

Family business: criteria for choosing location (1)

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Family businesses play a significant role in the global economy. This is a form of company in which a family holds the majority of shares. The Covid-19 pandemic as well as geopolitical and other circumstances have posed many challenges, so in this series of articles we will be looking at various factors that family companies considering changes to their business need to evaluate. The first article explores the location (jurisdiction) aspect. This question is particularly relevant to a family business in which one of its decision makers is likely to move to live in another country or to expand their business abroad.

PwC offers guidelines for eight factors to be analysed:



Access to professional services and infrastructure

If a family business is to thrive, it must be set up where there is access to professional services and infrastructure in order to have all the support it needs. We are talking about accounting services, tax services, banking services, IT support and a high-speed internet connection, as well as data and server security.

When it comes to choosing the jurisdiction for your family business, you should consider what consulting and professional services it will need. For example, your company might need lawyer services, so it's important to find out what law firms operate in your chosen area. Since accounting in many family

businesses is based on data storage in the cloud, before you hire an accounting service provider, it's important to find out whether they will be able to connect with those systems.

Access to talent and skilled professionals

When choosing the location of your family business, you also need to consider the human resource aspect. Since your family business holds sensitive and confidential information, it's important to have it managed by honest and loyal people you can trust and who have experience and talent. Top professionals are in great demand everywhere, and their availability and fees may vary significantly from region to region, so for jurisdiction choice purposes you need to know where you can find such human resources. If your family business wants to hire an individual who is not living in your location, then you need to find out whether they are willing to relocate and whether your company is ready to bear potential extra costs.

In our upcoming article we will be looking at another two factors: the regulatory framework and legal structures, and the tax regime.

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