

INTERVIEW: Private Client Law Firm Eyes Under-Served French Market As Tax Complexities Grow

Tom Burroughes, Group Editor , London, 30 November 2015



This publication interviews a new player in France's private client law arena - a firm with a specialist focus on tax.

Arkwood, located in Paris, is a recently-launched boutique tax law firm working with private clients. Continental Europe is seeing a number of developments driving demand for such businesses, such as ever-growing attempts by governments to control cross-border assets, or the arrival a few months ago of the European Union's succession regime for wills. This publication spoke to Stéphanie Auferil, partner. The founders of this firm specialise in tax law.

Who are the founders?

The founders of Arkwood are all well-known practitioners coming from Baker & McKenzie (Stephanie Auferil, Marine Dupas, Michael Khayat and Julien Riahi). They have been working together for many years.

Why did you set up the firm and what were the main reasons for doing so? When did you take the decision to set up the business?

The decision to set up the firm was a response to the wealth management market demands that are more and more attracted by independent boutique law firms offering flexibility, proximity together with a high quality tailor-made service. The decision was [enacted] in the course of 2015.

What markets do you serve? Is it just France, or further afield?

We are French tax law experts working on complex and cross-border structuring. As such we accompany French clients with foreign connections (assets, family, transfer of residence), as well as non-French clients investing in France or having other French connections (real estate structuring, trusts with French resident beneficiaries...). We have become one of the few French experts on trusts and foreign life insurance.

Does your firm have any specific targets in terms of the type of clients you want to serve, or numbers?

We aim at focusing on families (entrepreneurs, HNWI and UHNWI) and financial institutions (private banks, life insurance companies, trust companies). We want to build a long-term relationship with our clients to become their trusted advisor, rather than multiplying cookie-cutter/one shot tasks. We actually care about our clients and feel rewarded when they introduce us to their acquaintances.

Please set out some of the main requirements that clients have at the moment. Can you give some concrete examples of the kind of work that you do for clients?

Transparency and compliance is one of the main requirements of our clients (for both financial institutions and families) within the framework of the current changes of legislations and complexity triggered by cross-border situations. We help many clients with complex trust issues involving several jurisdictions: how to organise or reorganise trusts having beneficiaries in France, Spain and Belgium. We assist clients with voluntary procedures in order to regularise the situation for the past if need be, we assess whether the main objectives of the trust planning is tax efficient and we advise on the best steps to be taken for the future (isolation of the assets per jurisdiction, use of life insurance strategies for the French clients, estate planning...).

How well served are such private clients in France? Is there a lack of talented advice for people? Is it improving/worsening?

Until recently, the French private clients were poorly served, especially on cross-border issues. Many families were advised by their local family lawyers/notaries, often not qualified in international issues. Recently through the voluntary disclosure programmes many firms developed a wealth management practice, though very few have a true international background and knowledge of foreign tools (trusts, foundations, foreign life insurance, etc.).

Where, in terms of other countries, would you consider working in terms of clients? How much of what you do is cross-border?

Some 80 per cent of our work is cross-border. The other countries/regions that we have to deal with are European countries (mainly the UK, Belgium, Luxembourg, Switzerland and Spain), the US, Middle East and Asia.

What are the main tax issues that you are likely to handle for clients? Can you give some examples of what you think are the most challenging?

Post-voluntary disclosure structuring (tax efficient strategies for holding of wealth and estate planning), relocation outside France, real estate structuring, and tax litigation. Estate planning, transmission of businesses and family companies remain, of course, a major issue on both tax and civil law aspects for our clients. Many of our clients are overwhelmed by the increasing complex and changing regulations, especially when they need to deal with multiple jurisdictions. We guide them in a holistic approach and clarify their options in a way that efficiently combines their expectations of tax efficiency together with the risks deriving from the instability of legislations. Also one of the most challenging for the future will be the tight border between tax planning and tax fraud, and the aggressive approach of the French administration on these, leading to hard tax disputes.

Have you seen much impact on your business from the recent EU Succession Directive?

Discussions around the EU Succession Directive and its entry into force increased the degree of knowledge of our clients, although we have been advising our clients for a long time to review their estate planning and matrimonial regime when leaving or coming to France. Many unresolved questions remain, especially with third-party countries (those outside the EU or which do not apply the Directive), but the EU Succession Directive is definitely a powerful tool for estate planning of mobile family clients.

Are there other points you would like to make?

Families are demanding of technical excellence and high quality services, while deeply attached to

tailor-made approach and long term commitment from their advisors. Boutique law firms providing high quality standards answer this demand.

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