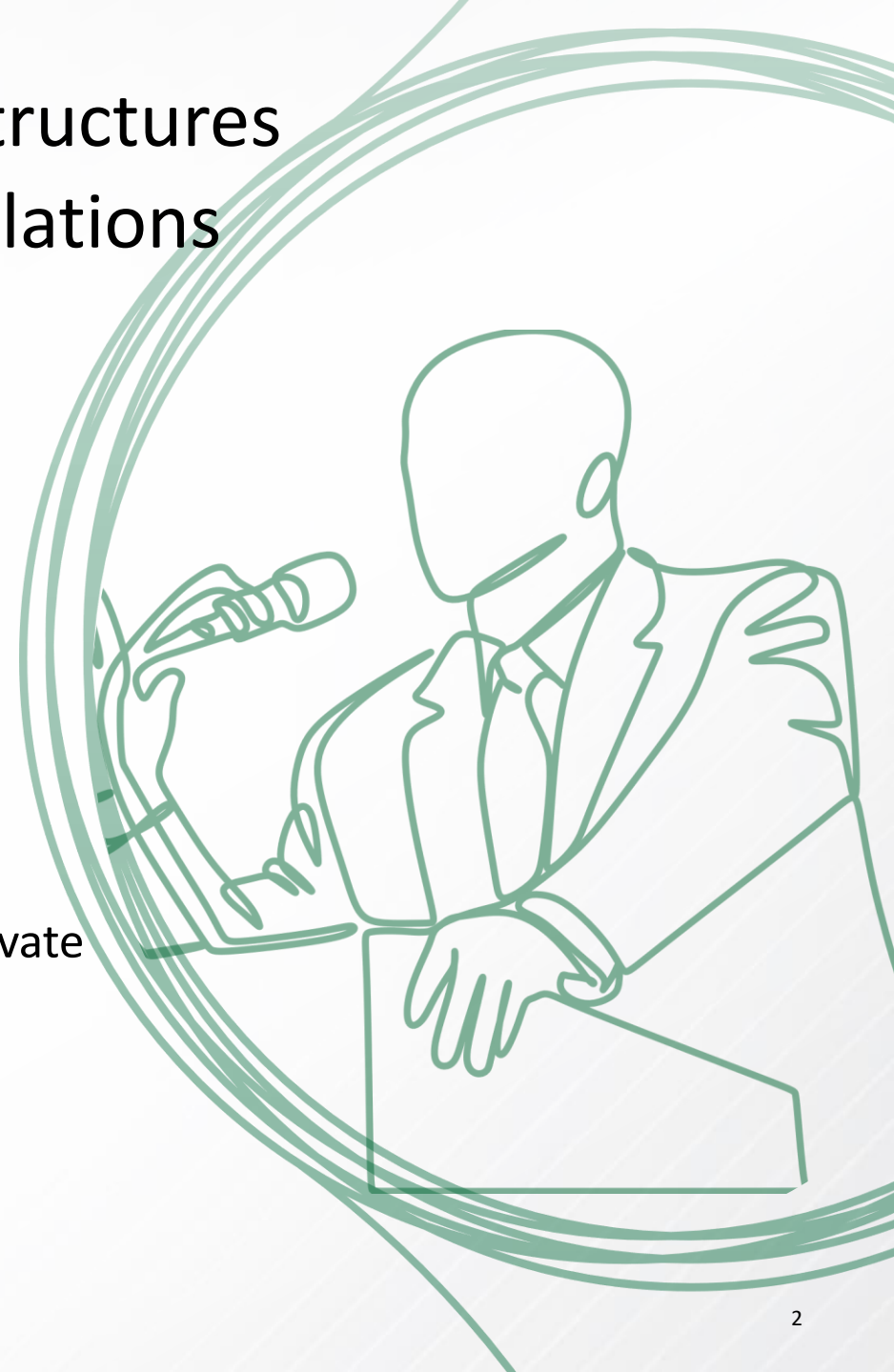
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Agenda

01 Global cross-border tax administration trends

02 Cross-border tax challenges and common case study in the internationalisation of family succession

03 Wealth management and succession tax planning for Entrepreneurs



Global cross-border tax administration trends





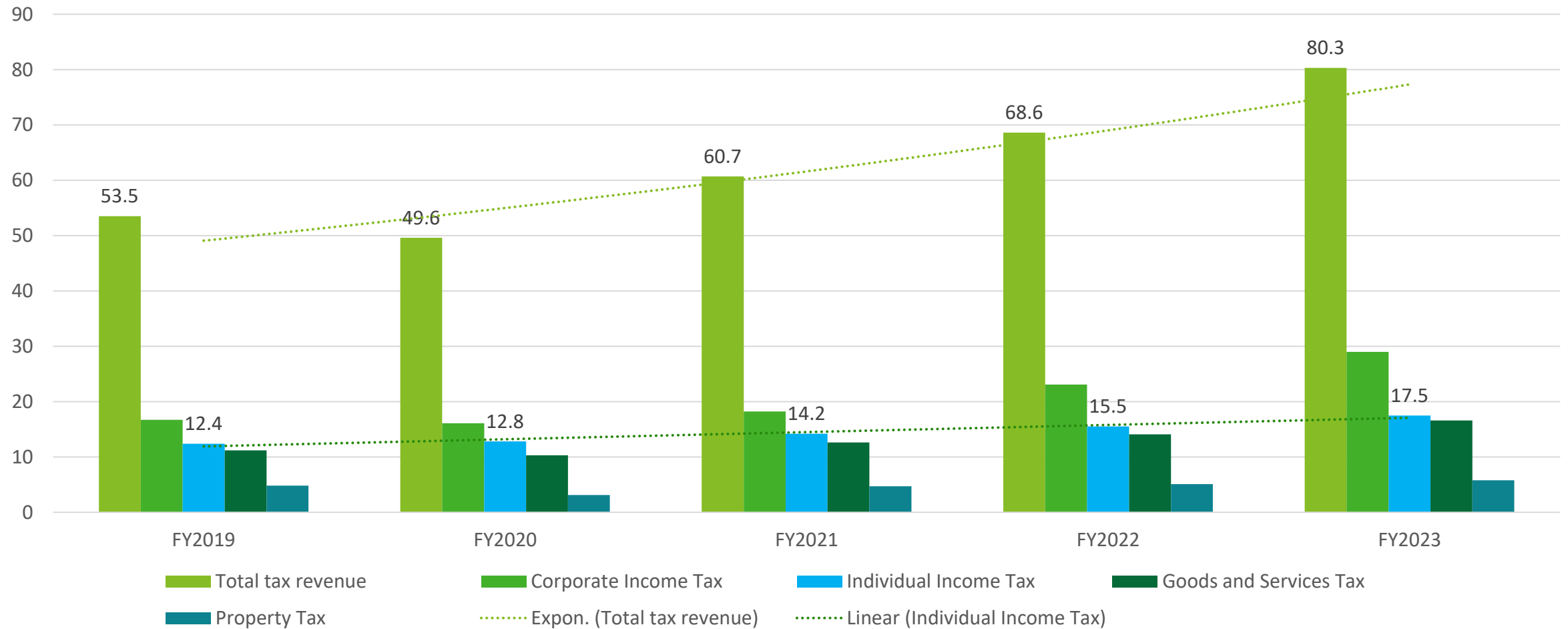
China's tax revenue from 2020 to 2023 (Unit: 100 million RMB)



Singapore's tax revenue in recent years



FY2019-FY2023 Singapore Tax Revenue (SGD Billion)





Tax inspection of equity transfers

The partnership reduces its holdings of restricted shares, and the individual partners pay nearly RMB 100 million in taxes and late fees according to their operating income



The actual controller of the BVI structure

Chinese residents transferring the equity of BVI companies were retroactively charged individual income tax of RMB 10 million



Overseas income/overseas spending

According to the big data analysis, if the amount of overseas income/consumption in the past three years is greater than the amount of domestic individual income tax declaration, it is required to self-check and make up the tax return



Focus on audits

Domestic and overseas equity transfer, equity incentive, VC/PE, key industries, etc



Individual income tax APP

The new version of the individual income tax APP includes detailed sub-categories for business income, property leasing, property transfer, and incidental income. Additionally, it features five new tax items including interest, dividends and bonuses.



消息详情

【年度汇算】 境外所得申报提示

2024-06-15 11:10

尊敬的纳税人，为帮助您依法履行个人所得税纳税义务，避免出现涉税风险，请您认真核对2022、2023年度是否存在从境外取得收入的情况。如确实取得境外收入，请您核对年度汇算是否已对境外所得依法在境内进行汇总纳税申报。如有问题，请及时补充2022、2023年度收入信息并如实更正个人所得税汇算申报。如未取得境外所得或个人所得税申报无问题，可忽略该提示；如有打扰，敬请谅解。

如有疑问，可拨打12366纳税服务热线或前往办税服务厅咨询。

Request for the declaration of foreign income

Verify the declaration of foreign income through overseas consumption

【中国税务】尊敬的 [姓名]，您好，感谢您一直以来对税收工作的支持！经大数据分析，您近三年境外消费金额大于个人所得税纳税申报收入。请您对2021-2023年度境内外收入及个人所得税纳税情况进行全面自查并提供自查报告。如果存在境内外收入未报、漏报和少报个人所得税情况，请尽快依法申报补缴相关税款。如您存在疑问，请及时与主管税务机关联系，我们将竭诚为您提供帮助。（联系电话：05[号码]）【国家税务总局 [地区] 税务局】



MP has proposed the idea of a "limited inheritance tax" on inherited properties that worth S\$5 million (US\$3.7 million) and above.



Commentary

Commentary: Reintroducing some form of inheritance tax could help address wealth inequality in Singapore

During the debate earlier in April on the [President's Address](#), which laid out key priorities for the remainder of the current term of parliament, Nominated Member of Parliament Raj Joshua Thomas also mooted the idea of a "[limited inheritance tax](#)" for inherited properties that have a value of S\$5 million (US\$3.7 million) and more.

This comes two months after Deputy Prime Minister and Finance Minister Lawrence Wong announced [an increase in buyer's stamp duty for higher-value properties](#) and [vehicle taxes for luxury cars](#).

But Budget 2023 was surprisingly silent on whether estate duty or inheritance tax will be introduced, given the intense discussion leading up to it and the government's previous statement that it will continue to study how it can expand the current wealth tax system.

G20或在7月推国际税收联合声明，富豪的财富税何时到来？

“最富有的1%的人群坐拥全球43%的金融资产，却排放着与全球最贫穷的三分之二人口同样多的二氧化碳。亿万富豪们需要为我们的社会和地球的可持续发展做出更多贡献。”

刘婷LT 2024年03月02日 09:45 浏览 15w 来源: 界面新闻

新加坡副总理黄循财：寻求更具包容性增长，富人或被征更多税

One element of progressivity, according to Mr Wong, is to consider not just a person's income but his wealth. Those who are more affluent should pay their fair share of taxes, the minister added.

Already, Singapore is taxing wealth in various forms such as property tax and stamp duties on residential properties, as well as additional registration fees on motor vehicles.

新加坡考虑对富人加税：重启遗产税，开征财富税，又一个避税天堂沦陷？

Singapore studying how to expand wealth tax system as it relooks fiscal strategies: Lawrence Wong

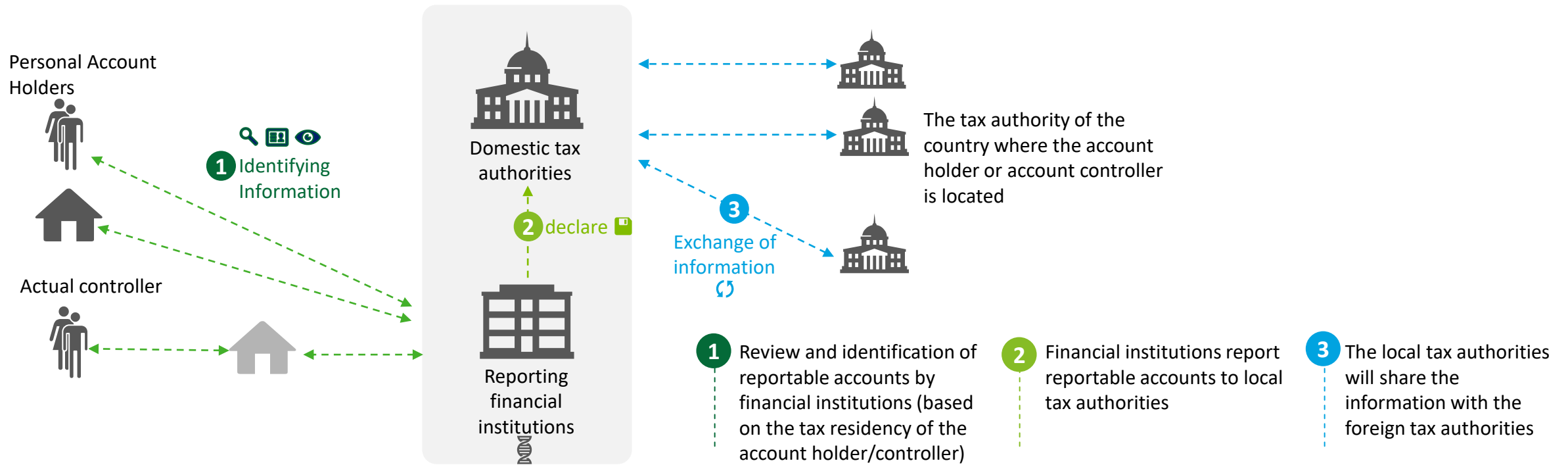
Cross-border tax challenges and case study in the internationalisation of family succession





Common Reporting Standard (“CRS”)

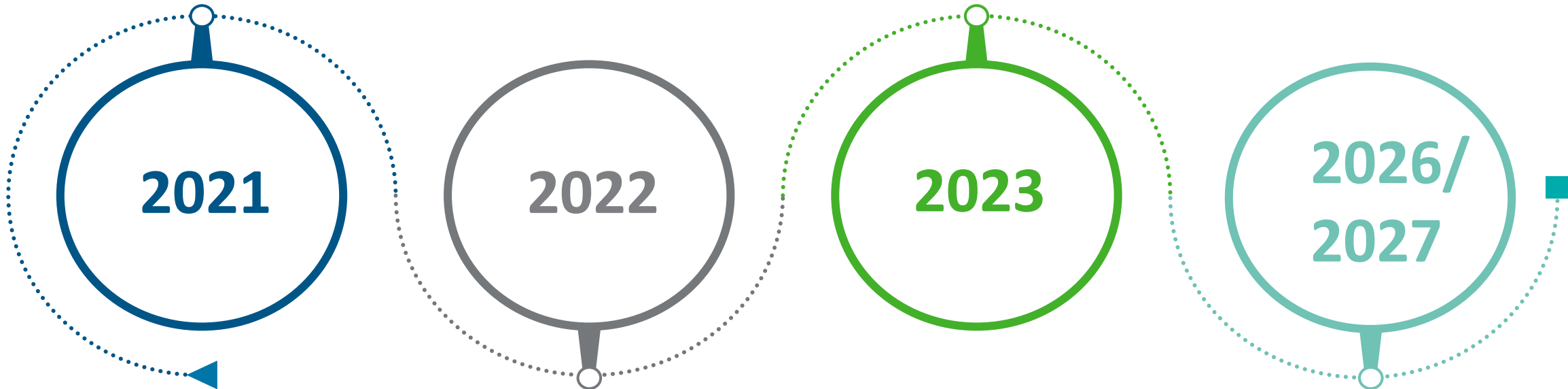
CRS is an internationally agreed standard for the automatic exchange of financial account information between jurisdictions for tax purposes, to better combat tax evasion and ensure tax compliance.





- **In April 2021**, the G20 mandated the OECD to develop a framework providing for the **automatic exchange of tax-relevant information on Crypto-Assets**.

- **In June 2023**, the International Standards for Automatic Exchange of Information in Tax Matters: Crypto-Asset Reporting Framework and 2023 update to the Common Reporting Standard was approved by the OECD Council and published by OECD on 8 June 2023.
- **On 10 November 2023**, Singapore joins 47 other jurisdictions committing to work towards **commencing automatic exchanges in crypto-assets reporting and the 2023 update to the Common Reporting Standard (CRS 2.0) in 2027**.



- **In August 2022**, the OECD approved amendments to the CRS to bring certain electronic money products and Central Bank Digital Currencies in scope and to **strengthen the due diligence and reporting requirements (including requiring the reporting of the role of each Controlling Person)**.
- **On 10 October 2022**, The draft Crypto-Asset Reporting Framework and Amendments to the Common Reporting Standard was published by the OECD.

- Implementation of revised CRS 2.0 regime **with effect from 1 January 2026**, with first exchange of data under CRS 2.0 with exchange partners by 30 September 2027.



Implications for investors of family office structures

- Account holder is required to self-certify all jurisdictions of tax resident
- “Tiebreaker rules” in tax treaty is no longer permitted



Impact on fund structure in family office structures

- To determine whether a fund entity within a family office structure qualifies as a 'financial institution' or a 'non-financial institution', seeking professional advice is necessary.
- The classification of a fund entity under the CRS will impact both the extent of its reporting obligations and the responsible party for those obligations.
- For crypto asset transactions conducted by fund companies through crypto asset service providers, transaction information will be exchanged through CRS



The Commentary further clarifies that reliance on tiebreaker rules to determine the jurisdiction of residence for self-certification purposes is no longer permitted on a prospective basis, once the changes to the CRS have taken effect



Globe

- **As of May 2024**, **123** countries and territories have signed the Multilateral Competent Authority Agreement on Automatic Exchange of Information on Financial Accounts for Tax Purposes (MCAA).
- **As of March 2024**, more than **120** countries and territories have successfully "matched" under the MCAA framework, **approaching more than 5,400 pairs**



Chinese Mainland

- **In September 2018**, the State Administration of Taxation began to carry out the first automatic exchange of tax-related information on financial accounts under CRS with relevant countries and territories.
- As of April 2023, **106** countries and regions will provide Chinese tax authorities with financial account information held by Chinese tax residents, including **Canada, Australia, Japan, Italy, New Zealand, Switzerland, Hong Kong, Singapore, United Kingdom, BVI, Cayman, etc.**
- On the other hand, China currently provides information to **83** countries or territories on financial accounts held in China by their tax residents.



Lengthened Retrospective Period

For the current FY and previous FYs, considering both individuals and the related companies



Frequent Audit

Individuals who have already been audited in previous years may be re-audited



Range

Equity transfer; foreign income; business income; equity incentives; whether there is any investment, accidental income, etc, especially the changes of overseas equity, stocks, trusts, and bank account funds

Wealth management & succession tax planning for entrepreneurs





Multi-dimensional Planning Approach for Family Inheritance Tax



Individual

- Individual
- Family



Location and time

- Tax residency criteria
- The overall tax burden
- Feasibility and time limits for "tax residency" adjustments



Tools

- Family trusts
- Policy
- Will
- Private foundations



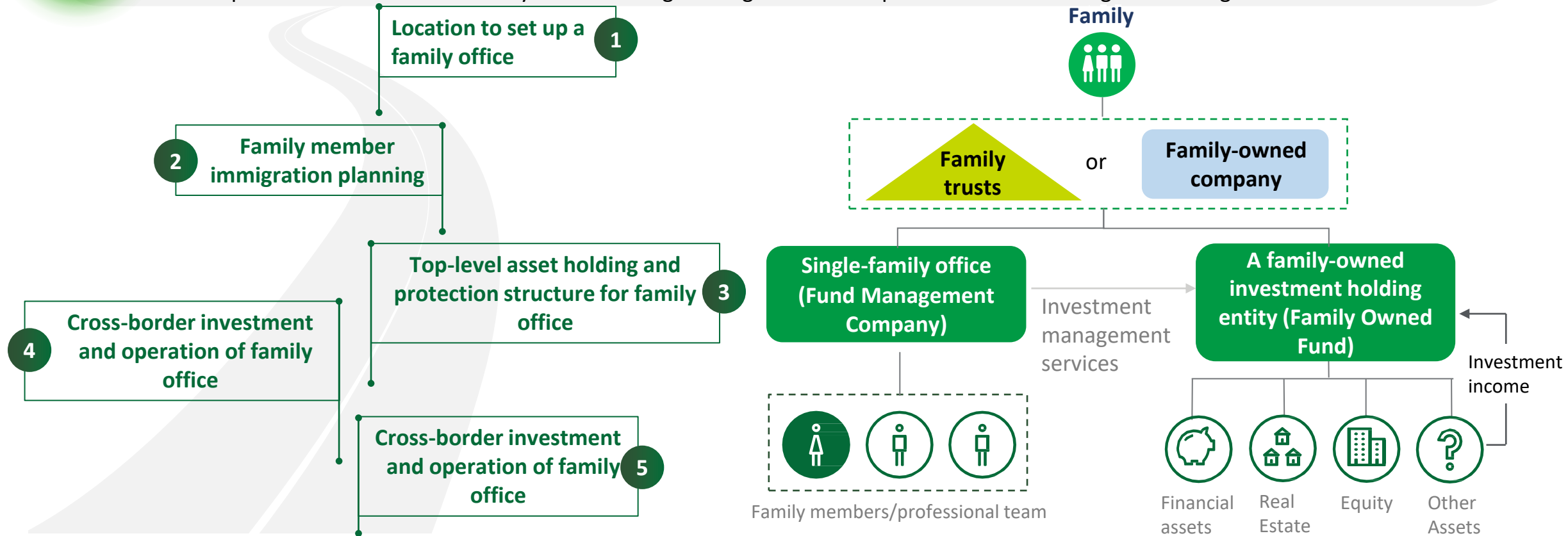
Strategic arrangement

- Overall asset holding structure
 - Cash
 - Equity
 - Real estate, etc
- **Family office planning and deployment**

By adopting a systematic approach and a long-term perspective, we can achieve the optimal balance between the long-term goals of family wealth management and tax compliance optimization. This can be accomplished through incremental steps, periodic assessments, and timely adjustments.

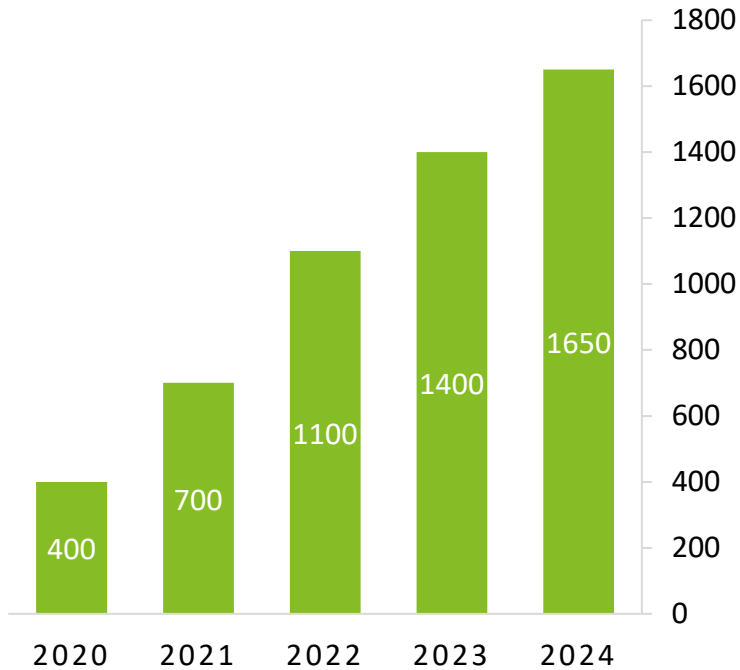


A key function of a family office is to facilitate the appreciation, protection, and orderly transfer of family wealth. The initial setup, investment strategies, and operations often encounter complex multi-jurisdictional tax implications, requiring advance planning to achieve the optimal balance between family wealth management goals and compliance with diverse regional tax regulations.

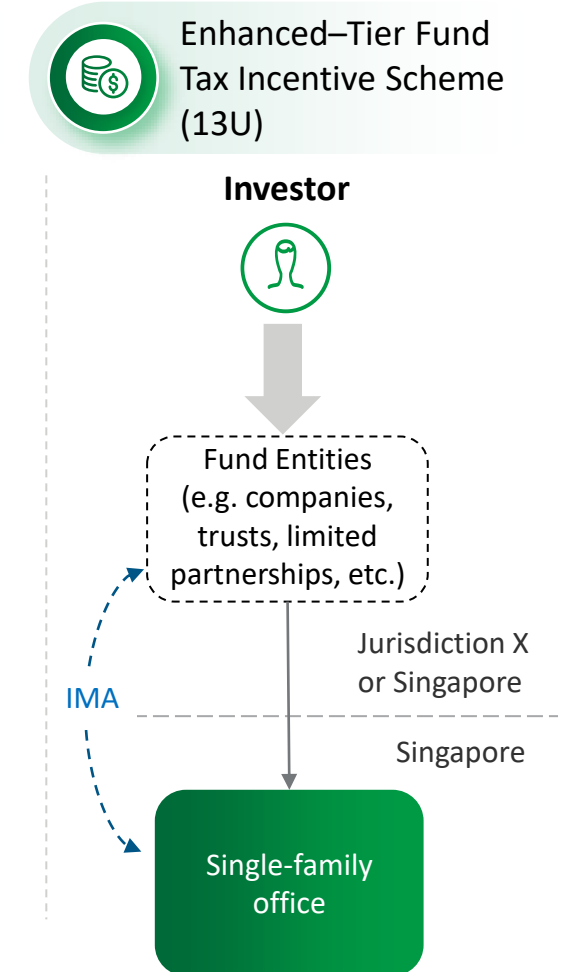
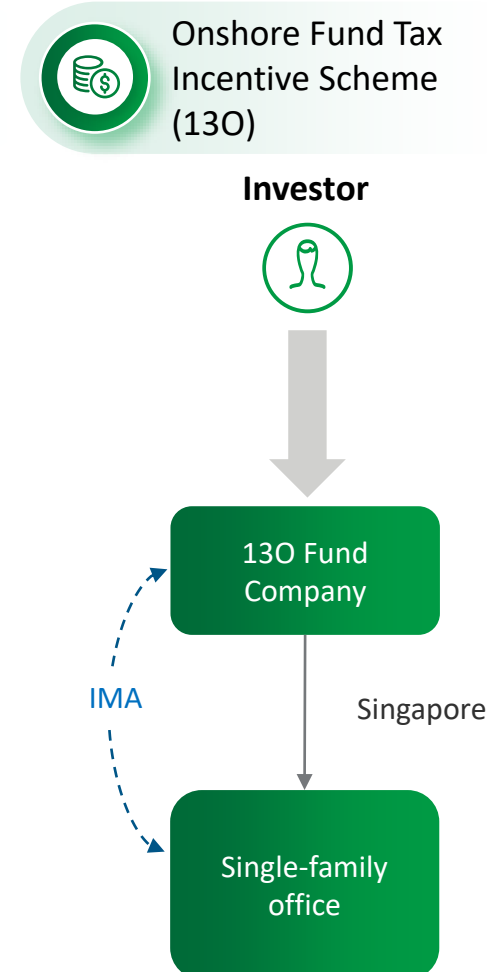
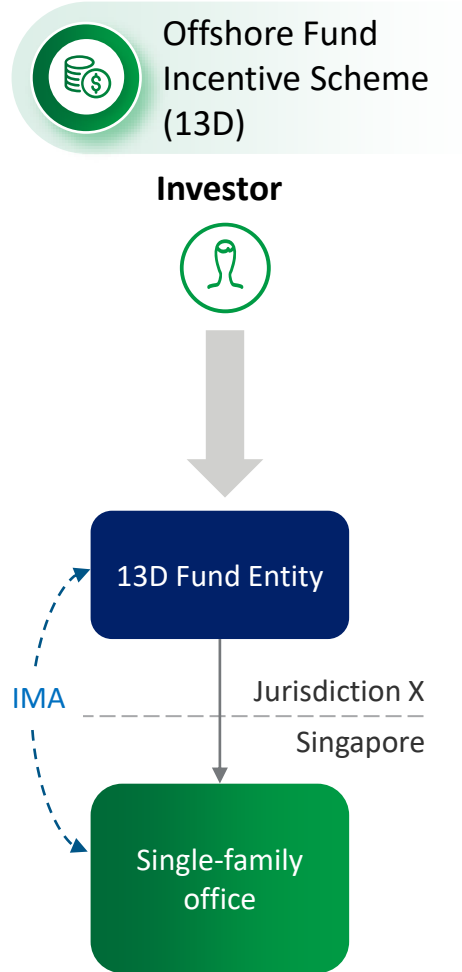




NUMBER OF APPROVED SINGLE FAMILY OFFICES IN SINGAPORE (ESTIMATED)



Note: The 2024 figure is accurate as of August 31, 2024





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