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The Geography of Trust

Why some jurisdictions attract capital and others repel it: a legal-strategic reading of international wealth flows

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Contents

Executive Summary

International capital does not distribute itself at random. It concentrates, with almost physiological regularity, in a small number of jurisdictions; it avoids others with equal consistency. The conventional explanation — taxation — is only partly true, and decreasingly so. The evidence of the past two decades shows that capital does not simply chase the lowest rate: it chases predictability. It moves towards legal systems that offer certainty of law, institutional stability, effective protection of property, high-quality financial regulation and a professional infrastructure capable of structuring, administering and defending wealth over time.

This white paper proposes a legal-strategic reading of the geography of capital. It analyses the factors that make a jurisdiction attractive — from the quality of its courts to the availability of sophisticated wealth-planning instruments — and, conversely, the factors that make it repellent: regulatory instability, retroactivity, bureaucracy, judicial delay, an erratic use of the tax lever. It then situates the phenomenon within the international regulatory framework built by the OECD, the CRS, BEPS, anti-abuse directives and anti-money-laundering rules, which has transformed competition between States: no longer a race to the bottom on tax, but competition on the overall quality of the legal-institutional system.

A comparative analysis of six jurisdictions — Switzerland, Luxembourg, the United Kingdom, Singapore, the United Arab Emirates and Italy — shows that the winning hubs combine attractiveness with international legitimacy, substance with reputation. Italy occupies an ambivalent position: endowed with real, industrial and human assets of the first order and with competitive attraction regimes, it nevertheless suffers a structural deficit of regulatory predictability and administrative efficiency that constrains its potential.

The concluding thesis is clear-cut: in the post-globalisation era, the jurisdiction itself has become an infrastructure of trust. Capital does not merely seek returns; it seeks reliable legal orders, predictable rules and institutions capable of protecting the long time of wealth.

1. The economic phenomenon: the geography of capital

1.1 Mobility, selectivity, sensitivity to legal risk

Contemporary capital displays three structural characteristics: it is mobile, it is selective, and it is sensitive to legal risk. Mobility is the legacy of the liberalisation of capital movements, the digitalisation of financial services and the standardisation of investment instruments: a financial portfolio can be reallocated across jurisdictions in a matter of weeks, a tax residence in months, a holding company within a financial year. Selectivity is the consequence of an abundance of alternatives: when dozens of legal systems compete to attract the same resources, capital can afford to choose — and it chooses by comparing not individual parameters but entire systems.

The third characteristic is the least understood and the most decisive: sensitivity to legal risk. For the international investor, the risk of a jurisdiction is not merely market risk or currency risk; it is the risk that the rules will change after the investment decision has been taken, that an administrative interpretation will overturn a settled arrangement, that litigation will take a decade to reach a conclusion, that a formally recognised property right will prove, in practice, unenforceable. This risk — which we might call systemic legal risk, or ordinamental risk — cannot be diversified away with the tools of finance: it can be managed only by choosing the jurisdiction.

1.2 Flight to quality applied to jurisdictions

Finance has always known the phenomenon of flight to quality: in times of uncertainty, investors abandon risky assets and take refuge in those perceived as safe. The same mechanism operates, on a longer time scale, between legal systems. When the perception of global risk rises — through geopolitical tension, monetary instability, conflict, regulatory upheaval — wealth does not merely change asset class: it changes jurisdiction. It moves towards systems that offer political neutrality, a stable currency, tested institutions, legitimate confidentiality and effective procedural safeguards.

Jurisdictional flight to quality explains phenomena that would otherwise appear paradoxical: the enduring attractiveness of legal systems whose taxation is anything but symbolic, such as Switzerland for private banking or Luxembourg for funds; Singapore's ability to attract Asian and global family offices despite ever-tighter substance requirements; London's resilience as a financial centre even after divisive political choices. In all these cases, capital willingly pays a premium — fiscal, administrative, compliance-related — in exchange for institutional quality.

1.3 The species of capital

To speak of capital in the singular is a simplification. For the purposes of jurisdictional analysis it is useful to distinguish at least five species, each with its own preference function. Productive capital — direct investment, plants, supply chains — favours long-term regulatory stability, quality of human capital, access to end markets and certainty in labour and contractual relations; it is the least mobile form of capital and, for that very reason, the most demanding on predictability. Financial capital — portfolios, funds, investment vehicles — favours market efficiency, regulatory quality, distribution passporting and the tax neutrality of vehicles; it is the most mobile and the quickest to punish policy errors.

Family capital — dynastic wealth, family businesses, real estate — reasons across generational horizons: it seeks reliable succession-planning instruments, asset protection, legitimate confidentiality and a sustainable, stable taxation of transfers. Institutional capital — pension funds, insurers, sovereign wealth funds — is bound by fiduciary mandates and prudential requirements that steer it towards jurisdictions with high reputational and regulatory ratings. Refuge capital, finally, flees environments perceived as hostile — through political instability, exchange controls, expropriation risk — and demands, above all, safety: it is the capital for which the jurisdiction is not an optimisation variable but a survival policy.

A mature jurisdiction knows that these species are not attracted by the same levers, and that policies designed for one may repel another. It is the composition of the capital attracted, not its volume, that defines the quality of a financial centre.

1.4 Competition between States in the post-globalisation era

Globalisation had promised a tendentially homogeneous economic space, in which the jurisdictional variable would become marginal. The opposite has occurred. Geopolitical fragmentation, the return of sanctions as an ordinary instrument of foreign policy, the weaponisation of finance and payments, and technological competition between blocs have restored centrality to the question: under which legal order do I place my wealth? Selective deglobalisation does not reduce the mobility of capital; it makes it more reflective. Capital continues to move, but it moves while asking questions that in the 1990s seemed obsolete: will this State protect my rights even in a crisis scenario? Will this financial centre remain accessible, neutral, reliable?

In this context, States compete openly to attract wealthy residents, family offices, funds, businesses and talent, with instruments ranging from special tax regimes to investor visas, from free zones to regulatory sandboxes. But the deeper competition is not played out on incentives: it is played out on the credibility of the legal order as a whole. This is the premise of the analysis that follows.

2. The factors that attract capital

2.1 Political and institutional stability

The first factor of attraction is stability, understood not as immobility but as continuity in the rules of the game as political majorities change. The jurisdictions that attract capital structurally — Switzerland, Singapore, Luxembourg — share one characteristic: political alternation does not call into question the fundamental architecture of the economic-legal system, the protection of property, openness to foreign capital, or the independence of supervisory authorities and the judiciary. The investor does not have to price the risk of radical reversals at every electoral cycle. This continuity is the product of institutional architectures — federalism, consensus democracy, professional administration — that make regulatory change gradual, negotiated and predictable.

2.2 Legal certainty and the quality of justice

Legal certainty is the enabling condition of all wealth planning. It is composed of distinct but convergent elements: clarity and stability of legislative sources; consistency of administrative and judicial interpretation; effective — and not merely proclaimed — non-retroactivity of unfavourable rules; the availability of instruments for advance engagement with the administration, such as binding rulings; and, above all, a civil and tax justice system capable of deciding within timeframes compatible with economic life. An excellent substantive law that cannot be enforced within a reasonable time is, for the investor, equivalent to no law at all. It is no coincidence that common-law jurisdictions — England, Singapore, Hong Kong, Delaware — have built a substantial part of their attractiveness on the quality and speed of their commercial courts, to the point of exporting their own forum through choice-of-law and choice-of-court clauses in international contracts.

> **THE ROLE OF LEGAL CERTAINTY IN THE PROTECTION OF WEALTH**
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> *Asset protection is commonly associated with instruments: trusts, foundations, holding companies, insurance policies. But every instrument is worth only as much as the legal order that recognises and enforces it. A trust is as solid as the case law that defines its boundaries and the courts that guarantee its enforcement; a holding company is as efficient as the stability of the regime governing its dividends and capital gains; a life policy is as protective as the settled discipline of its unseizability and its succession treatment. Legal certainty is, in this sense, the true underlying asset of every wealth structure: when it fails — through retroactivity, aggressive recharacterisation, oscillating case law — no architecture, however sophisticated, can compensate for it. The first wealth-planning decision is not which instrument to use, but under which legal order to place it.*

2.3 Tax predictability and administrative efficiency

The tax variable matters less in its level than in its predictability. A moderate but stable rate, accompanied by consistent administrative practice and instruments of advance certainty, attracts more than a low rate exposed to continuous revision, ex-post recharacterisation and oscillating interpretation. The investor reasons over multi-year horizons: what must be calculable is the expected tax burden over the entire horizon, not that of the first financial year. Tax predictability is complemented by administrative efficiency: certain timeframes for authorisations, registrations and filings; genuine digitalisation of procedures; a tax administration that behaves as a technical counterpart rather than an adversary. The most attractive jurisdictions have turned administration into a competitive factor: consider the speed with which Singapore or the Emirates process incorporations and licences, or the culture of the advance ruling that characterises Luxembourg, the Netherlands and Switzerland.

2.4 Protection of property and investor safeguards

The protection of private property is the ultimate foundation of attractiveness. It comprises constitutional guarantees against expropriation and confiscatory levies, protection from arbitrary interference, the reliability of registers — land, corporate, of rights in rem — and access to effective judicial remedies, including, for cross-border investments, the protection mechanisms provided by bilateral investment treaties and multilateral conventions. Alongside this static dimension stands the dynamic protection of the financial investor: conduct rules for intermediaries, segregation of assets, deposit and investor guarantee schemes, credible prudential supervision, a predictable bank-crisis discipline. Trust in a financial centre is built over decades and measured in crises: jurisdictions that have managed their banking crises with order and transparency have emerged stronger; those that improvised have paid a lasting reputational cost.

2.5 Quality of financial regulation and international reputation

The quality of regulation does not coincide with its lightness. Markets reward regulators that are competent, independent, predictable and capable of technical dialogue: credible supervision lowers the cost of capital, enables product passporting, and attracts institutional operators that cannot afford opaque jurisdictions. International reputation is the synthesis of all the preceding factors in the eyes of third parties: sovereign rating, position in rule-of-law and competitiveness indices, absence from lists of non-cooperative jurisdictions, outcomes of Financial Action Task Force evaluations on anti-money-laundering. Reputation has a precise economic property: it is a multiplier. A good reputation lowers transaction costs for every operator in the marketplace — correspondent banks accept the flows, counterparties recognise the vehicles, foreign administrations respect the structures — while a compromised reputation forces each operator to demonstrate its legitimacy case by case.

2.6 Market access and professional infrastructure

Capital locates where it can operate. Market access — the European passport for financial products, the network of double-taxation treaties, free-trade agreements, full currency convertibility — determines the operational perimeter of a structure and hence its value. Luxembourg would not be Europe's leading fund domicile without the UCITS and AIFMD passports; Singapore would not be Asia's wealth-management hub without its treaty network and its position in Asian value chains.

Alongside market access operates a factor systematically undervalued by public policy and systematically decisive in private choices: professional infrastructure. An attractive jurisdiction is an ecosystem of private and depositary banks, law and tax firms of international standard, trustees and fiduciaries, auditors, asset managers, fund administrators, family offices, notaries and specialised providers. This human and organisational capital cannot be improvised: it is the product of decades of practice, training and case law. And it is what makes a financial centre operational: capital may be attracted by an incentive, but it stays where it finds those who can administer it with competence and continuity.

2.7 Sophisticated wealth-planning instruments

Finally, attractiveness depends on the toolbox that the legal order makes available: trusts recognised and supported by settled case law; family foundations; holding companies with stable participation-exemption regimes; regulated funds and vehicles with tax neutrality; domestic and foreign life-insurance policies with a clear discipline; flexible private-capital structures; special residence regimes for individuals. The richness of the toolbox is not a technical luxury: it is what allows the wealth structure to be adapted to the specific circumstances of each family or business, to govern generational transition, to segregate risks, to combine protection with compliance. The leading jurisdictions — consider Luxembourg, with a range running from the SOPARFI to the reserved alternative investment fund, or Singapore with its dedicated family-office structures — constantly update this toolbox, in a continuous dialogue between legislator, supervisory authority and the professional industry.

3. The factors that repel capital

3.1 Regulatory instability and retroactivity

If predictability attracts, instability repels with greater force: the economic literature on loss aversion finds here a precise jurisdictional translation. Capital tolerates strict rules; it does not tolerate shifting ones. Regulatory instability takes different forms: the frequent modification of tax regimes, including those introduced to attract; torrential and disorganic legislative production, entrusted to emergency decrees and to provisions inserted into heterogeneous measures; explicit retroactivity or, more often, retroactivity disguised as authentic interpretation; prolonged interpretative uncertainty on central institutions. Every episode of instability produces damage exceeding its object: it signals that nothing, in that legal order, can be considered settled. It is the most expensive signal a jurisdiction can send, because it transmits reputationally to all operators and cannot be erased by the next measure.

3.2 Tax pressure perceived as unpredictable and the erratic use of the tax lever

It is not the rate that repels: it is the unpredictability of the levy. A high but stable tax burden is compatible with the attraction of capital, as the Nordic countries demonstrate; a medium but erratic tax burden — made of extraordinary levies announced and withdrawn, of taxes introduced and reformed within a few financial years, of recurring threats to settled regimes — generates a risk premium that no incentive can offset. A particular case of incoherence is the use of the tax lever as an instrument of political messaging: announcements of tightening never enacted, or enacted in a form different from the announcement, produce real damage even when the final rule is mild, because the investor decides on the basis of expectations, not of official gazettes.

3.3 Bureaucracy, judicial delay and weak protection of property rights

Inefficient bureaucracy operates as a hidden tax, but with an aggravating feature: it is a tax of uncertain amount. Unpredictable authorisation timeframes, redundant filings, administrations uncoordinated among themselves turn every project into an operational risk. Judicial delay is the most documented repellent factor: where the recovery of a debt or the resolution of a corporate dispute takes many years, substantive law loses effectiveness and the cost of capital incorporates a judicial-illiquidity premium. Weak protection of property rights — tax claims based on presumptions, seizures granted liberally and lifted slowly, uncertainty over the perimeter of patrimonial liability — completes the picture: capital does not ask for impunity; it asks that limitations on its rights be typified, proportionate and reviewable within a reasonable time.

3.4 Exchange controls, political risk and perceived hostility

There are then absolute repellent factors, which expel capital regardless of every other merit of the legal order: exchange controls and restrictions on capital movements, even merely threatened; the risk of freezes, confiscations or expropriations for political reasons; political instability that makes institutional continuity itself unpredictable. Alongside these operates a subtler factor: the perception of hostility. A jurisdiction may possess formally adequate rules and yet communicate — through public rhetoric, administrative practice or the orientation of its controls — that capital, especially if foreign, especially if family-held, is regarded with suspicion. This perception, difficult to measure but constantly priced, explains why jurisdictions with comparable fundamentals record divergent wealth flows.

3.5 Absence of professional infrastructure and reputational isolation

Lastly, capital is repelled by the absence of a qualified professional ecosystem: without recognised depositary banks, advisors of international standard, reliable trustees and competent administrators, even the most generous incentives remain unusable, because capital finds no one to structure and administer it. And it is repelled, in ever more severe form, by reputational isolation: inclusion in lists of non-cooperative jurisdictions, negative anti-money-laundering evaluations, the perception of opacity lead to exclusion from international banking circuits through the de-risking of correspondent banks. In contemporary finance, access to the payments system is a jurisdiction's true reserve currency: to lose it is to exit the market, whatever the tax offer.

4. Taxation: an incentive, not the only factor

4.1 The demise of the old paradigm

For most of the late twentieth century, competition between jurisdictions was played out on the elementary equation "low taxation = attraction of capital". That paradigm has been superseded for structural reasons. First, transparency: the automatic exchange of information has eliminated the value of concealment, which constituted the implicit component of many aggressive tax offers. Second, substance: the substance requirements introduced by the BEPS project and by national anti-abuse rules have rendered purely paper structures ineffective, requiring genuine presence, real governance and coherence between legal form and economic activity. Third, the tax floor: the 15% global minimum tax for large groups (Pillar Two) has narrowed the space for competition on corporate rates, shifting the contest onto what the rate does not measure.

4.2 Attractive regimes, opaque regimes, unstable regimes

In the current framework it is useful to distinguish three families of regimes. Attractive and legitimised regimes combine a competitive tax offer with transparency, substance and international cooperation: they are the regimes that withstand the scrutiny of the OECD and the European Union and that therefore offer the investor not merely a saving, but a defensible saving. Opaque regimes base their attractiveness on non-knowability: they are on the road to extinction, not through moral conversion of the legal orders concerned but because their product — secrecy — is no longer technically available in a world of automatic exchange and beneficial-ownership registers. Unstable regimes, finally, offer nominally generous conditions exposed to revision: they are the most insidious, because they attract capital that then remains trapped in the changing of the rules. The story of special regimes reformed or abolished a few years after their introduction — of which the British case of the resident non-domiciled is the most eloquent example — demonstrates that the quality of a tax regime is measured by its expected duration, not by its initial generosity.

4.3 Compliance as a component of the jurisdictional product

In the selection of a jurisdiction, compliance has moved from ancillary cost to essential component of the product. The sophisticated investor no longer asks merely "how much do I pay", but "will this structure be recognised by banks, by foreign administrations, by beneficial-ownership registers, by anti-money-laundering safeguards?". A structure that is tax-efficient but banking-unusable — because no institution is willing to open an account for it or process its flows — has zero value. From this follows an operational criterion: the optimal tax regime is the one that maximises the saving compatible with the full international recognisability of the structure. It is a constrained function, and the constraint is ever tighter.

TAXATION IS NOT ENOUGH: WHY CAPITAL FOLLOWS TRUST

If taxation were the dominant factor, the map of capital would coincide with the map of tax rates. It does not. Switzerland applies taxes that are anything but symbolic and remains the world's leading centre for cross-border private banking. Luxembourg is not a zero-tax jurisdiction, and it is Europe's leading fund domicile. Singapore has progressively tightened substance requirements and access thresholds for its incentives, and family offices continue to arrive. Conversely, jurisdictions with nominally zero taxation remain marginal in qualified wealth flows. The explanation is that the investor does not buy a tax rate: the investor buys a system — institutions,

> *courts, banks, professionals, reputation — within which the rate is only one variable. Trust is the scarce good; taxation is, at most, its list price.*

5. The international legal framework

5.1 The OECD architecture: transparency and substance

The context in which States compete is today delimited by an international regulatory architecture built in little more than a decade. The Common Reporting Standard (CRS) has made the automatic exchange of financial information the rule among more than one hundred jurisdictions, ending the era of banking secrecy as a planning tool: the tax administration of the State of residence knows, on an annual basis, the foreign financial accounts of its taxpayers. The BEPS (Base Erosion and Profit Shifting) project has attacked the misalignment between the place where value is created and the place where it is taxed, introducing minimum standards on treaty abuse, permanent establishment, transfer pricing and ruling transparency; its second pillar has established the global minimum tax for multinational groups. The systemic effect is the progressive welding of tax legitimacy to economic substance: the structure devoid of substance is no longer merely risky — it is programmatically ineffective.

5.2 European law: anti-abuse, anti-money-laundering, beneficial owners

The European Union has transposed and hardened these standards. The anti-tax-avoidance directives (ATAD) have introduced into all Member States general anti-abuse rules, controlled-foreign-company regimes, interest-deduction limitations and exit taxes; the directive on administrative cooperation, in its successive versions, has extended the exchange of information to cross-border planning arrangements (DAC6) and to digital platforms. Anti-money-laundering law, consolidated with the establishment of the European authority AMLA, has imposed beneficial-ownership registers, due-diligence obligations extended to professionals and corporate service providers, and reinforced safeguards on high-risk third countries. On the register question, the case law of the Court of Justice has recalled that transparency and fundamental rights must be balanced, limiting indiscriminate public access to beneficial-ownership data: a balance between legitimate knowability and confidentiality that will define the next regulatory season.

5.3 Cooperative jurisdictions and international legitimacy

Within this framework, the concept of the cooperative jurisdiction has become established: the legal order that adheres to transparency standards, exchanges information, requires substance and cooperates on anti-money-laundering. The lists — the EU list of non-cooperative jurisdictions, the evaluations of the Financial Action Task Force — function as a mechanism of reputational enforcement: inclusion entails defensive tax measures, non-deductibility, increased withholding, reinforced due-diligence obligations, and above all banking de-risking. The result is a structural tension that every jurisdiction must manage: maximising tax attractiveness erodes international legitimacy; maximising legitimacy reduces fiscal degrees of freedom. The winning jurisdictions are those that have resolved the tension by turning compliance into competitive advantage: offering fully recognised structures is worth, to qualified capital, more than any rate.

> **FROM TAX HAVENS TO COMPLIANT JURISDICTIONS**
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> *The trajectory of the traditional offshore centres illustrates the transformation of the jurisdictional market. The jurisdictions that bet on preserving opacity have been progressively expelled from international financial circuits. Those that anticipated the transition — adopting the CRS, beneficial-ownership registers, economic-substance requirements, recognised regulatory frameworks — have converted their model: from providers of secrecy to providers of*

specialisation. Jersey and Guernsey have repositioned themselves on fiduciary quality; Luxembourg abandoned banking secrecy to become the regulated factory of European funds; Singapore has built its attractiveness on rigorous supervision and mandatory substance; the Emirates themselves have introduced corporate taxation, economic-substance requirements and anti-money-laundering safeguards in order to exit the watch lists. The lesson is unambiguous: in the long run, it is not the jurisdiction that hides best that survives, but the one that structures best.

6. Comparative analysis of jurisdictions

6.1 Switzerland: stability as a product

Switzerland is the archetype of the trust-jurisdiction. Its offer is not fiscal in the strict sense — taxation, though mitigated by federalism and intercantonal competition, is not symbolic — but systemic: centuries of political neutrality, institutional stability guaranteed by direct democracy and consensus government, the Swiss franc as a refuge currency, credible supervision, and the world's densest private-banking infrastructure. Fiscal federalism allows an orderly internal competition, with instruments such as expenditure-based taxation for non-working residents; the ruling practice ensures advance engagement with the cantonal administrations. Vulnerabilities exist: high costs, the end of banking secrecy as a distinctive advantage, international pressure on the financial centre and the long reputational wake of the crisis of a major systemic institution — managed, it should be said, with speed. But Switzerland's function in the geography of capital remains unchanged: it is the jurisdiction in which one places what must not be put at risk.

6.2 Luxembourg: the regulated factory of European capital

Luxembourg has built its position on a specialisation: being the regulated domicile of European investment vehicles. The world's leading fund centre after the United States, it offers a range of structures — UCITS, alternative funds, RAIFs, holding companies, securitisation vehicles — supported by a technical regulator, tested administrative practice and a professional industry of global scale. The European passport is the multiplier: a Luxembourg vehicle distributes across the entire Union. The holding regime, founded on participation exemption and an extensive treaty network, makes it the natural node of international shareholding chains. The limits are the mirror image of the strengths: dependence on the European framework and its anti-abuse evolution, growing pressure on substance requirements for holding companies, rising costs, and a vocation more institutional than familial: Luxembourg structures capital; it rarely hosts it as a personal residence.

6.3 United Kingdom: the strength of the common law and the cost of instability

The United Kingdom encapsulates both attraction and warning. The attraction: the common law as the lingua franca of international contracts, commercial courts of worldwide reference, London as a global financial centre, the trust as the original wealth-planning technology, a professional ecosystem without equal in Europe. The warning: the story of the resident non-domiciled regime, a centuries-old institution progressively eroded and finally abolished, with the transition from 2025 to a temporary four-year exemption regime for foreign income and gains and the attraction of estates into the perimeter of a residence-based inheritance tax. Beyond the merits of the reform, the signal received by international wealth was one of revocability: what a legal order has maintained for generations can be dismantled in a single parliament. The outflows of wealthy residents towards Italy, Switzerland, the Emirates and the Mediterranean document that even the most prestigious jurisdiction pays for perceived instability, and that accumulated legal reputation is not a perpetual annuity.

6.4 Singapore: efficiency as a national strategy

Singapore has turned administrative quality into a development strategy. A common-law rule-of-law State, fast and specialised courts, a digital and efficient administration, long-run political stability, a hinge position between the capital of Southeast Asia, China and India: on these foundations the city-

State has built Asia's leading wealth-management hub. Its policy towards family offices — with exemption regimes conditioned on asset thresholds, local-investment requirements and effective substance — reveals the signature of the model: attract selectively, while demanding consideration in the form of rootedness. The constraints are scale, rising costs, and sensitivity to the geopolitical tension between the Western bloc and China, which is at once its opportunity and its risk. But Singapore demonstrates the central theorem of this paper: non-zero taxation, combined with systematic certainty and efficiency, beats the pure tax offer.

6.5 United Arab Emirates: the new frontier and its conditions

The United Arab Emirates are the phenomenon of the decade in wealth migration: no personal income taxation, corporate tax introduced at a moderate level, free zones with common-law regulatory frameworks (the DIFC and ADGM, endowed with their own English-language courts), long-term visa programmes, a geographic hinge position between Europe, Asia and Africa, and a capacity for attraction demonstrated by record inflows of high-net-worth individuals. The regulatory trajectory is significant: the introduction of economic-substance requirements, the reinforcement of anti-money-laundering safeguards after the FATF observation period, and adherence to the exchange of information signal the intention to convert attractiveness into legitimacy. Points of attention remain: a young legal system outside the free zones, cultural and succession-law distance from continental legal traditions, the dependence of effective tax residence on a genuine presence that many declared relocations lack, and an international reputation still under construction. For capital, the Emirates are today a serious option; their historical test — the management of the first true crisis, judicial or geopolitical — is yet to come.

6.6 Italy: the paradox of unfinished attractiveness

Italy is the jurisdiction of paradox: endowed with real assets that no competitor can replicate — real-estate and artistic heritage, manufacturing excellence, quality of life, human capital — and with competitive attraction regimes, it suffers a deficit of systemic credibility that compresses its potential. The new-resident regime, with its flat substitute tax on foreign income, has successfully intercepted the relocation demand of high-net-worth individuals, benefiting also from Britain's exit from the non-dom market; the doubling of the levy for new entrants, however, offered at once the proof of its attractiveness and the reminder of its modifiability. The Italian issue is not the offer, which exists: it is the frame. The detailed analysis is set out in the following section.

6.7 Other models of selective attraction

The comparative picture is completed by a few further references. The United States presents a double face: maximum depth of capital markets and, at the same time, a de facto role as a confidential haven for foreign wealth, not having adhered to the CRS and offering, in some States, fiduciary vehicles of considerable opacity towards the outside; Delaware and South Dakota are competitive jurisdictions in the most literal sense. Ireland has built, on moderate corporate taxation and European access, a pole of productive and technological capital, now adapting to the Pillar Two floor. The Netherlands has for decades presided over the function of international holding hub, with a treaty network of the first order and a progressive anti-abuse tightening. The Principality of Monaco represents pure residential attraction: personal exemption, security, wealth density, in exchange for very high entry costs and a function limited to the residence of individuals rather than the structuring of capital. Each model confirms the rule: sustainable attraction is always specialised, never generic.

Comparative table of jurisdictions

The table below summarises the positioning of the six jurisdictions analysed against the factors examined in this paper. Every synthesis entails a loss of nuance: the table should be read as a map for orientation, not as a conclusive judgement, and should be integrated with the analysis set out in the preceding sections.

	Switzerland	Luxembourg	United Kingdom	Singapore	United Arab Emirates	Italy
Institutional stability	Highest; neutrality and consensus democracy	High; EU anchoring	High but under strain	Highest; political continuity	Good but untested by crisis	Good within EU frame; political volatility
Tax predictability	High; settled ruling practice	High; framework exposed to EU anti-abuse evolution	Declining: non-dom abolished, 4-year FIG regime	High; conditional, stable incentives	High short-term; young system	Low: regulatory instability, adversarial practice
Wealth-planning instruments	Recognised foreign trusts, policies, foundations, expenditure-based taxation	SOPARFI, UCITS, AIFs, RAIFs, securitisations, policies	Common-law trusts, flexible corporate vehicles	Family-office regimes, trusts, VCCs, funds	Free zones (DIFC/ADGM), foundations, common-law trusts	New-resident and impatriati regimes, mild succession tax, holdings
Financial infrastructure	World-leading private banking	Europe's leading fund centre	London global hub; unrivalled professional ecosystem	Asia's wealth-management hub	Fast-growing emerging hub	Solid private banking; Milan rising
International reputation	Excellent; rebuilding after banking crisis	High; fully cooperative	High, dented by recent instability	Excellent; rigorous supervision	Under construction; compliance strengthening	Good but penalised by tax perception
Main weaknesses	High costs; international pressure on the centre	Rising substance demands; costs; weak residential vocation	Tax reforms on foreign wealth; HNWI outflows	Rising costs and thresholds; Asian geopolitical exposure	Effective substance; distance from civil-law traditions	Slow justice; bureaucracy; perceived retroactivity
Ideal investor profile	Family and refuge capital, long horizon	Institutional and financial capital; holdings	Financial and productive capital; contracts	Global family offices; Asian capital	Refuge and entrepreneurial capital; wealth migration	Family and real-asset capital; relocating HNWIs

7. Italy: attractive potential and structural limits

7.1 The strengths: real assets without equivalent

Italy's attractiveness rests on fundamentals that international competition cannot replicate. The first is real wealth: a real-estate stock of unique quality, historicity and variety, which intercepts a structural international demand — prime residential, hospitality, regeneration — and which constitutes, for global family capital, an asset at once economic and identitarian. The second is the real economy: Europe's second-largest manufacturing base, a fabric of excellent yet undercapitalised family businesses that represents, for international private capital, one of the deepest pools of opportunity on the continent. The third is human and cultural capital: universities, technical skills, a quality of life that no index fully captures and that weighs increasingly in families' relocation choices.

To these fundamentals has been added, over the past decade, an articulated tax-attraction offer: the new-resident regime, with a flat substitute tax on foreign-source income, which has positioned Italy in the global market for the residence of high-net-worth individuals; the inbound-worker (impatriati) regime for employees and professionals; an inheritance and gift taxation among the mildest of the advanced economies — an element of absolute significance for family capital; and a solid, widespread banking and private-banking system. The combination of mild succession taxation, the new-resident regime and quality of life has made Italy an actual — not merely potential — destination of wealth migration, as demonstrated by inflows from the United Kingdom, Northern Europe and Latin America.

7.2 The structural limits: the frame that erodes the offer

Italy's limits are well known and, precisely for that reason, more serious: they are not accidents, they are traits perceived as structural. The first is regulatory instability, particularly in tax matters: torrential legislative production, emergency decrees as the ordinary vehicle of tax rules, the modification even of recent regimes — including the doubling of the substitute tax for new-resident entrants — feed the suspicion that every favourable regime is temporary. The second is judicial time: despite measurable progress, the duration of civil and tax proceedings remains a multiple of that of competitors, with the effect of depreciating every right that may need to be enforced. The third is administrative complexity: the multiplication of filings, authorities and layers of government introduces into investment projects a variance of timing and cost that capital prices as risk. The fourth is tax perception: a historically adversarial relationship between administration and taxpayer, mass litigation, the recurring use of presumptions and recharacterisations that the international taxpayer reads as unpredictability. Above all this, a public discourse that oscillates between attracting capital and stigmatising it, sending contradictory signals to the markets.

7.3 Turin, Milan and the North-West as a platform

Within the national picture, the North-West presents the conditions to operate as a dedicated platform for international capital. Milan has already assumed the role of a second-generation continental financial centre: a stock exchange integrated into the European circuit, an established presence of international asset managers, private banks and advisors, a real-estate market of global standard, and a demonstrated capacity to intercept the flows leaving London. Turin can play a complementary and in some respects more original game: a city of long-standing industrial capital and enduring entrepreneurial families, with lower establishment costs, a hillside and urban real-estate heritage of quality, proximity to Switzerland and France, and a tradition of discretion and solidity that is the cultural equivalent of what family capital seeks in a jurisdiction. For family offices, real-economy investment vehicles and cross-border wealth planning, the Turin–Milan axis — with the Ligurian and Piedmontese hinterland for prime real estate — constitutes a natural platform, on condition that it is served by a professional infrastructure capable of engaging with international standards. This is precisely the working space that LEGEX intends to interpret.

ITALY: ATTRACTIVE JURISDICTION OR SYSTEM IN NEED OF REFORM?

The question is badly posed if it demands a one-word answer: Italy is both, and its trajectory will depend on which of the two natures prevails. It is attractive by endowment: real assets, manufacturing, mild succession taxation, competitive special regimes, quality of life. It needs reform in its frame: regulatory instability, slow justice, complex administration, adversarial tax perception. The strategic point is that Italy's factors of attraction are structural and hard for competitors to replicate, while its repellent factors are institutional and therefore, in principle, reformable. No competitor can build the Tuscan real-estate heritage or the Lombard and Piedmontese manufacturing base; Italy can, if it so chooses, build faster justice and a more predictable tax system. It is a favourable asymmetric position that no other European jurisdiction possesses to this degree — and that has so far remained, in large part, an unexercised option.

8. The new competition between jurisdictions

8.1 From tax competition to legal-institutional competition

Competition between States for capital has changed nature. In the previous phase it was played out primarily on rates and regimes: it was tax competition, and its instrument was the incentive. The compression of fiscal space — through Pillar Two, anti-abuse disciplines and multilateral reputational control — has shifted the contest onto the terrain that lists and tax floors cannot standardise: the quality of the legal-institutional system. States now compete on the speed of their courts and their commercial specialisation; on the technical quality of the regulator and its capacity for dialogue; on the stability of regimes over time; on the richness of wealth-planning instruments; on the density of the professional ecosystem; on international reputation certified by multilateral bodies. This is legal-institutional competition: slower to win, because institutions cannot be built by decree, but also harder to lose, because its advantages cannot be replicated by amendment.

8.2 The jurisdiction as an infrastructure of trust

In this perspective, the jurisdiction should be conceived as an infrastructure: like a port or a network, it is a facility that lowers transaction costs for those who use it. What jurisdictional infrastructure produces is trust: the trust that contracts will be performed, that property will be respected, that tomorrow's rules will resemble today's, that disputes will be decided by an impartial third party within finite time. Like every infrastructure, it requires long investment and constant maintenance, and deteriorates rapidly if neglected; like every infrastructure, it generates positional rents for those who possess it — visible in the margins of the leading centres — and dependence for those who use it. The strategic consequence for States is that the policy of attractiveness ultimately coincides with the policy of institutions: every reform of the courts is industrial policy, every taxpayers' charter honoured is investment promotion.

8.3 Geopolitical fragmentation and the demand for safe places

Geopolitical fragmentation amplifies the value of the infrastructure of trust. In a world of sanctions, asset freezes, foreign-direct-investment screening and competition between blocs, international capital has discovered that a jurisdiction is also a political location: to hold assets under a legal order is to be exposed to its alliances, its conflicts, its restrictive measures. The result is a growing demand for credible neutrality and geopolitical predictability, which benefits jurisdictions perceived as third parties — Switzerland, Singapore, in part the Emirates — and requires all others to offer, at the very least, coherence. Selective deglobalisation does not bring capital home: it redistributes it towards the places that promise to remain open, stable and legally reliable even in adverse scenarios. The search for safe places for wealth has once again become, as in other historical epochs, one of the primary forces of financial geography.

9. Implications for investors, wealthy families and businesses

9.1 Tax residence as a strategic decision

The first operational implication concerns the tax residence of individuals, which has become a strategic decision of the first order. The choice cannot be reduced to a comparison of favourable regimes: it requires an assessment of the expected stability of the regime, of the overall quality of the legal order, of the succession discipline and its interaction with the law applicable to the estate, of the relevant double-taxation treaties, and of the substantive sustainability of the relocation. On this last point international practice is now severe: a residence declared but not lived — devoid of effective presence, family rootedness and documentary coherence — is the principal source of litigation and the first target of the exchange of information. A change of residence is a complex legal project, not a registry formality.

9.2 Holding companies, vehicles and family wealth: substance as a design requirement

The second implication concerns the location of structures: holding companies, investment vehicles, trusts, foundations, insurance policies. The guiding criterion has changed: no longer the maximisation of the theoretical tax benefit, but the defensibility of the structure over time. A holding company today requires substance commensurate with its function — effective governance, documented decision-making, adequate presence — on pain of losing treaty and directive benefits; a trust requires coherence between the formal arrangement and the effective exercise of powers; a policy requires substantive compliance with insurance requirements. Contemporary wealth structuring is an exercise in the engineering of substance: the legal form is the visible part, but the value lies in the demonstrable coherence between form, function and operational reality. In the same logic must be addressed international succession planning — where the interaction between succession law, the EU Succession Regulation and transfer taxation requires advance coordination — and cross-border real-estate investment, in which the choice of vehicle determines the current tax treatment, that of the divestment and that of the succession.

9.3 Country-risk management and documented governance

The third implication is methodological: jurisdictional risk must be managed as any other portfolio risk is managed. This means reasoned diversification of the jurisdictions of custody, structuring and residence, without artificial fragmentation that multiplies compliance costs; continuous monitoring of the regulatory and reputational evolution of the jurisdictions used; the preparation of contingency plans for tightening scenarios; and, across all of this, documented governance. In contemporary wealth management, what is not documented does not exist: substance is proven by minutes, delegations, processes, presence; residence is proven by actual life; the function of every structure is proven by its operations. The centre of gravity of professional work has shifted accordingly: from the design of the structure to its evidentiary maintenance.

10. Strategic outlook

10.1 The winning jurisdictions

In the decade now opening, selection between jurisdictions will grow sharper. The winners will be the legal orders capable of holding together four attributes that in the past could be alternatives: attractiveness of the offer, full international compliance, stability of the rules and certified reputation. The window for hybrid strategies — attracting through opacity, competing with indefensible regimes, promising stability without institutions to guarantee it — has closed. Conversely, capital will increasingly avoid systems perceived as hostile, opaque or unpredictable, and the sanction will not be loud but silent: inflows that never arrive, which no statistic records and no government has to justify.

10.2 The quality of the jurisdiction as the underlying of wealth

For the holders of capital, the systemic consequence is that the protection of wealth no longer depends, primarily, on the structure used, but on the quality of the jurisdiction in which the structure is placed. Trusts, holding companies, policies and foundations are mature and largely standardised technologies: their marginal protective yield has compressed. What differentiates outcomes is the underlying legal order: the same structure, placed in different jurisdictions, produces radically different levels of protection, recognisability and durability. The asset allocation of the future incorporates, alongside asset classes, a conscious jurisdiction allocation.

10.3 The new role of the advisor

The function of the wealth, legal and tax advisor changes accordingly. Value no longer lies in access to instruments, which have become commodities, nor in regulatory arbitrage, which has become dangerous; it lies in the capacity to interpret the legal risk of capital movements: reading regulatory trajectories before they consolidate, assessing the expected stability of regimes, measuring the defensibility of structures, translating geopolitics into choices of jurisdictional allocation. The advisor of the coming decade is an interpreter of legal orders: the product is judgement, not the vehicle. It is the function that this observatory sets out to exercise.

Conclusion

The geography of capital is, in the last instance, a geography of trust. Tax rates can be copied in a single parliament; institutions are built over generations. This is why competition between jurisdictions, fiscal in appearance, is in reality a competition between legal orders: between systems capable of credibly promising that today's rights will still hold tomorrow, and systems that cannot keep that promise or cannot make it credible.

Those who hold, administer or advise capital should draw from this the fundamental criterion: evaluate jurisdictions as one evaluates issuers, looking at the quality and sustainability of their institutional promises; distrust tax yields unexplained by institutional fundamentals; treat stability as an asset worth paying a premium for. And those who govern should draw the mirror-image warning: every retroactive rule, every contradictory announcement, every year of judicial delay is a cost of capital that the country imposes upon itself.

Capital does not merely seek returns. It seeks reliable legal orders, predictable rules and institutions capable of protecting the long time of wealth. The jurisdictions that have understood this have stopped competing on price and have begun competing on trust. It is the only competition that, in the long run, capital rewards.

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