



Cyprus has long been known as a reputable international financial centre, offering attractive benefits for both the setting up and operation of an International Trust. The CIT's continue to provide a high threshold of asset protection, flexibility for non-residents and continually attract high-net-worth-individuals (HNWIs) from around the world.

International trust is described as a trust created by a non-resident settlor for the benefit of non-resident beneficiaries.

## Legal requirements for creation

- **The settlor:** any person of full age and sound mind who must not be a Cyprus resident in the year preceding the CIT creation; and
- Neither of the beneficiaries should be Cyprus residents in the year preceding the CIT creation; and
- At least one of the trustees must be a Cyprus resident at all times

The below certainties must be met to ensure the validity of the trust:

- Certainty of intention – express intention of the settlor to create the trust
- Certainty of subject matter – readily identifiable assets that will form the trust property
- Certainty of objects – the identity of all beneficiaries must be ascertained or ascertainable

### Main purposes

- Creating an asset protection vehicle as it is immune from forced heirship and claw back rules in other jurisdictions where the assets could be located
- Holding of property for minors or successive generations of a family
- Establishing a fund for the benefit of family members according to future needs
- To be used as an investment hub
- Tax planning device for investments overseas
- For the use as a succession and inheritance plan without being affected by any inheritance laws of any country

## Main advantages of a CIT

### ANONYMITY

The trustees of a CIT are bound by confidentiality and cannot disclose information unless specifically required to by a Cyprus Court.

### DIVESTING OF PERSONAL ASSETS

An individual who wishes to divest himself of personal assets for fiscal or other purposes can achieve this by transferring them to an International Trust created in Cyprus.

### REDUCED POLITICAL RISKS

Cyprus offers both political and economic stability. In addition to the latter, Cyprus has been a full Member State of the European Union since 1st of May 2004.

### TAXATION ADVANTAGES

A favorable tax regime is applicable to Cyprus trusts and there is the possibility of benefiting from double tax treaties;

### FLEXIBLE ESTATE PLANNING

An individual can arrange to be succeeded in inheritance by persons who due to the legislation of the individual's country of origin, would otherwise be excluded from the inheritance.

### PRE-MIGRATION ARRANGEMENT

Individuals moving to a high tax country may obtain fiscal advantages in their new country by placing funds in an International Trust created in Cyprus.

## Main advantages of a CIT - continued

### INVESTING IN BUSINESS OVERSEAS

An individual may set up an International Trust in Cyprus to invest in overseas business and ensure that the profits and dividends received are not remitted to the country of his residence.

### INVESTMENT HOLDING COMPANY

A trust can be used in one country to own an underlying investment holding company in another for the purpose of a tax planning device.

### OTHER:

- Has a two-year limitation period to be challenged on the grounds of defrauding of creditors
- Does not become void even in cases where the Settlor becomes insolvent or bankrupt

- The Settlor may reserve certain powers to himself
- May last for an indefinite period
- The income of a CIT may be accumulated without limitations
- Dividends which are received by the Cyprus International Trust from a Cyprus company are not subject to tax
- No withholding taxes for non-residents beneficiaries
- No Capital gain taxes on property situated outside Cyprus
- May be removed from the Cypriot jurisdiction and vice versa
- Low government costs
- Can be established quickly
- No reporting requirements

### FIXED TRUSTS

Beneficiaries are only entitled to the specified trust property which is indicated by the Settlor upon the creation of the Trust.

### DISCRETIONARY TRUSTS

Discretion in regards to the sum each Beneficiary shall be entitled from the trust property

### CHARITABLE TRUSTS

The advancement of education or religion or any other principle that is beneficial to the community

### PRIVATE TRUSTS

Are expressly created by the settlor by written deed or will with absolutely clear intention

## TAXATION OF TRUSTS

Taxation on CIT will be considered on the basis of the beneficiaries' residence. The beneficiaries may become Cyprus Tax residents after the formation of the CIT and enjoy the attractive Cyprus Tax regime.

### OUR SERVICES

We provide advice to our clients about the creation of a CIT, proposing ideas for business structures and arrange drafting of all required legal documents through a close cooperation with our reputable and well-known legal business partners. We will help you determine the trustee powers, the rights of the beneficiaries as well as interpret the trust deeds.

We can identify potential weaknesses and deficiencies of your existing trusts, issues arising in relation to the creation of your new trusts and provide trustee, administration, management and other trust related services.

### Our services include but are not limited to:

- Drafting customised Trust Deeds which meet our clients' objectives
- Holding Trust Assets in secure custody
- Collecting and distributing interest and dividend income
- Maintaining accurate records to account for principal and income
- Preparing clear, user-friendly statements
- Complying with tax laws and regulations by filing returns and providing tax information to grantors, beneficiaries and others
- Complying with all bank regulations
- Maintaining comprehensive insurance coverage for the protection of our clients.
- Our highly experienced professionals can advise you on establishing a CIT best suited to your specific needs

## Contact Details