

Estate and succession planning: a time to reflect

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The coronavirus pandemic has infiltrated all of our lives, in one way or another, without discriminating between nationality, class, culture, faith, profession or social standing. We are now getting used to living alongside the virus and to a new normal, however there was a moment when it brought the world to a standstill and with it, brought a moment to pause for reflection. A moment to reflect on the future, to organise one's legal affairs and to focus on good estate planning. Many of our clients have come to us to assess and advise on their personal affairs in the UAE and below, we share a list of top tips to keep in mind when considering yours:

Wills

Register a Will or review any existing Will to ensure that it remains up to date and in accordance with your wishes. Wills can cover not only assets but also guardianship of minor children. For non-Muslims, there are two well tried and tested options in the UAE to register Wills, being the Dubai International Financial Centre or the Abu Dhabi Judicial Department and for Muslims, a Sharia compliant Will can be registered before the local courts.

Trusts

As with Wills, trusts should also be considered and/or reviewed to ensure that a settlor remains happy with the assets incorporated, the financial strategy of the trust, the trustee as well as the beneficiaries.

Succession planning

Taking the time to consider a good succession plan for your business, in the event you become incapacitated, is critical to ensuring that business operations continue well and successfully into the future.

Life insurance

Life insurance falls outside of local inheritance laws and so is something worth considering putting in place since it would ensure that the named beneficiary would get an immediate cash payout which would not be delayed by the probate process. It is also worth mentioning here that, in the unexpected case of death of a bank account holder, even jointly held bank accounts, the account will be frozen and so the immediate payout of life insurance proceeds can really assist loved ones in their time of need.

Power of attorney

Whilst the UAE does not permit irrevocable powers of attorney, it is still a good idea to review the powers and authority in place and to assess whether the attorney is still someone you would trust to carry out those powers on your behalf.

Gifts

Consider whether you wish to make any lifetime gifts which can be a good estate and/or tax planning tool providing certain criteria are met.

Tax implications

The pandemic has prevented many people from being able to return to their country of domicile and/or residency. It is important to check the tax rules of where you are or have been to ensure that the number of days spent there have not triggered any tax implications. Some tax authorities, such as the UK and OECD, have opined that the number of days spent in forced quarantine due to the pandemic will not count towards the statutory residency test but it is important to check the exact dates and rules in each country.

Documents

Best practice is always to ensure that important documents are kept in a safe and known place, thus making it easier for family members to get access to relevant information should the need arise. It is also important to ensure that such documents are legalised, attested and translated into Arabic (as applicable) as required by the UAE government and courts. Given that so much of our lives are now online (bank and investment accounts, utility bills, emails etc.), it is recommended to have a record of these digital assets, readily accessible to family members should the need arise.

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