

KEY FACTS TRUSTS

WITH A HISTORY OF TRUST LAW DATING BACK CENTURIES, A STRONG REGULATORY FRAMEWORK AND PROFESSIONAL SUPPORT SERVICES, THE UNITED KINGDOM IS A POPULAR JURISDICTION FOR THE MANAGEMENT AND ADMINISTRATION OF DOMESTIC AND INTERNATIONAL TRUSTS.

Access to world class investment management and advisory services is one of the major benefits of locating a trust's administration in the UK.

London, as one of the world's main financial centres, is convenient for settlors, their families and advisors to meet with trustees, professional advisors and financial institutions.

UK insolvency law specifically provides that trust property is not available to creditors of a trustee, and the bankruptcy of a trustee will not have any effect on the assets of a trust; those assets will continue to be available for the beneficiaries' benefit.

TYPES OF TRUSTS & USES

English trust law allows for the following main types of trusts to be established:

Accumulation & Maintenance Trusts

These trusts are discretionary trusts with privileged inheritance tax status. They are normally used for inheritance tax planning.

Bare Trusts

Bare trusts allow the beneficiaries to be fully entitled to the whole income and capital of the trust fund. The trustees simply hold the trust fund for the beneficiaries; therefore, it is the beneficiaries that are taxed.

Charitable Trusts

Charitable trusts differ from other types of English trusts in two key respects. First, they are public trusts rather than private trusts and second, they are capable of enforcement notwithstanding the absence of an identifiable beneficiary. In order to qualify as charitable, a trust must have purposes that are exclusively charitable.

Discretionary Trusts

Discretionary trusts vest in the trustee's discretion as to distributions of trust property and the choice of beneficiaries. There is no interest in possession in all or any part of the property. The beneficiaries have no right to the income or assets of the trust; they are objects of the trustee's discretion.

For UK inheritance tax purposes, a discretionary trust beneficiary is not treated as owning any of the assets.

Employee Benefit Trusts

Employee benefit trusts are established to hold assets to provide benefits for the employees of a company or group of companies. They are most often set up to acquire and hold shares in the relevant company, to provide benefits to employees and former employees in the form of shares, options over shares or an entitlement to shares subject to certain conditions.

Employee Ownership Trusts

An employee ownership trust is a special form of an employee benefit trust, specifically designed to facilitate employee ownership. There are a number of qualifying conditions, but such a trust may provide a viable exit option for controlling shareholders who do not want to sell to a third-party buyer. There are also UK government-approved tax benefits that were introduced in 2014 that may make this route appealing.

Interest in Possession or Fixed Interest Trusts

An interest in possession trust confers the right to the present enjoyment of the trust property. The interests of beneficiaries are fixed, and the beneficiaries have a defined interest in the trust assets, specifically a right to the income of the trust as it arises or to the use of the trust property.

For UK inheritance tax purposes, a person with an interest in possession trust is treated as owning the assets.

Non-Resident UK Trusts

English trusts established by non-resident and non-domiciled settlors with non-UK assets will be treated as non-resident trusts and will be exempt from UK inheritance and capital gains taxes. This exemption applies to trusts administered in the UK by a professional UK trustee. The appointment of a non-resident trustee also will ensure that the trust is exempt from UK income taxes.

The favourable tax treatment of non-resident UK trusts is a reflection of UK government policy to encourage local trustees to offer their services to non-residents and to allow for favourable access by non-residents to the UK financial services sector.

OUR SERVICES

- > As a professional independent trustee Trident Trust Company (UK) Ltd offers a broad range of trust and fiduciary administration services, including accounting and fiduciary reporting services, and close liaison with settlors, beneficiaries and the professional advisers to client families.
- > As a trust corporation, Trident Trust Company (UK) Ltd is able to act as sole trustee even where the assets of the trust include land.
- > Trident Trust Company (UK) Ltd can act as a co-trustee with other Trident Trust offices if required in the structuring of a settlor's affairs.
- > Trident Trust Company (UK) Ltd works with major law and accounting firms and financial institutions worldwide in the establishment and management of trusts in the UK and in other recognised trust domiciles.
- > Trident Trust Company (UK) Ltd is included in Trident Trust's professional indemnity policy issued through Lloyds of London. The cover exceeds regulatory requirements.
- > Trident Trust Company (UK) Ltd is registered with HMRC for Anti-Money Laundering supervision.

- ▶ PEOPLE LED
- ▶ TECH ENABLED
- ▶ GLOBAL COVERAGE
- ▶ TAILORED SERVICE

- ▶ 1,100 STAFF
- ▶ 25 JURISDICTIONS
- ▶ 47,000 ENTITIES
- ▶ \$177BN AUA

- ▶ FUNDS
- ▶ PRIVATE CLIENTS
- ▶ CORPORATE CLIENTS
- ▶ MARITIME

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