Hong Kong
Occupational Retirement Schemes

Powerful Trust Solutions

LEGACY TRUST

Table of Contents

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No man in the country is under the smallest obligation, moral or other, so to arrange his legal relations to his business or property as to enable the Inland Revenue to put the largest possible shovel in his stores. The Inland Revenue is not slow, and quite rightly, to take every advantage which is open to it under the Taxing Statutes for the purposes of depleting the taxpayer's pocket. And the taxpayer is in like manner entitled to be astute to prevent, so far as he honestly can, the depletion of his means by the Inland Revenue.

James Avon Clyde, Lord Clyde, Privy Counsellor, Lord Justice General and Lord President of the Court of Session in the case of Ayrshire Pullman Motor Services v Inland Revenue [1929] 14 Tax Case 754, at 763,764

Hong Kong
Occupational Retirement Schemes (ORS)

The Hong Kong ORS is arguably the most tax efficient pension structure available to high net worth individuals.

HK ORS are available to anyone, working in any occupation in any location, globally.

Due to the generous Hong Kong Occupational Retirement Schemes Ordinance (ORSO) tax regime and favourable use of double taxation agreements, no matter what your nationality, no matter where you currently reside for tax purposes, either now or in the future, the ORS works as an extremely efficient tax-planning tool. The ORS allows you to defer Income Tax and Capital Gains Tax. It is our belief that tax deferred is tax saved. It can accept most transferred pensions and/or registered plans with no limits. Also, there is no requirement to buy an annuity on retirement, and it will eliminate the half pension for a surviving spouse and secure capital for chosen heirs.

The ORSO makes it possible for individuals to establish a retirement pension plan that provides significant positive tax advantages; eliminates inheritance tax on succession; and gives members the discretion to choose from an almost unfettered class and location of investments.

Hong Kong effectively offers these benefits alongside low taxes; no estate duty; no wealth tax; no capital gains tax; no withholding tax; no VAT; and income tax freedom for the residents of 28 countries in retirement.

The key to these benefits is legitimacy. Hong Kong is not a tax haven and therefore it is not included in "black lists" as are many tax havens. These jurisdictions often attempt to hide assets through

Conversely, Hong Kong, reflects simply a straight forward, legitimate, long existent low tax system with attractive, genuine open pension planning for international and local clientele who wish to have safe/reliable capital to draw on when they retire.

complicated rule bending procedures and are increasingly the subject of witch hunts by aggressive revenue authorities and are losing their relevance in pension planning management.

While the effect of efficient pension planning is much lower taxes on your estate, this is not a scheme developed for tax avoidance. Instead, the Hong Kong pension regime will maximise the return on your wealth by managing the pension assets in order to avoid double-taxation regulations, overlapping taxes, and unnecessary taxation fees through poor future planning and a mere ignorance of taxation law.

- Hong Kong is a low tax environment rather than a “tax haven”;
- Retirement programmes in Hong Kong are fully OECD compliant being regulated and supervised by Government regulators;
- No regulatory investment restrictions in Hong Kong;
- No tax on the ORS or its members in Hong Kong;
- Tax-free distributions in 28 countries;
- Eliminates the requirement for annuity or a half pension for the surviving spouse;
- An ORS can survive your demise and so act as a multigenerational asset protect structure;
- No deemed disposition on death or estate tax in Hong Kong.

Hong Kong
ORS Key Benefits

Most overseas pension regulators severely restrict the categories of investment assets that they are allowed to hold. Hong Kong, on the other hand, unlocks the possibilities of investment capacity to include the widest range of investments and locations, and permits maximum return on your assets.

Legal Recognition

Occupational Retirement Schemes are established under Hong Kong's Occupational Retirement Schemes Ordinance, Cap 426 (ORSO). Each scheme is Registered with the Mandatory Provident Fund Schemes Authority (MPFA).

ORS are tax-recognised by the Hong Kong Inland Revenue Department under the Inland Revenue Ordinance, Cap 112, and are also recognised to be genuine Occupational Retirement Schemes by taxing authorities globally, including the UK's HMRC and the US' Internal Revenue Service.

Legacy Trust Company Limited is an administrator to various ORS. LTC is a Registered Trust Company in Hong Kong under part VIII of the Trustee Ordinance, Cap 29.

Member Benefits

Reporting requirements costs are significantly less in Hong Kong than elsewhere and that helps to enhance absolute returns on investments:

- Tax-free roll up and distribution in most OECD countries, combined with appropriate use of double taxation agreements;
- Client confidentiality under FATCA and CRS (AEoI), all ORS accounts are "excluded account";
- No artificial or regulatory restrictions on investments;
- No maximum contribution restrictions;
- Retire anytime you choose;
- Tax free retirement income;
- Trust Governed under Hong Kong Law;
- No tax on the scheme or its member;
- Freedom of investment, category, location and currency choice;
- No Income tax, Capital Gains tax on underlying funds;
- No compulsory purchase of annuity;
- Lump sum payments are available on retirement;
- No profits tax on property traded within the ORS Trust;
- It can fully mitigate taxes depending on your domicile, on both a current basis and death basis;
- It can consolidate your fragmented portfolio to create a greater buying power and potentially better investment opportunities;
- Asset protection under Hong Kong Law, neither a spouse nor anyone else may seize trust assets;
- The Trust can hold cash, property, land, mutual funds, stock options, bullion, private shares, hedge funds, art collections, vehicles, jewellery, fine wines, bonds and more;
- You do not have to be a Hong Kong resident to set up an ORS;
- Set your own retirement date, irrespective of age;
- ORS may be issued in the form of a trust or a corporation to suit either common or civil law countries.

In the unfortunate event of the pension holder's death, the estate is effectively distributed to the desired recipients completely tax free, thereby creating substantial tax savings on succession.

> Don’t simply retire from something; have something to retire to.
>
> Harry Emerson Fosdick

International Tax Treatment of Pension & Retirement Funds

The OECD has set out a series of standards of co-ordination and co-operation amongst member nations regarding the treatment of international pensions funds.

The Organisation of Economic Co-operation and Development (OECD) is an international organisation made of 34 member countries spanning the globe, from North and South America to Europe and the Asia-Pacific region. It includes many of the world’s most advanced countries but also emerging countries like Mexico, Chile and Turkey. OECD members work closely with emerging giants like China, India and Brazil, and developing economies in Africa, Asia, Latin America and the Caribbean. One of the international agreements promoted and utilised by members is the double taxation agreement.

Double Taxation Agreements are important treaties. Amongst the many points they cover, they define which taxes are included and who is a resident and eligible for benefits; define the circumstances in which income of individuals resident in one country will be taxed in the other country, including salary, self-employment, pension, and other income; and provide for exemption of certain types of organisations or individuals. As they are inter-governmental agreements, they override local tax codes.

List of Hong Kong Double Taxation Avoidance Agreements where the treaty provides from income tax freedom on the HK ORS pension income to residents:

Austria	Hungary	Luxembourg	Russia
Belgium	Indonesia	Malaysia	Republic of South Africa
Brunei	Ireland	Malta	Switzerland
Canada	Jersey	Mexico	Thailand
Czech	Korea	Netherlands	UAE
France	Kuwait	Peoples Republic of China	United Kingdom
Guernsey	Liechtenstein	Qatar	Vietnam

(LST)
Legacy Superannuation Trust

Legacy Superannuation Trust (LST), is an Exempt ORS regulated by the MPFA. It takes advantage of Hong Kong's liberal tax and retirement regimes to offer transparency, tax advantages, and unparallelled flexibility in succession planning to the international professional market place.

Legacy Superannuation Trust (LST) is a Hong Kong Mandatory Provident Fund Authority-regulated Occupational Retirement Scheme (ORS). As a registered and tax-recognised retirement scheme, LST is open to both local and overseas members. Local ORS law, and the non-vested nature of the trust, provides transparency, favourable tax treatment, robust creditor protection, and unparallelled flexibility in succession planning, and privacy as an "excluded account" under both FATCA and CRS.

LST is positioned to act as a host for global retirement programmes, and may act as a platform for wealthy individuals looking to secure their capital. In conjunction with an increasing number of tax treaties which Hong Kong has agreed with countries around the world, the Trust will shield the growth of its members' overseas assets from local taxation. Even when they become tax resident in jurisdictions such as France, the UK, Indonesia, Switzerland, South Africa and in all 28 countries, the pension income is tax free to residents.

Due to tightening tax and anti money laundering rules in countries around the world and the proliferation of anti double taxation treaties between Hong Kong and a host of other countries, and its status as an "excluded account" under FATCA and CRS, LST is positioned to act as a host for retirement programmes transferred in from other jurisdictions. The LST will act as a platform for wealthy individuals looking to secure their capital and prevent their overseas assets from becoming captured in "worldwide taxation" nets when they become tax resident in jurisdictions such as within the EU, UK, Canada and others.

The ORS provides a transparent, tax-favoured structure to aid in the emigration from countries such as the P.R.C., Malaysia, Indonesia and other Asian countries typically to the western bloc nations.

Hong Kong
ORS Regulators

Legacy Superannuation Trust Certificate of Exemption.

Hong Kong's Mandatory Provident Fund Schemes Authority (MPFA) regulates the Legacy Superannuation Trust. The MPFA's functions include, but are not limited to, the following:

- Responsibility for ensuring compliance with the Occupational Retirement Schemes Ordinance (ORSO);
- Registering Provident Fund Schemes as Registered Schemes;
- Approving qualified persons to be approved Trustee of registered Schemes;
- Regulating the affairs and activities of approved Trustees;
- To ensure, as far as is reasonably practicable, that Trustees administer the registered Schemes for which they are responsible in a prudent manner;
- Making rules or guidelines for the payment of mandatory contributions and for the administration of registered Schemes with respect to those contributions;
- Considering and proposing reforms of the law relating to Occupational Retirement Schemes or Provident Fund Schemes;
- Promoting and encouraging the development of the Retirement Scheme industry in Hong Kong, including the adoption of a high standard of conduct and sound prudent business practices by the Trustee and other service providers.

The MPFA also acts as Registrar of Occupational Retirement Schemes as provided under section 5(1) of the Occupational Retirement Schemes Ordinance (Chapter 426, Laws of Hong Kong). The ORSO came into force on 15 October 1993, and is the governing legislation for the regulation of voluntary Occupational Retirement Schemes operating in or from Hong Kong.

The ORSO aims to regulate the Retirement Schemes industry through a registration system to ensure that all voluntarily established ORSO Schemes are adequately funded and properly administered, and to provide greater certainty that Retirement Scheme benefits promised to employees will be paid when they fall due.

The Ordinance applies to all ORSO Schemes operated in and from Hong Kong. It also covers Offshore Schemes (i.e. Schemes whose domicile is outside Hong Kong, where the Scheme or Trust is governed by a foreign system of law) which provide retirement benefits to Members employed in Hong Kong. All ORSO Schemes must be registered or granted an exemption certificate by the Registrar in accordance with ORSO.

The rules of individual ORSO Schemes such as coverage, enrolment arrangements, contribution rate and vesting scale are specified in the respective governing rules of the Schemes.

What's
Next?

Legacy Trust Company has created ORS for different markets.

LEGACY SUPERANNUATION TRUST PREMIERE	A full service ORS that caters to both the moderately wealthy and sophisticated investor, providing them with unlimited investment options that include physical property, listed securities, private company shares, real estate and more, as well as 100% creditor protection, privacy and globally unique estate planning options.
LEGACY SUPERANNUATION TRUST	Legacy Superannuation Trust provides members with a more tightly focused version of the Legacy Superannuation Trust - Premiere, upon which it is built. Legacy Superannuation Trust caters to the individual with more basic requirements, and who initially contributes one asset class, such as cash or listed securities. Additional asset classes, such as real estate or precious metals, may be included with additional fees.
PREMIER PLUS SUPER TRUST	Premier Plus is a stand-alone ORS which provides Chinese mainland and diaspora clients with the opportunity to globally diversify their pension assets using a PRC and Hong Kong tax recognised account, with 100% creditor protection, internationally approved confidentiality and exciting estate planning options.
CAPITAL CORPORATION RETIREMENT PLAN	This plan is available to investors who wish to take advantage of UK and EU laws that permit the transfer of their UK-based pensions to qualifying recognised overseas pension schemes. Our qualifying recognised overseas pension scheme (QROPS) provides benefits that are not available to traditional QROPS providers, such as the ability to invest back into the UK property market and invest into private companies, with full creditor protection and enhanced estate planning benefits.

Each of the above ORS benefit from OECD tax recognition and their inclusion in Hong Kong Double Taxation Agreements, which provide for full tax deferral during accumulation, and income tax freedom at distribution for the residents of 28 countries. These countries include the People' s Republic of China, South Korea, Malaysia, the United Kingdom, Canada, Mexico, France, Belgium, Holland, Thailand, South Africa, and Indonesia.

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