



Breaking rank

Big players in business or in sport can choose where to settle or enjoy their wealth by using a handy global tax ranking

IN TERMS OF FAME AND fortune, where you were born used to matter. In 20th-century England, for example, if heredity did not bestow industrial or agricultural riches, topography could come to the rescue. Urban myth – or, more accurately, rural myth – has it that the country lanes of north Nottinghamshire and south Durham were often used by expectant fathers driving their pregnant wives to

give birth within the county of Yorkshire, just so that their offspring would be eligible to play cricket for the most successful team in the land. It is akin to being

born in a New York borough and so eligible to bat for the Yankees, or a true Catalan who can sign for Barcelona.

How times have changed. In the 1990s, Yorkshire County Cricket Club relaxed its attitude to players from outside the broad acres, welcoming millionaire Indian superstar Sachin Tendulkar to its ranks. Now

English players such as Kevin Pietersen and Andrew Flintoff head for India's Premier League every spring to earn \$1.5m in three weeks – with Flintoff setting up home in the tax haven of Dubai. These days, it is where you end up once you have made your money that can make all the difference.

So it is perhaps not surprising that the people who first translated cricketers' careers into world ranking points – accountants – should now be devising league tables of where they, and other millionaires, should be heading later in life. In fact, two new tax-ranking systems for wealthy individuals are currently being produced.

BKR, an association of 135 accountancy firms in 70 countries, is working on what it calls “the first international tax index for major countries”. This index will monitor tax rates in major countries every quarter; each country will be given an index number, calculated from its rates of corporate, personal and expenditure taxes. Changes in index numbers will show how different regimes become more or less advantageous for wealthy people.

At the same time, estate planners at ABN Amro are creating an international tax, inheritance and lifestyle index of 14 countries, focused mainly on Europe. This will attempt to quantify the best places in the world for the rich to “retire and enjoy their wealth”.

Each country will be awarded a score based on 15 different tax, estate-planning and lifestyle attributes, including rates of inheritance and capital gains tax, and double tax treaties with other nations. Fiona de Vos van Steenwijk, vice-president of international estate planning at ABN Amro, says: “Taxation attributes will include where to

die. Inheritance tax: will I pay it or not? Inheritance law: how will my estate devolve? But there are other ‘soft’ factors: transport, health, education, political situation, safety and quality of life.”

Others prefer to rely on first-hand experience, rather than statistics. Mike Lagopoulos, the émigré Canadian who heads RBC Wealth Management and has clients “all over the map”, has

found that the big players in business – as in sport – can have very different motivations.

“Some are financial mercenaries who will do anything to pay less in tax,” he says. “Others want to reduce tax, but see their children and grandchildren. We see retiring to

another country as a great opportunity, a golden opportunity to rethink your affairs. When you're wealthy, high taxes and bad weather become optional.”

He favours “any number of Caribbean islands”, including the Bahamas, the Cayman Islands and Barbados – where he and his wife used to live.

Van Steenwijk agrees that it is often a question of the “best combination” – and that thinking ahead is key. “If you move to France having done pre-emigration planning, you can die with no tax to pay,” she points out. “But if you just move there...”

For this reason, countries where much pre-planning is required to mitigate inheritance tax will score lower in the ABN Amro index weighting system.

So is Lagopoulos planning to spend his retirement watching cricket in Barbados? Not quite – because it is the wrong sport. “We thought we'd go back, but one of our passions is golf – and there are not many courses,” he says.

He plans to spend a third of his retirement travelling, a third in Canada and the rest on the “unlimited golf courses” of southern Florida – though not more than 120 days, to stay out of the US tax net.

It seems that in both Leeds and Fort Lauderdale – and, indeed, in Lahore – it pays to know the score. ■

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