



UDO UDOMA &
BELO-OSAGIE

A background image showing a group of people, primarily Black women, smiling and looking towards the camera. The image is partially obscured by a large orange triangle in the top left and a large blue triangle in the bottom right, which frame the text.

**Highlights from UUBO's
Private Wealth Breakfast
Session on the topic,
Strategic Wealth Structuring in a
Globalised World: Compliance,
Tax, and Asset Protection**

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In today's globalised world, wealth is increasingly cross-border, presenting both opportunities and challenges for family businesses, individuals and high net worth individuals (HNIs). Recent developments underscore how tax and compliance failures can jeopardise one's long-term legacy goals. With global regulations tightening, effective wealth structuring has become essential to remain compliant and future-ready. A growing international concern is the need to balance privacy and compliance.

Key shifts shaping the global landscape include the introduction of automatic information exchange frameworks like the Foreign Accounts Tax Compliance Act (FATCA) and the Common Reporting Standard (CRS) designed to enhance global financial transparency, as well as significant tax reforms in the United Kingdom (UK), such as the abolition of the non-domiciled (non-dom) regime. Currency fluctuations also inform capital flight offshore for stability and protection.

Cross-border wealth structuring

- There is a growing need to educate families on the implications of making investments in foreign jurisdictions, particularly the UK and the United States of America (USA), which are popular among Nigerian-domiciled investors. Global reforms are increasingly closing the loopholes previously exploited for tax avoidance, making aggressive tax planning strategies less effective. This makes tax compliance critical to effective wealth structuring and asset protection, as it helps mitigate risks, including exposure to audits and investigations, which could result in reputational damage and penalties, and interests and seizure of assets. These investigations are increasingly driven by the availability of information to government authorities.
- The balance between privacy and compliance has become a global concern. Regulatory authorities are increasingly emphasising the disclosure of ultimate beneficial owners (UBO) who are natural persons, regardless of whether assets are held by a nominee or a corporate entity, for confidentiality and other purposes. Balancing privacy and compliance could be complex, requiring expert legal support.
- Acquiring assets without proper documentation, organisation, and structured planning could lead tax authorities to infer that certain commercial activities are sufficient to establish a taxable presence, which could result in tax liabilities. It is essential to recognise that any form of financial presence in a jurisdiction may already be known to the relevant tax authorities through various reporting and information-sharing mechanisms. Seeking advice (early) on effective wealth preservation and risk minimisation helps mitigate the risks of establishing tax residency in several jurisdictions.



- Avoid common red flags, such as establishing offshore companies with no substance to hold assets, gifting or lending funds to family members or trusts structures without sufficient documentation, sudden asset movements not backed by appropriate commercial considerations, etc. Authorities consider these attempts to evade taxes or conceal ownership of assets, resulting in the deconstruction of certain wealth management structures. Another key consideration borders on informal trusts or family-run structures with no clear governance frameworks. Some of these issues lead to family disputes, which could undermine asset protection.
- Advisory services provided by legal advisors in wealth management are essential for protecting investments in jurisdictions with strict tax regulations and for staying informed about recent changes to prevent unexpected consequences. For example, the abolition of the non-dom regime in the UK means that UK residents will be taxed on their worldwide income and gains, regardless of their domicile status. Previously, individuals who were UK residents but not domiciled in the UK could pay tax only on their UK income, following a remittance basis.
- The need to separate personal and business wealth is effective for wealth structuring. This distinction will safeguard against common issues associated with businesses, such as lawsuits, insolvency, etc. A clear separation promotes transparency, regulatory compliance, tax efficiency, succession planning, and smooth wealth transfer across generations.
- It is important to have effective governance structures for decisions around the distribution of assets and dispute resolution. These governance structures may include policies, trust boards, and clear descriptions in wills.

Easy tips for effective wealth structuring and asset protection

- Know the individual or family's goals
- Minimise tax exposure
- Engage professionals for frequent health checks or to stress-test structures
- Separate personal wealth from business
- Introduce proper governance structures for family matters
- Consider the use of life insurance policies.

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