Leaving the former home state

Dr Alexander Ressos, TEP
Attorney-at-Law (Switzerland and Germany),
Solicitor (England & Wales and Hong Kong)
Of Counsel, KGP Legal LLC
alexander.ressos@kgplegal.com.sg
www.ressos.com.sg

The tax a founder saves by moving can be lost to the state they leave. Four home jurisdictions dominate my practice.

Germany

Germany taxes a departing resident who has held at least one per cent of a corporation on a deemed disposal of those shares under § 6 of the Foreign Tax Act (AStG). The tax is payable in seven annual instalments on application and is reversed if the taxpayer returns within seven years, a period extendable to twelve.[1] Tokens held directly are not shares and are outside § 6 AStG, but a founder who holds their allocation through a German GmbH, or who holds shares in the German operating company, is squarely within it. The departure to Switzerland or Singapore crystallises the gain. Beyond § 6, Germany's extended limited tax liability under § 2 AStG keeps a former resident with substantial German economic interests within the German net for ten years if they move to a low-tax jurisdiction. The German administration treats Swiss lump-sum taxpayers as low-taxed for this purpose.[2] The Germany–Switzerland treaty adds its own rule. A person who moves to Switzerland remains exposed to German taxation of German-source income for the year of departure and the following five years. A Swiss lump-sum taxpayer is denied treaty

© 2026 Dr Alexander Ressos. General information only, not legal, tax or investment advice. No client relationship is created. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. More information at SingaporeIQ.com and ressos.com.sg.

residence unless they elect the modified lump-sum that includes all German-source income in the control calculation.[3] Tokens sold within one year of acquisition are taxed in Germany as private disposal gains under § 23 of the Income Tax Act (EStG). A founder who leaves Germany before selling, even inside the one-year window of a purchase, is outside that rule because the disposal occurs after residence has ended, unless § 2 AStG applies and the gain has a German nexus.[4]

The United Kingdom

A UK resident who leaves and realises gains while abroad on assets held before departure is taxed on those gains in the year of return. The rule applies if the period of non-residence is five years or less and the person was UK resident in at least four of the seven tax years before departure.[5] The rule is a trap for the founder who moves to Zug or Singapore for three years, sells during the lock-up release and returns. It is not a trap for the founder who stays away for more than five complete tax years, or who acquires the tokens after departure. The replacement of the remittance basis by the four-year foreign income and gains regime from 6 April 2025 affects arrivals in the UK, not departures, but it does mean that returning founders can no longer shelter the gain by keeping it offshore.[6]

Hong Kong and the United States

Hong Kong has no capital gains tax, no exit tax and no tax on foreign-source income of individuals. The departing Hong Kong resident has only the question whether their token activity amounted to a trade carried on in Hong Kong, in which case profits tax at 15 per cent on the realised profit remains due for the period of residence.[7] The United States is the opposite case. US citizens and long-term permanent residents are taxed on worldwide income wherever they live, so a move to Zug or Singapore changes nothing unless the founder expatriates. A covered expatriate is then subject to a mark-to-market tax on worldwide assets, tokens included, on the day before expatriation under s. 877A of the Internal Revenue Code.[8] US founders are therefore better served by the entity and treasury planning of Chapters II to V than by any relocation of the person.

© 2026 Dr Alexander Ressos. General information only, not legal, tax or investment advice. No client relationship is created. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. More information at SingaporeIQ.com and ressos.com.sg.

Notes

1. Außensteuergesetz (AStG), § 6 paras 1 to 4, as amended by the ATAD-Umsetzungsgesetz of 25 June 2021 with effect from 1 January 2022; since 1 January 2025 extended to substantial holdings in investment funds under § 6 para. 1 sentence 2a AStG as inserted by the Jahressteuergesetz 2024. ↩
2. AStG, § 2 paras 1 and 2; Federal Ministry of Finance, Anwendungserlass zum Außensteuergesetz of 22 December 2023, para. 2.2 (expenditure-based taxation in Switzerland as preferential taxation). ↩
3. Convention between Germany and Switzerland for the avoidance of double taxation with respect to taxes on income and on capital of 11 August 1971, SR 0.672.913.62, Art. 4 paras 4 and 6. ↩
4. Einkommensteuergesetz (EStG), § 22 no. 2 and § 23 para. 1 sentence 1 no. 2; Federal Ministry of Finance letter of 6 March 2025 on the income tax treatment of crypto assets (replacing the letter of 10 May 2022). ↩
5. HM Revenue & Customs, Helpsheet HS278, "Temporary non-residents and Capital Gains Tax (2026)", updated 6 April 2026; Taxation of Chargeable Gains Act 1992, s. 1M. ↩
6. Finance Act 2025, Sch. 9 ff. (abolition of the remittance basis and introduction of the four-year FIG regime with effect from 6 April 2025). ↩
7. Inland Revenue Ordinance (Cap. 112), s. 14; Inland Revenue Department, Departmental Interpretation and Practice Notes No. 39 (revised March 2020), paras 27 to 30 on digital assets. ↩
8. Internal Revenue Code, s. 877A (mark-to-market regime for covered expatriates: net worth of US$ 2 million or more, or average annual net income tax above the inflation-indexed threshold, or failure to certify compliance for five years; exclusion amount indexed annually). ↩

© 2026 Dr Alexander Ressos. General information only, not legal, tax or investment advice. No client relationship is created. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. More information at SingaporeIQ.com and ressos.com.sg.

Disclaimer

This article is provided for general information only. It is based on publicly available sources as at its date of publication. These sources have not been independently verified against licences, regulatory registers or the records of the entities concerned. It is not legal, tax, financial or investment advice. Nor is it a recommendation to invest in, transact with or use the services of any entity mentioned. Law and regulation change frequently, so the content may be incomplete or outdated. To the fullest extent permitted by law, Dr Alexander Ressos and the publisher of SingaporeIQ exclude all liability for loss or damage arising from the use of or reliance on this article. Readers should obtain advice on their specific circumstances before acting or refraining from action.

Names and trademarks of the entities discussed belong to their owners and are used for identification only. Their mention implies no endorsement, affiliation or allegation of wrongdoing. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. Corrections and updates: contact@ressos.com.

© 2026 Dr Alexander Ressos. This article may be quoted with attribution to SingaporeIQ (SingaporeIQ.com). Reproduction in full and any commercial use require prior written consent. The Legal Terms at https://singaporeiq.com/legal-terms apply.

Author contact: Dr Alexander Ressos, TEP · contact@ressos.com