



ANTONIOU
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International Trusts

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Uses of trusts

Cyprus International Trusts (**CITs**) can hold assets anywhere in the world in a tax-efficient, secure and confidential structure.

A CIT can be used to maximise protection and control of a person's assets and the rights to such assets.

Protecting assets

Placing assets in certain types of trusts can protect them from creditors, marriage dissolutions or from those who might influence beneficiaries.

As assets within a trust do not belong to the settlor, in the event of their death the value of the asset is not included in the estate for probate purposes.

Estate and succession planning

In some jurisdictions, forced inheritance and succession rules are not aligned with desired succession planning.

Trusts afford sophisticated estate planning for high-net-worth individuals wishing to protect their estate against creditors' claims, family claims and ensure that the beneficiaries they wish for are entitled to their estate.

Incentive schemes

Employment and executive incentive schemes require efficiency, security and precision. They can be settled as trusts to achieve these purposes.

Art collections

Outside museums, the world's most artwork and valuable items are often placed under trusts, to protect against threats, creditors' claims, family claims and ensure confidentiality of ownership and control the group of people or specific individuals who can benefit from such wealth.

Establishing a trust

A CIT is established by a settlement deed entered into by the settlor and the trustee, setting out the terms of the CIT, the beneficiaries and the property to be transferred to the CIT (**Trust Deed**).

Subject to the validity requirements of the CIT, under the provisions of the International Trusts Law of 1992, as amended (**Trust Law**), a CIT is a trust in which:

- ▶ the settlor of the trust (being either a natural or a legal person) is not a permanent resident in Cyprus in the year immediately preceding the establishment of the trust (**Settlor**)
- ▶ at least one of the trustees of the trust is a permanent resident in Cyprus throughout the life of the trust (**Trustee**)
- ▶ none of the beneficiaries (whether a natural or a legal person) is a permanent resident in Cyprus in the year preceding the establishment of the trust (**Beneficiary**).

Where an express power of revocation of the CIT is not included under the Trust Deed, it is deemed to be irrevocable.

Any assets that the Settlor places under the CIT upon its establishment and as stated in the Trust Deed, are considered to be the property of the CIT (**Trust Property**).

Subject to the terms of the Trust Deed, the Trustee can invest part or whole of the Trust Property in any investment anywhere in the world.

The Trust Property can include movable or immovable property anywhere in the world and can take any form, including listed securities, real estate, venture capital and art.

The Trustee may make distributions to the Beneficiaries as the Trustee deems fit, under the terms of the Trust Deed.

Protector

A duly appointed protector in a CIT (**Protector**) is a person other than the Trustee, to whom powers of any nature can be conferred by the Trust Deed.

These powers might include the power to advise a Trustee on the exercise of their powers or the right to appoint or remove a Trustee.

The Settlor may be appointed as a Protector. The Trust Law does not prohibit the Settlor from retaining (as Settlor or Protector) the following powers:

- ▶ Revocation/amendment of the Trust Deed
- ▶ Disposal of income or capital arising from the Trust Property or instructions to that effect
- ▶ Power to provide instructions to the Trustee regarding the management of the Trust Property
- ▶ Appointment or removal of a Trustee; or
- ▶ Change of applicable law of the Trust.

Trustees

The Trustee can be a legal or natural person. the trustee's powers and duties derive from the trust deed, the applicable legislation and common law principles.

The appointment and removal of Trustees are regulated by the Trust Deed, but the Settlor (and/or the Protector) can retain the power to appoint or remove Trustees.

Confidentiality

The privacy afforded by the CIT is one of its key features.

Cyprus law imposes a duty of confidentiality upon the Trustee and Protector or other parties involved in a CIT as regards information relating to the CIT (including the identity of the Settlor or any Beneficiary, the accounts and the assets of the CIT).

Taxation

CITs allow for efficient tax planning. Worldwide income is not taxable in Cyprus unless Beneficiaries of the CIT reside in Cyprus.

Non-resident Beneficiaries are taxed only on Cyprus-sourced income under the Cyprus income tax laws. Income from non-Cyprus sources is exempt from income tax, capital gains tax, special defence contribution or any other taxes in Cyprus.

Our expertise

We undertake the establishment of trusts, introduce professional as trustees and provide the full range of advisory services to settlors, trustees and beneficiaries.

Contact us to discuss your requirements.

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