

Trusts

What you need to know about Trusts

What is a trust?

What is a Trust? In simple terms a trust is an agreement (the trust deed) between the Settlor* and the Trustee* on how to deal with and manage the assets settled into the Trust by the Settlor for the benefit of the Beneficiaries.

*See definitions

Why form a trust?

Trusts are often a central feature of the financial planning of high net worth individuals and their families. The rationale behind establishing a Trust often comprises one or more of the following:

- Inheritance/ succession purposes;
- Tax planning;
- Asset protection;
- Future wealth preservation;
- Estate planning;
- Social responsibility;
- Providing funds for educational purposes.

What practical applications are there for trusts?

Tax planning benefits are often achieved by the transfer of assets to a Trust. For example, inheritance taxes can be reduced because once an asset is transferred into a trust, there should be no further ownership changes to trigger an IHT event. We can provide the necessary tax advice, often using our in-house tax advisors.

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Asset protection is often achieved by a Trust resulting in the protection of family assets from creditors claims, lawsuits and the spendful generation of the Settlor's family.

Estate planning ensures responsible management of the Trust assets for future generations.

Trusts can make available monies for the family's children and relatives for educational purposes, including higher education fees and living expenses during the period of study.

Are there different types of Trust?

There are a number of different trust types that we deal with, these are mainly:

- Discretionary Trust
- Purpose Trust
- Interest in Possession Trust
- Employee Benefit Trust
- Charitable Trust

What do I get when I purchase a Trust?

- Advice on what Trust to set up
- A bespoke trust arrangement to suit your requirements.
- Transparency on fees.
- Expertise – We have the necessary in-house trust and tax specialists that are required to ensure the correct and successful set up and running of Trusts and Foundations.

Private Foundations

What you need to know about Foundations

What is a Foundation?

A foundation is usually a body corporate that holds assets, usually provided by the Founder* or sometimes by other Dedicators* for a particular purpose or for the benefit of particular Beneficiaries*.

Beneficiaries do not usually have any legal or beneficial interest in the assets of the foundation.

In the IOM, a foundation must have a Registered Agent* that has responsibility for certain functions.

The assets of the foundation are administered by a Council*, who have a fiduciary duty to act in accordance with the foundation instrument and in good faith.

***See definitions**

Why form a Foundation?

Foundations are an excellent alternative to common law Trusts providing the same level and quality of confidentiality, tax planning, asset protection, estate planning, future wealth preservation and social responsibility.

How does a foundation differ from a Trust?

A Foundation differs in main from a Trust in that it is a legal person whilst the Trust is a legal relationship.

In which jurisdictions can you form a Foundation?

- Panama
- Liechtenstein
- Isle of Man

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Tax Advice

Tax advice, planning and structuring

The Tax team is comprised of specialists primarily in UK and Isle of Man taxation who assist clients through the continuous changes in tax and regulatory legislation. We have a network of international advisers as well as the technical ability and creative approach to help meet the growing challenge of mitigating tax liabilities in a compliant manner.

We offer a full tax consulting, planning and compliance service on international tax matters including cross border structuring issues for businesses, individuals and families, using both our in-house experts and third party local tax advisors to provide a complete and compliant international solution.

To whom do you offer advice?

Our client base ranges from large corporations and groups to whom we provide a full package of in-house accounting services, to individuals, small charities, trusts and foundations with a handful of transactions.

What other services can you offer?

Our client accounting and tax compliance team are able to offer a full range of services including:

- Statutory accounts preparation for trusts, companies, partnerships and foundations;
- Preparation and submission of tax returns for individuals, companies and trust structures;
- Bookkeeping and regular management accounts;
- Payroll services;
- VAT services.

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Initial Enquiry Form

Please complete the form below to request a call back or free quote:

Name:

Why do you wish to set up a trust or foundation?

What assets would you like the trust to hold?

Country of residence* & domicile* of the Settlor* or Founder*

Country of residence* of the Beneficiaries*

Any other useful information:

Contact Details:

Email:

Telephone:

Mobile:

Preferred contact method:

* See FAQ for definitions

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Frequently Asked Questions

What do I need to do to set up a Trust or a Foundation?

- i. Complete our Initial Enquiry Form so that we could understand your requirements and recommend a solution
- ii. You will need to provide us with due diligence documentation and pass our screening process.
- iii. Enter into the appropriate agreement
- iv. Transfer assets into the Trust or Foundation

I am uncomfortable about giving my assets to a third party, what assurances do I have that my assets are in safe hands?

The services are provided by a licensed trust and corporate service provider and as such are subject to strict regulations and codes of conduct. The Trustees or Council must preserve and enhance the assets in a way that benefits the beneficiaries in accordance with the terms of the trust agreement or foundation instrument.

Do I still own the assets once they have been transferred to the Trust or Foundation?

No, the assets become the property of the Trust or Foundation.

What if my circumstances change once the Trust or Foundation has been set up?

The Trust or Foundation can be flexible instruments, for example they dictate how the beneficiaries and trustees are appointed and removed. Your needs can therefore be accommodated by the Trust or Foundation instruments.

Who can benefit from the assets of the Trust or Foundation?

Whoever the Settlor*, the Trustees or the Council decide.

Can I be a beneficiary of the Trust or Foundation?

Yes

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Are there any other safeguards that I can put in place to ensure that the assets are looked after in accordance with my wishes?

In addition to a letter of wishes, you can also appoint a Protector or Enforcer to the Trust or Foundation. This may be a family member, friend or professional. Depending upon the terms of the trust or foundation

agreement the Protector/Enforcer may have the power to remove and appoint trustees and also have the ability to veto certain decisions of the trustees and council. For example, the consent of the Protector or Enforcer may be required to sell an asset or take out loans.

What assets may be put into the trust?

Just about anything, shares, property, cash, investments, intellectual property and yachts.

Trust Definitions:-

What is a Settlor?

This is the person or entity who establishes the trust by placing their assets into the Trust.

What is the Trust deed?

The trust deed details the terms upon which the assets are held and how they may be used.

What is a Beneficiary?

A beneficiary is someone who may benefit from the trust.

What is a Letter of Wishes?

It is a separate document that a Settlor of a Trust usually gives to the Trustees to guide them on how he would like the Trustees to exercise their powers. A letter of wishes is not legally binding but it is there to offer guidance.

Trustees

A person or firm that holds or administers property or assets in Trust for the benefit of a third party. They are trusted to make decisions in the beneficiary's best interests.

What is a Protector?

This is a person who is appointed under a trust deed to ensure the wishes of the Settlor are fulfilled. They may direct or restrain the trustees in relation to their administration of the trust.

Residence

Generally if you spend more than 183 days in one country, you are expected to be a resident in that country. Please check the rules for your own country of residence as these rules will vary from country to country.

Domicile

Generally speaking, Domicile is where your permanent home which, if you have left, you intend to return to. A person can remain domiciled in a jurisdiction even after they have left it, if they have maintained sufficient links with that jurisdiction or have not displayed an intention to leave permanently (i.e., if that person has moved to a different state, but has not yet formed an intention to remain there indefinitely). A corporation's place of domicile is equivalent to its place of incorporation.

Foundation Definitions

What is a Founder?

This is the person upon whose instructions a Foundation is established. The Founder is often the person who transfers assets into the foundation.

What is the Council?

The Council looks after the assets of the Foundation and carries out its objects. Council members have a duty of care, diligence and sufficient capabilities of a reasonable person in carrying out their duties.

What is a Registered Agent?

In the IOM, it is any entity that has a Class 4 licence under the Isle of Man Financial Services Act 2008. Mann Made Corporate Services holds such a licence.

What is a Dedicator?

This is the term for any persons, other than the Founder, who transfers assets into the foundation.

What is a Beneficiary?

A Beneficiary may become entitled to benefit from the foundation in accordance with the foundation instrument but has no automatic interest in the foundation's assets.

Enforcer

The Enforcer has a similar role as the Protector to a Trust and is responsible for ensuring the Council undertakes its duties and acts in the best interest of the foundation. No person can be both an Enforcer and a Council member.