

GLOBAL LIFESTYLE REVIEW

A COMPARISON OF FAVOURABLE
TAX LOCATIONS AND LIFESTYLE FACTORS

INTRODUCTION

Many private individuals approach Knight Frank for advice on relocating their business and family overseas. Their wealth managers or taxation advisers can inform them of the most tax-efficient locations, but they rarely take into account the lifestyle factors that will make the move a successful one for more than simply fiscal reasons.

That is where Knight Frank - which has a network of 417 offices with more than 12,000 staff in 58 countries – can help you and your family to make informed decisions. By working closely with our experienced agents worldwide and alongside the accountancy firm BDO, we have prepared an in depth insight into the various locations that our clients are likely to be considering and provide a knowledge of the elements that will be important to them, such as education, healthcare, culture and cost of living.

We appreciate that everyone's lifestyle needs are different, whether it's proximity to an airport and fine dining that matters most or being near good international schools and part of a likeminded community. Tax and investment may be the first part of the relocation jigsaw, but Knight Frank helps its clients to complete the whole picture.

ALEX KOCH DE GOOREYND

Partner, International Residential

METHODOLOGY

To create this guide we first approached the global accountancy firm BDO who provided us with a list of the top locations that their clients consider when looking for a more tax-efficient jurisdiction. We in turn took this list and were able to obtain the local insight from our global network of offices. Further thanks must also go to Mercer (www.uk.mercer.com) for their excellent Quality of life, Political Risk and Personal Safety surveys that are often used by clients as an initial reference point.

In this edition of the Global Lifestyle Review we have also added the incredibly important health care cost considerations that play a major part in the suitability of a location. We were lucky enough to receive the information from Aviva (www.aviva.co.uk/international-health-insurance) for an estimated annual policy based on a family of two adults and two children under the age of 16.

When selecting the main subjects to review, we considered the most important lifestyle elements that a client might consider. The level of entertainment is demonstrated in the number of Michelin starred restaurants and the cost of a bottle of premium champagne. Whereas if its culture and sporting activities that a client desires then this section looks at the overall options available. Ease of access is another key area of consideration, with the distance to a major airport and especially one that allows for direct flights to the principal cities around the world.

We trust you find this report useful but if you should ever wish to speak to an expert from any of these locations then our extensive global network remains at your service.



CATEGORY WINNERS

We felt that it might also be interesting to consider the various lifestyle factors that may motivate clients at different stages of life. For example, while a young entrepreneur will be more focused on political risk, client entertainment, ease of access and cost of living, a family or retired couple will have very different needs.

We therefore decided to demonstrate this by selecting these three example genres and their typical category considerations and weighted them accordingly.

THE ENTREPRENEUR

1. Hong Kong

2. London

3. Vancouver

4 = Dubai

4 = Geneva
- 4 = Sydney

4 = Vienna

8. Singapore

9. Copenhagen

10. Monaco

RESULTS BASED ON:



FAMILY

1. Luxembourg

2. Vienna

3. Hong Kong

4. Geneva

5. Dubai
6. London

7. Singapore

8. Vancouver

9. Dublin

10. Miami

RESULTS BASED ON:



RETIRED COUPLE

1. Sydney

2. Malta

3. Luxembourg

4. Limassol

5. Vienna
6. Faro

7 = Auckland

7 = Vancouver

9 = Copenhagen

9 = Monaco

RESULTS BASED ON:



ICON SUITE

- 

HOURS OF SUNSHINE PER YEAR
- 

COST OF A PREMIUM BOTTLE OF CHAMPAGNE
In a 5* hotel
- 

COST OF A CAPPUCCINO
- 

NUMBER OF MICHELIN STARRED RESTAURANTS
- 

COST OF A WEEKLY TRAVELCARD
- 

NUMBER OF INTERNATIONAL SCHOOLS
Within a 10km radius
- 

DISTANCE TO THE AIRPORT
Is there a major international airport within 20km and a direct flight from three of the following: London, Paris, New York, Singapore and Moscow?
- 

AVAILABLE LEISURE PURSUITS
- 

AVERAGE COST OF A LITRE OF PETROL
- 

COST OF ANNUAL HEALTH CARE
- 

PROPERTY MARKET PERFORMANCE
Prime residential market performance, Annual percentage change to Dec 2015 (unless otherwise specified)
- 

MERCER'S POLITICAL RISK RANKING
- 

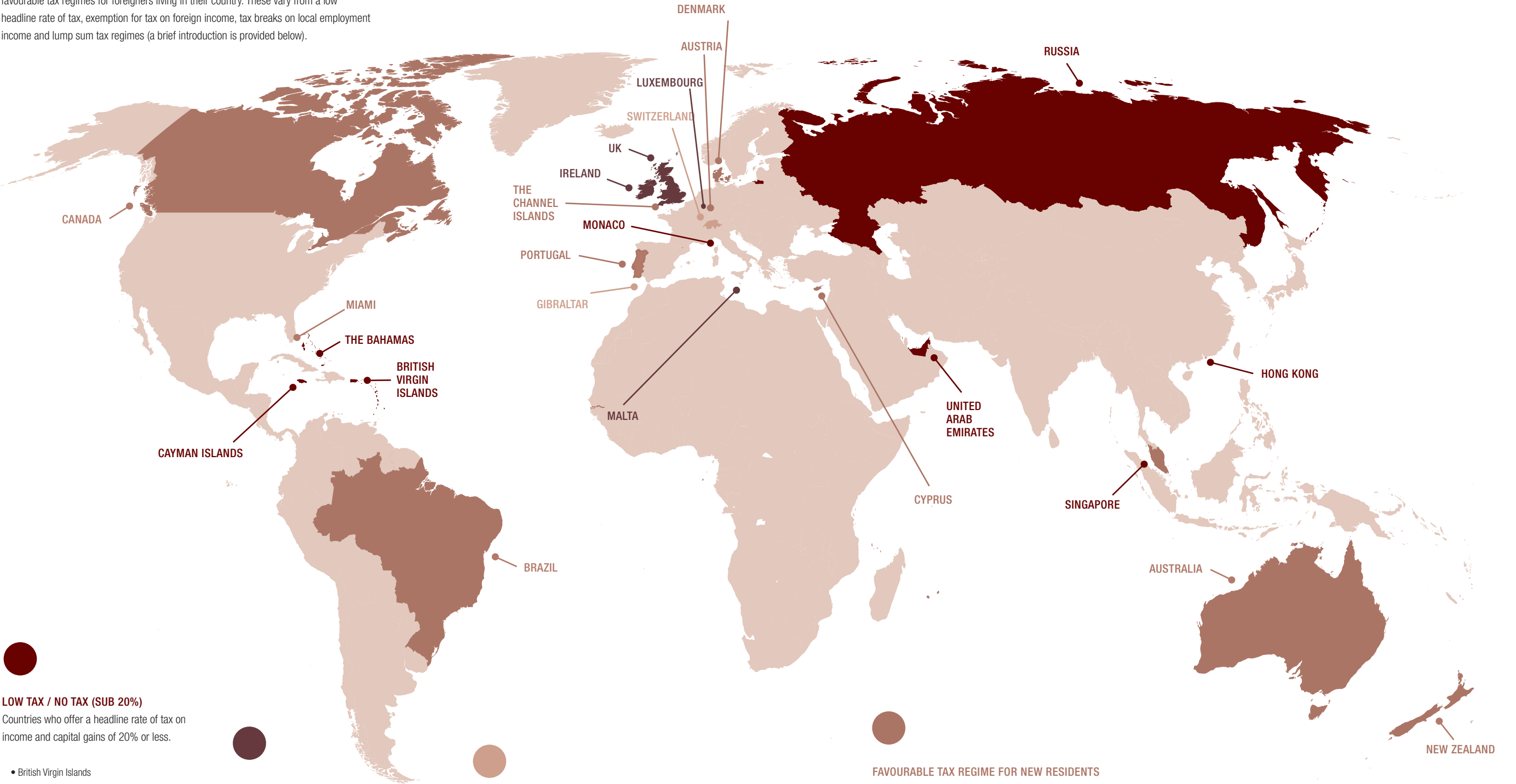
MERCER'S PERSONAL SAFETY RANKING
- 

MERCER'S QUALITY OF LIFE RANKING

GLOBAL TAXATION MAP

EXPLANATION OF INTERNATIONAL TAXATION SYSTEMS

When considering the tax implications of moving to another country particular attention should be paid to the different types of taxes. Many countries around the world offer favourable tax regimes for foreigners living in their country. These vary from a low headline rate of tax, exemption for tax on foreign income, tax breaks on local employment income and lump sum tax regimes (a brief introduction is provided below).



LOW TAX / NO TAX (SUB 20%)
Countries who offer a headline rate of tax on income and capital gains of 20% or less.

- British Virgin Islands
- Cayman Islands
- Hong Kong
- Luxembourg
- Monaco
- Russia
- Singapore
- The Bahamas
- The Channel Islands
- United Arab Emirates

REMITTANCE BASIS
Countries who offer a regime whereby foreigners can pay tax on their foreign income or capital gains in accordance with the amount remitted to that country.

- Ireland
- Malta
- UK

LUMP SUM
Countries who offer a lump sum tax regime where an agreed amount of tax can be paid on an annual basis regardless of actual income earned and capital gains released.

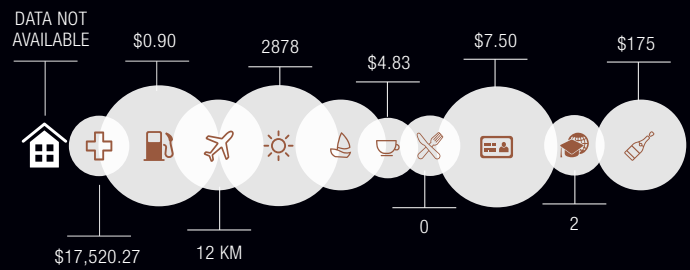
- Gibraltar
- Switzerland

FAVOURABLE TAX REGIME FOR NEW RESIDENTS
Countries who offer tax breaks for new residents to their country on passive income and capital gains, or on pensions and/or income from employment.

- | | |
|-------------|---------------|
| • Australia | • Denmark |
| • Austria | • Miami |
| • Brazil | • New Zealand |
| • Canada | • Portugal |
| • Cyprus | |

The above information has been provided to us by BDO (www.bdo.co.uk). In parallel with this report, BDO have also prepared *The Global Opportunities Report* which provides advice on the various tax elements of each location. Further information can be found at: www.bdo.co.uk/services/tax/private-clients.

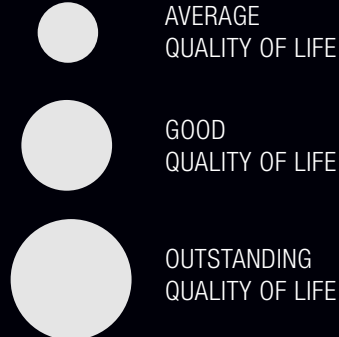
NASSAU, BAHAMAS



GEORGETOWN, GRAND CAYMAN



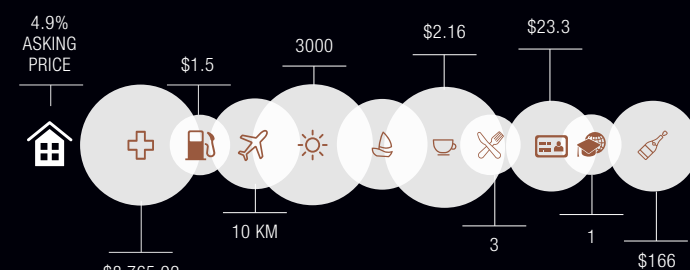
KEY:



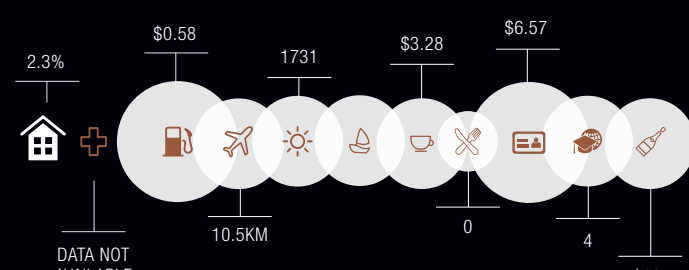
All prices shown in US\$



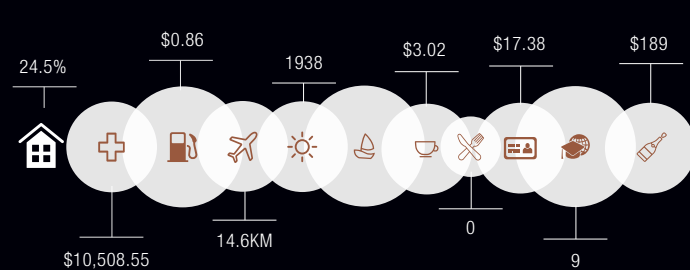
MALTA



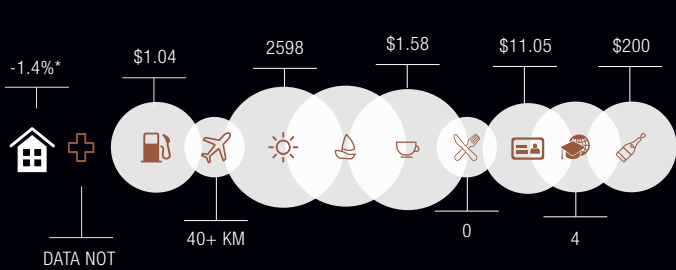
MOSCOW, RUSSIA



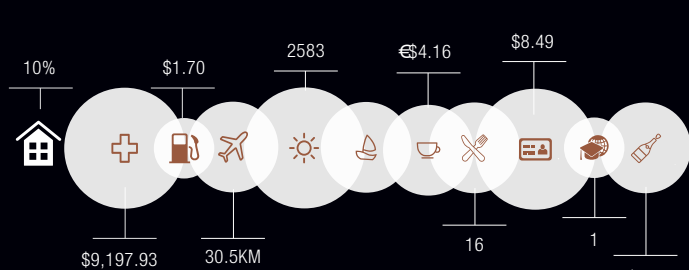
VANCOUVER, CANADA



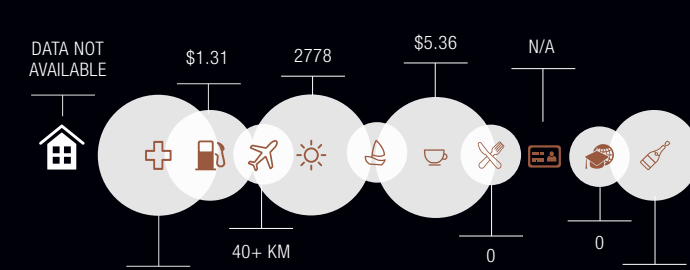
RIO DE JANEIRO, BRAZIL



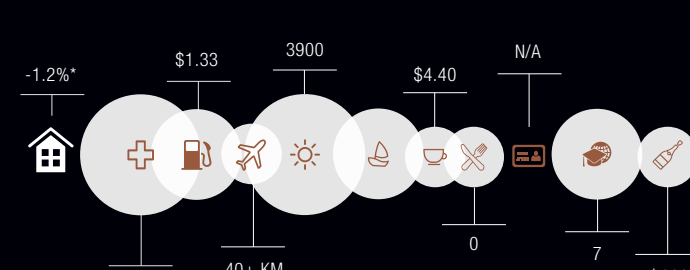
MONACO



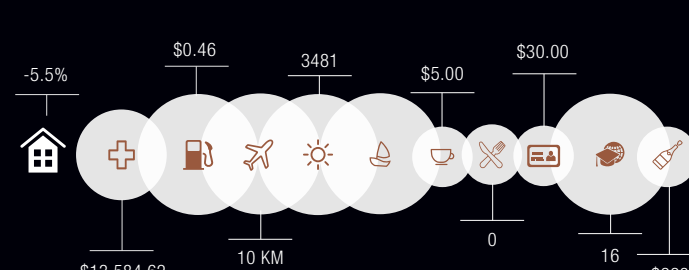
GIBRALTAR



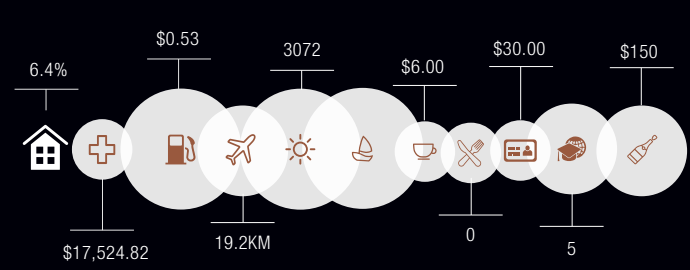
LIMASSOL, CYPRUS



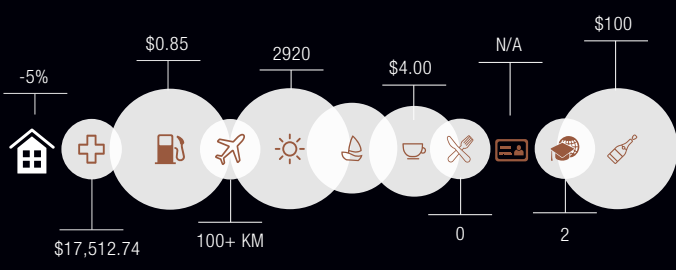
DUBAI, UAE



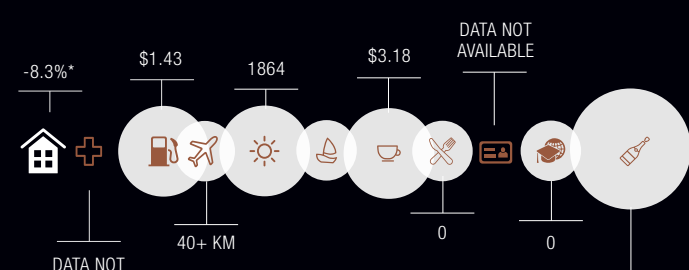
MIAMI, USA



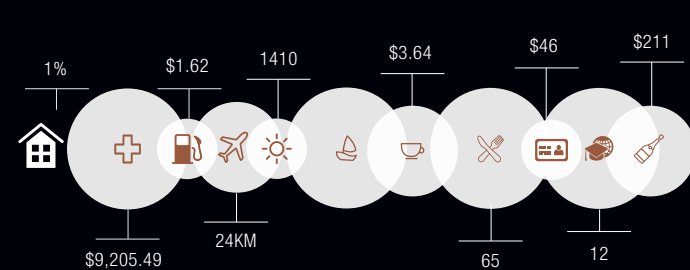
TORTOLA, BVI



ST. PETER PORT, GUERNSEY



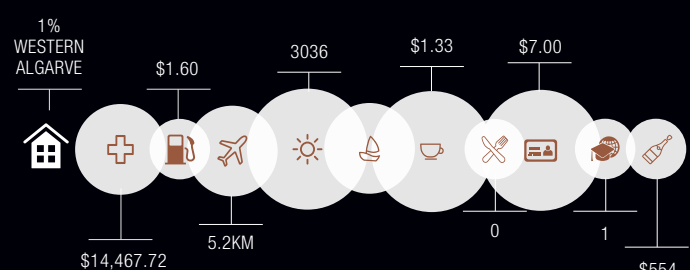
LONDON, UK



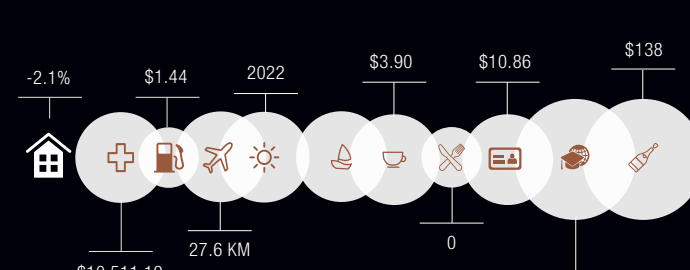
COPENHAGEN, DENMARK



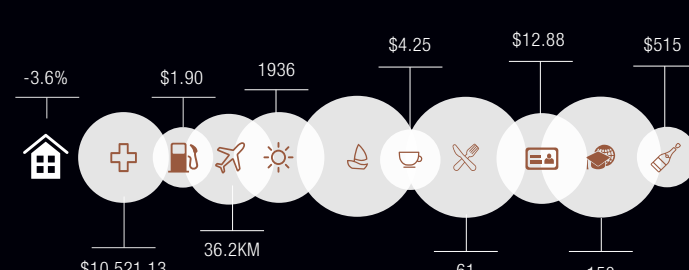
FARO, ALGARVE



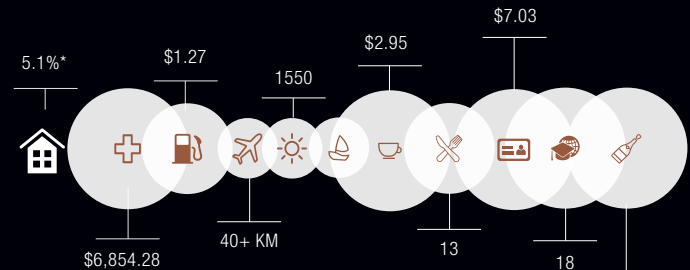
SINGAPORE



HONG KONG



LUXEMBOURG



CASE STUDY: SWITZERLAND

A MICRO VIEW

By Zoe Dare Hall

A London-based client once told us that her tax advisor had recommended she move to Zug because it has the lowest tax rate in Switzerland. Beyond that, neither she nor her advisor knew anything about the German-speaking lakeside town.

This was a lady who loved having theatres and restaurants on her doorstep in Knightsbridge. Zug, while beautiful, is a quiet, small provincial town. In summer it's immensely picturesque but in winter can feel isolated among the mountains. Should that client wish to visit museums or Michelin-starred restaurants, she would need to go to Zurich, an hour's drive away. Tax may be the primary driver for many of those who decide to move to Switzerland, but there is then a careful choice to be made over which Swiss location to make their new home. For a small country, the cultural and lifestyle differences between its regions are vast. To assume life in German-speaking Zug is comparable to a French-speaking town on Lake Geneva would be akin to expecting to find a similar lifestyle in Lisbon and the Algarve.

Whatever stage you are at - whether an entrepreneur who wants airport access and entertainment on tap, a family whose priorities are good schools and outdoor activity, or a retiree for whom security, healthcare and a likeminded community top the list – it's crucial to understand the day to day life of a destination.

Knowing where it's possible to live on the lakefront, find a restaurant that's still open at 11pm or enrol three children in a good international school could be the keys to making the move work or not.

In Switzerland, there is an immediate choice to make between its three main languages – French, German and Italian. Not only do clients tend to feel a natural pull towards one over the others, language is, of course, key to the culture of a region, each of

which has a distinct spirit and lifestyle depending on whether it is Francophone, Germanic or like a little outpost of Italy. Of southern and western Switzerland's French-speaking areas, Geneva and its lakefront towns such as Montreux or Lausanne offer the greatest lifestyle attractions – or for those who want to escape it all, the western part of the Valais canton, which includes resorts such as Crans Montana and Four Valleys ski towns such as Nendaz and Verbier.

For those who want a minimal journey between their front door and the runway, a cosmopolitan, international community and a social life that takes in culture and fine dining, Geneva is the obvious choice. At weekends you can be on the slopes in Chamonix in an hour and Verbier in two hours.

Families will be drawn to Lake Geneva's prestigious and proliferating international schools, including The International School of Geneva, where the International Baccalaureate (IB) began and the globally renowned Institut Le Rosey. The sense of security, cultural environment and range of outdoor pursuits from mountain hiking to boating also makes the Lake Geneva region a popular choice for families. Older buyers who like the idea of an airport accessible enough for family to visit, but are in no hurry to get there, may gravitate to Lausanne, a lakeside town famous for its wine and culture (a 45-minute drive from Geneva). Further away, with average property prices around half those of Geneva, is the elegant watch-making town of Neuchâtel. Or perhaps Crans-Montana, which offers winter skiing, summer golf and the health benefits of being in the mountains.

Zurich – German-speaking, like two thirds of Switzerland - is the country's banking capital, perceived as a serious city in which to do business. Its property market is typically stable and strong, avoiding the price rises and falls seen in Geneva in recent years, and the city has a youthful energy. But Zurich does not offer the lump sum taxation scheme that draws most international buyers. Instead, they will need to look an hour or so out of the city in small towns such as Zug or Lucerne, whose large houses near the lake cost a fraction of those in other Swiss regions but whose locations lack Zurich's buzz. Bern, the Swiss capital, is an alternative, offering the benefits of city life within easy reach of Lake Neuchâtel and the resorts in the Bernese Oberland, such as Gstaad.



For an Italian lifestyle with Swiss efficiency there's the Ticino canton, part of Switzerland since the 1500s but resolutely Italian in its culture and temperament. The region's micro-climate, café culture and festivals may appeal to retirees and properties in its key resorts of Locarno and Lugano often have wonderful lake views. But the lack of an international airport – Milan, an hour away, is the nearest - and just one over-subscribed international school may deter those whose priorities are business or family.

The point is, if you are planning to move to Switzerland, tax is merely the starting point. Each canton, town and village will appeal to a different kind of buyer. But what is certain is that in this compact country, there is a home to suit everyone. Just don't make the leap before you have learnt which one is right for you.



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