



CYPRUS INTERNATIONAL TRUST

The revamped Cyprus International Trust (CIT), provides for the highest possible degree of asset protection internationally, extensive tax benefits and strong confidentiality capabilities.

LEGAL FORM

A CIT is a legal arrangement created by the Settlor who transfers property/assets to a legal or physical person, called the Trustee, who holds the property for the benefit of the beneficiary/ beneficiaries in accordance with the terms of the "Trust Deed".

<p>PARTIES TO THE TRUST</p> <p>Settlor: a person who grants Trust Property to the Trustee subject to the terms of the Trust deed.</p> <p>Trustee: a person who holds the Trust Property for the benefit of the Beneficiaries. A Trustee can also be a Beneficiary.</p> <p>Beneficiary: a person who has a right or interest in the Trust Property.</p>	<p>A CIT MUST HAVE</p> <ul style="list-style-type: none"> • At least one non Cyprus resident Settlor; AND • At least one non Cyprus resident Beneficiary/beneficiaries AND; • At least one eligible Cyprus Resident Trustee. <p>A CIT MAY HAVE</p> <ul style="list-style-type: none"> • A protector at the choice of the settlor; • An investor advisor at the choice of the settlor; • Management committee at the choice of the settlor.
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CORE BENEFITS OF A CIT

TAX ADVANTAGES

- No Tax on non-Cyprus income and profits of a CIT;
- Beneficiaries may be taxable in their country of residence, only upon actual distributions;
- No capital gains tax on sale of titles;
- No inheritance or wealth taxes applicable;
- Low stamp duty;
- Possible disapplication of CFC Rules.

ASSET PROTECTION

- Cyprus courts have exclusive jurisdiction as to the validity of CIT;
- The provisions of CIT Law have express Superiority of over any other law, or treaty applicable in Cyprus;
- No claim can be filed in relation to the assets of the Trust in the case of bankruptcy or liquidation of the Settlor/ Beneficiary or in cases of institution of legal proceedings against the Settlor/ Beneficiary by his creditors;
- Foreign or local succession laws do not apply - Avoidance of forced heirship rules and certainty of succession: Any distribution of Trust property shall be made in accordance to the terms of the Trust deed in the event of death of Settlor or Beneficiary.

FLEXIBILITY

- Possibility to grant extended powers to Settlers;
- Ability on changing the jurisdiction of the Trust;
- No statutory limitations on mode of operation, objects, activities or mode of distribution of the Trust;
- Flexibility on investments and perpetual accumulation of income;
- May be fixed or discretionary.

ADDITIONAL BENEFITS

- High protection-The legal time limit to challenge the Trust is two years;



- Quick to set-up: usually within 2 working days;
- No public registries for Trusts;
- No filing requirements;
- Strict confidentiality: disclosure of any details relating to a CIT is only allowed after a relevant court order.

EXAMPLES OF USAGE OF A TRUST

1st EXAMPLE SUCCESSION

- A: - Non-resident UBO ('NR') of a Cyprus Company ('CYCO') through nominees;
- B: - NR of a CIT, shareholder of a CYCO
- In the event of the death of: -
 - A: - law of succession of his country will apply with regards to who will inherit the shares. Further, the business of the CYCO may be paused until the new beneficiary is ascertained
 - B: -succession laws do not apply and as such the Trustees shall manage and continue the business of the CYCO as per the Trust Deed.

2nd EXAMPLE/ PROTECTION

- Family asset protection in the case of divorce or complicated family issues or bankruptcy etc.
- A couple with children and common business venture gets divorced.
- The court ordered for the business venture to be transferred for the benefit of the minors.
- In order to protect the minor and the business venture, a CIT can be created with beneficiary being the minor. The mother was the protector and she was also able to manage and safeguard the business venture.

3rd EXAMPLE/ BUSINESS VEHICLE

- Usage of a CIT, as a way to safeguard the continuity of business operations, in the event of settlor or beneficiary attack by authorities. Specifically, CITs may cater for the possibility of automatic removal or disqualification (permanent or temporary) of beneficiaries, in cases where the beneficiaries are found guilty of tax related crimes or are under investigation, or in case such beneficiaries are classified as sanctioned persons.
- This method enables the CIT to continue its operations unimpeded and guarantees asset security.

4th EXAMPLE BUSINESS VEHICLE

- Family owned and managed business.
- Elderly CEO, children uninterested in managing the business.
- Transfer of the business assets to the Trustees to be managed by the current employees as investment advisors.
- Beneficiaries of the Trust are the family whilst the employees are additional beneficiaries and obtain bonus/ pension in accordance with the performance of the Trust.

OUR SERVICES

- Provision of Trustee, Protector, Advisor;
- Advising, Drafting, Structuring & Management of Trusts;
- Legal representation in Court Proceedings;
- Advising on Tax & Compliance matters.

DISCLAIMER

This publication has been prepared as a general guide and for information purposes only. It is not a substitution for professional advice. One must not rely on it without receiving independent advice based on the particular facts of his/her own case. No responsibility can be accepted by the authors or the publishers for any loss occasioned by acting or refraining from acting on the basis of this publication