

GLOBAL LIFESTYLE REVIEW

A comparison of favourable tax
locations and lifestyle factors



INTRODUCTION

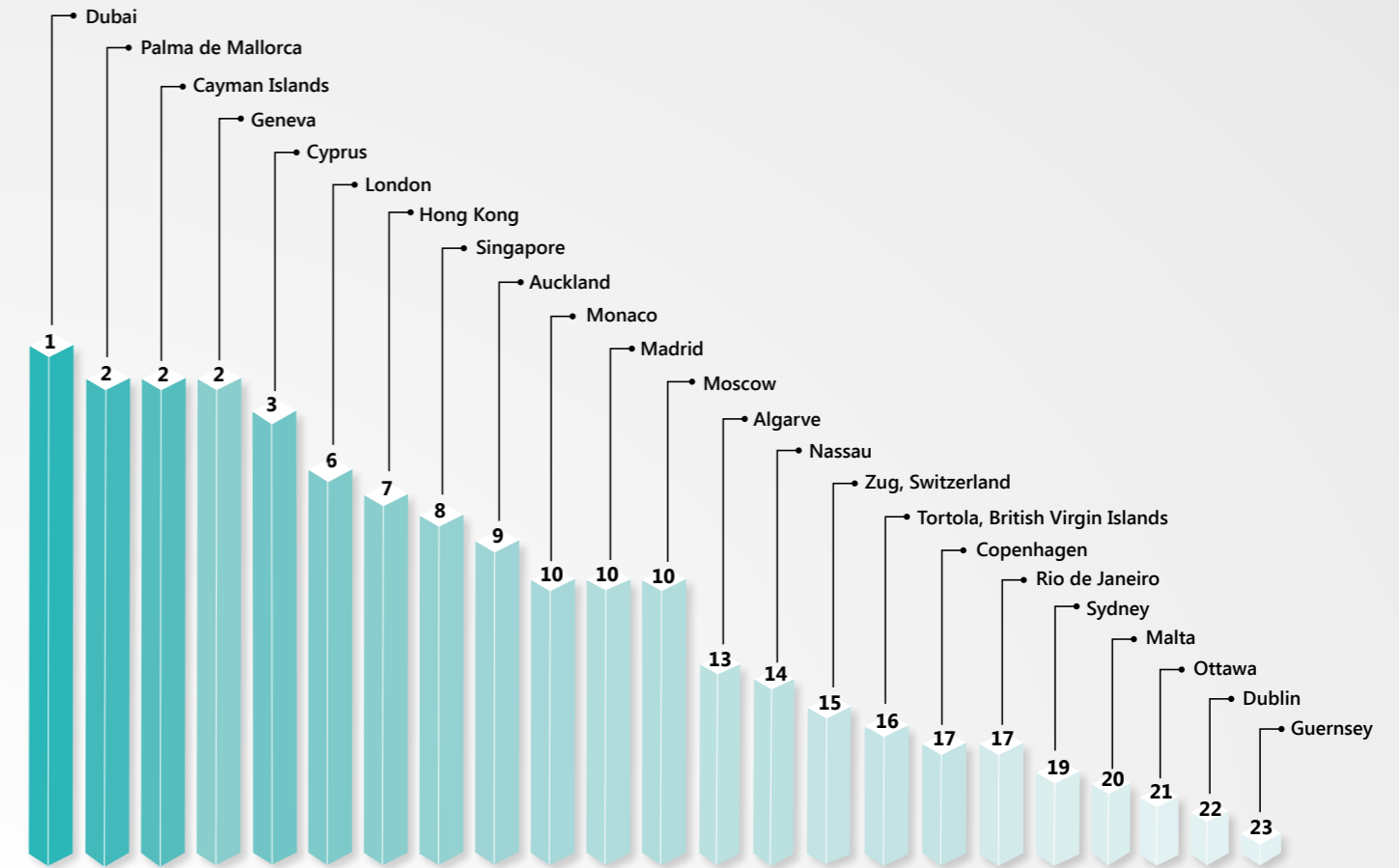
Knight Frank is often approached by private individuals considering a relocation for their businesses and families. Usually initiated having been advised by wealth management and taxation teams, clients are often asked to focus on destinations that will maximise the efficiency of their tax arrangements rather than those offering the best lifestyle.

The Knight Frank Global Lifestyle review was therefore developed as a guide for individuals considering the lifestyle element of a potential location alongside the recommendations of their advisors. With our global network now extending to over 370 offices worldwide, Knight Frank is uniquely positioned to use the extensive experience and local area knowledge of our native teams to provide this initial overview. Should a particular location be of specific interest, our teams are on hand to provide more in-depth analysis.

We have avoided making any suggestions regarding the potential taxation benefits of each location as this is not our area of expertise. If more bespoke advice is required this should be sought from a specialist.

We hope you enjoy this review, Knight Frank is on hand to advise and provide you with knowledge on lifestyle rather than fiscal savings alone to help you make an informed decision on your relocation and investments.

LIFESTYLE RANKINGS



KEY FINDINGS

Whilst the rest of this report provides more in-depth observations on each of the selected locations, we felt that it may be interesting to note the overall leading locations, taking what we believe to be the key lifestyle factors into account.

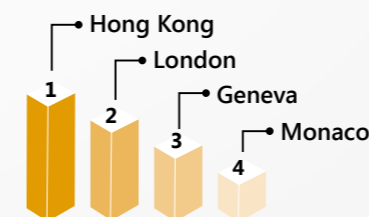
For the majority of individuals, these key factors were: education, climate, leisure pursuits and the availability of quality restaurants. Interestingly the majority of the more traditional locations did well in certain categories, but were further down the list on others. This gave us a clear message that if you want to find the best location across the board, providing there was a reasonable presentation in each category, consistency was key.

On this basis, Dubai came out on top as it boasted a top three position in three out of the four categories, while the Cayman Islands and Mallorca were consistently strong but without very high scores in any given area. Of the other major cities, Geneva came out on top, closely followed by Hong Kong as both could offer strong figures in the education and restaurant categories, but were down in the sunshine index compared to others.

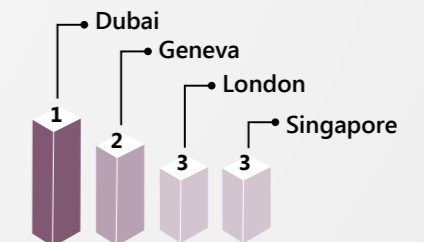
KEY LIFESTYLE RANKINGS



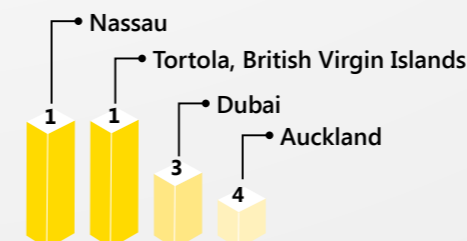
POINT SCORE RESTAURANT



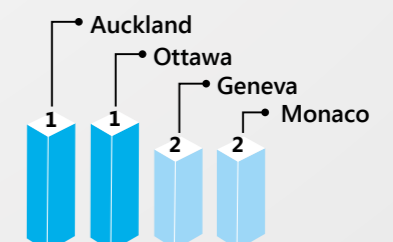
POINT SCORE NUMBER OF SCHOOLS



POINT SCORE HOURS OF SUNSHINE



POINT SCORE LEISURE PURSUITS



LIFESTYLE COMPARISON

We felt that it might also be interesting to consider the different factors that may motivate a client when considering the lifestyle element of their relocation.

For example, whilst a young entrepreneur will want certain factors to support their lifestyle, a family is focused on different considerations. We therefore decided to demonstrate this by selecting three rather typical client genres; the entrepreneur, the family and the retiring couple.

The Entrepreneur

Moving due to success of a business, this individual needs political stability, ease of travel, good climate and an array of restaurants and bars for personal and business entertainment.

The Family

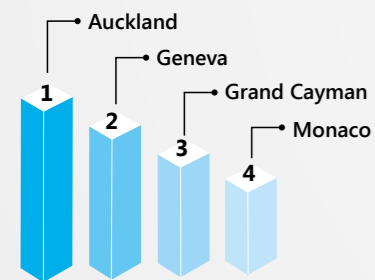
The initial drivers may be similar, however education and security are the key considerations. Leisure pursuits are also important to entertain a young family and entice them to stay at home during the holidays.

The Retired Couple

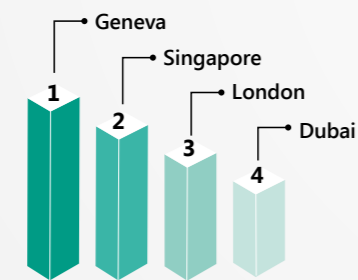
Quality of life, cost of living and personal security are the chief drivers, with a degree of interest in leisure pursuits, but mainly in ease of travel both for holidays and to visit family. After discussions with many clients on this subject, healthcare was often mentioned as another clear factor. All locations in our list offer numerous hospitals, but only a few offer specific medical speciality centres making it hard to make a comparison.

The overall outcome is very interesting with all three groups showing different results except for strong representation from both Auckland and Geneva. This was mainly due to being the top two locations in the Mercer's Quality of Living rankings and having low political risk. They also offer a variety of leisure pursuits and a well serviced airport. The results were as follows:

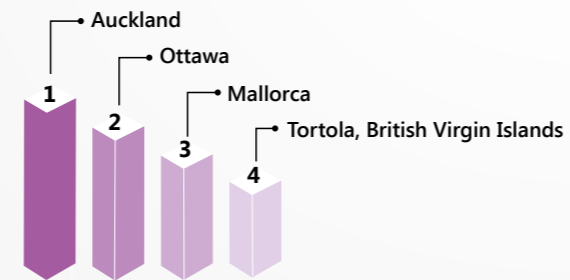
THE ENTREPRENEUR



THE FAMILY














THE RETIRED COUPLE



Naturally these are general observations and any individual wishing to tailor their own selection of criteria should refer to the databank on the last two pages of this report.

ICON SUITE

This icon suite has been developed to provide a quick reference guide to the Global Taxation Locations section of this review.

ICON	RESULTS BASED ON THE FOLLOWING RESPONSES
 Hours of sunshine	How many days of sunshine are there per year?
 Cost of a premium bottle of champagne	What is the current cost of a bottle of premium champagne in a 5* hotel or bar?
 Number of Michelin starred restaurants	How many Michelin starred restaurants (1* or above) are there?
 Number of international schools	How many international schools are there within a 50km radius of the city?
 Distance to the airport	Is there a major international airport within 50km and a direct flight from three of the following: London, Paris, New York, Singapore and Moscow?
 Available leisure pursuits	Which leisure pursuits are located in the city or nearby (within 50km)?
 Average cost of a litre of petrol	What has been the average cost of a litre of petrol over the last 12 months?
 Political risk	The risk of loss when investing in a given country caused by changes in a country's political structure or policies, such as tax laws, tariffs, expropriation of assets, or restriction in repatriation of profits.
 Quality of life	Mercer conducts the Quality of Living survey annually to help multinational companies and other organisations compensate employees fairly when placing them on international assignments. Mercer's Quality of Living Index list covers 221 cities, ranked against New York as the base city (Low = good).
 Cost of living	Mercer's Cost of Living information provides all the key elements needed to calculate the cost of living allowances, which is based on over 200 goods and services. Discerning vendors reflect only those outlets where expatriates can buy goods and services of international quality (Low = good).
 Property market performance	Residential market average price changes (PIRI data - Knight Frank Wealth Report 2013) (High = good).

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).



A Low tax/no tax (sub-20%)
Countries who offer a headline rate of tax on income and capital gains of 20% or less.

B 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.

C 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.

D 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 realised.

GLOBAL TAXATION LOCATIONS

THE AMERICAS

EUROPE AND MIDDLE EAST

ASIA PACIFIC

Assisted by the team at BDO, this section of the report highlights a selection of the more traditional, tax favourable jurisdictions from around the world. This is not intended to be an exhaustive list but BDO can provide further locations if required.



Hours of sunshine
1 Icon = 50 days of sunshine

Cost of a premium bottle of champagne
1 Icon = €50.00

Number of Michelin starred restaurants
1 Icon = 5 restaurants

Number of international schools
1 Icon = 4 schools

Distance to the airport
1 Icon = within 50km
And a direct flight from three of the following: London, Paris, New York, Singapore, Moscow

Available leisure pursuits
Golf, Watersports, Skiing, Horse Racing, Theatre

Average cost of a litre petrol
1 Icon = €0.50 per litre

Political risk
1 Icon = 10/100 risk score

Quality of Life
low = good

Cost of Living
low = good

Property market performance



FROM ABU DHABI TO DUBAI



DUBAI'S ADDRESSES ARE AS RENOWNED



AS THE LOCAL KNIGHT FRANK TEAMS



KNIGHT FRANK KNOWS THE UAE

Helen Tatham, Residential Director in our office, is renowned for her years of experience and in-depth knowledge of the UAE's most desirable addresses.

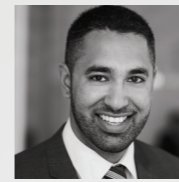
Like her colleagues throughout our global network, she knows exactly how to market the finest homes to buyers across the globe.

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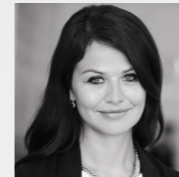
Contacts



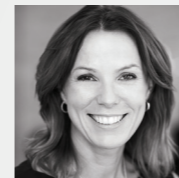
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