



CYPRUS INTERNATIONAL TRUSTS: INSIGHTS AND REPLIES TO CLIENT QUERIES

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WHAT IS A TRUST?



Trust Definition

A trust is an equitable obligation, binding a person (called “trustee”) to deal with property granted to the trustee by the Settlor/creator of the trust (called “trust property”, being distinguished from the trustee’s private property) for the benefit of persons (called “beneficiaries”).



Cyprus: a prime trust jurisdiction

Cyprus is an EU jurisdiction familiar to the trust concept, which applies the English Common Law and Equity principles.. Cyprus International Trusts are created by an instrument, the Trust Deed, that enable the trustee to keep and protect the assets held in trust on behalf of the beneficiaries.

CYPRUS INTERNATIONAL TRUST BASICS: SPECIFIC FEATURES

A Cyprus International Trust, as per the 1992 International Trusts Law and its amendments, is a trust that meets **all the following criteria:**



(a) the trust creator/settlor, being either a natural or legal person, was not a tax resident of Cyprus during the calendar year immediately preceding the creation of the trust



(b) at least one of the trustees should be a resident of Cyprus during the whole duration of the trust; and



(c) no beneficiary, whether a natural or legal person, was a tax resident of Cyprus during the calendar year immediately preceding the creation of the trust. **The trust creator/settlor can be one of the beneficiaries.**

KEY USES OF CYPRUS INTERNATIONAL TRUSTS



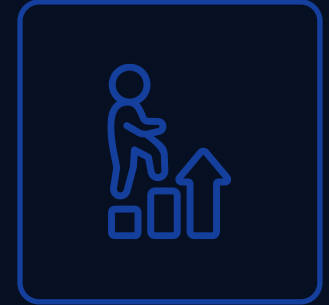
A back-up arrangement
ensuring asset availability
for minors, third parties, or
even the settlor, during
challenging circumstances



Asset protection including
protection of the trust's
property when the Settlor
is acting as a
businessperson or a
contracting party



Safe-keeping and
distribution of family
wealth



Succession planning
Cyprus International
Trusts offer several
benefits for succession
planning, such as avoiding
probate rules, reducing
estate taxes, protecting
assets from creditors, and
providing clear guidelines
for the distribution of
assets to beneficiaries.

KEY BENEFITS OF CYPRUS INTERNATIONAL TRUSTS



Tax-efficient structuring

Cyprus international trusts offer tax optimization and deferral opportunities, making them a strategic choice for wealth management.



Confidentiality

Cyprus international trusts maintain a high level of privacy and confidentiality.



Asset protection

A robust English common-law legal framework to shield trust assets from creditors, legal claims, and unexpected events.



Flexibility in trust administration

Flexible trust management, allowing for amendments, distributions, and adaptations to changing circumstances.

As per Cyprus law, any attempt to invalidate a trust must be initiated the latest within two years as from the date when assets being transferred or disposed of into the trust.

FREQUENT QUESTIONS BY CLIENTS (1)

"Why should I transfer part of my wealth to a Trust?"

Marital disputes (divorce) or cognitive decline (dementia/Alzheimer) can obstruct access to your financial resources, hindering you and your loved ones. Establishing a Trust offers a prudent wealth management strategy to circumvent these challenges.

"What kind of assets can be transferred to a Cyprus international trust?"

A Cyprus International Trust can hold a full range of assets, including shares, bank portfolios, real estate, financial assets (stocks, bonds, bank accounts), intellectual property, crypto and blockchain and other valuable possessions.

"Is a Cyprus International Trust an anonymous entity?"

Trustees are legally bound by strict confidentiality rules. Disclosure of the settlor's and beneficiaries' names is made by the Trustee to a Trust registry kept by the Cyprus Securities Exchange Commission. Access to these names can be made only for Anti- Money laundering reasons.

FREQUENT QUESTIONS BY CLIENTS (2)

"Are Cyprus international trusts subject to taxes?"

From a Cyprus tax standpoint, trusts are transparent, meaning the beneficiaries, not the trust itself, may be subject to taxation. Consequently, the trust does not incur any Cyprus taxation. Provided the beneficiaries reside outside Cyprus for tax purposes, the trust's interest, dividend, and capital gains income will not be subject to Cyprus taxation.

"Who appears as the registered owner of the trust assets?"

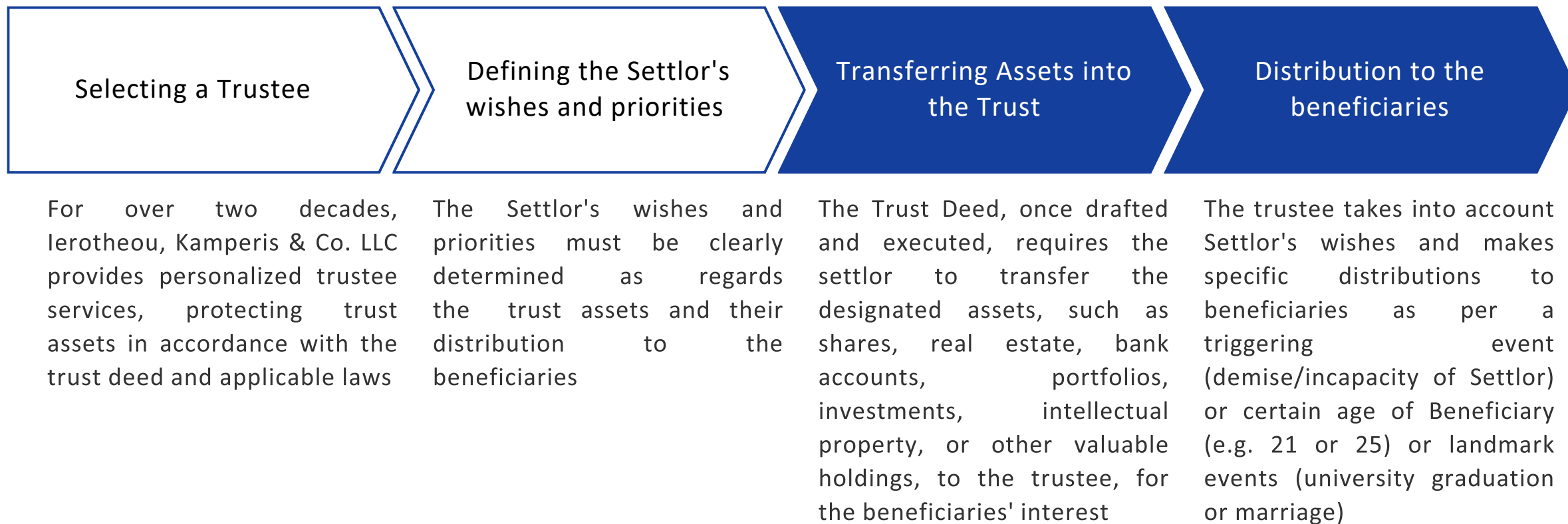
Trusts do not have legal personality. When assets are conveyed to a Trust, the Trustee is registered as the owner, acting in its capacity as the Trustee. This Trust-held property remains distinct from the Trustee's personal assets.

"Who monitors the Trustees?"

Our Trustees are experienced lawyers, regulated by the Cyprus Bar Association. At the trust creation, the Settlor delivers a Letter of Wishes describing his wishes for the distribution of the trust assets.

Moreover, the Settlor has the discretion to designate a Protector, who is a non-regulated individual, familiar to the Settlor and distinct from the trustee. A Protector may be granted various powers, such as advising the trustee, providing prior consent for material trustee's actions and appointing or dismissing the trustee.

ESTABLISHING A CYPRUS INTERNATIONAL TRUST



OTHER TAX BENEFITS

- Cyprus does not impose an inheritance tax.
- Non-Cyprus resident beneficiaries of a Cypriot international trust are exempt from taxation in Cyprus on their non Cyprus -sourced income, irrespective of its nature.





OUR DUTIES AS TRUSTEES

Acting as Trustees, our paramount responsibility is to make decisions that prioritize the well-being and interests of the beneficiaries, optimizing the trust's value and benefits for its intended recipients.

Regulated by the Cyprus Bar Association ever since 1996, our Firm's Trusts Team, **Michail Kamperis and Loucas Andreou**, has in-depth knowledge of the laws governing trusts and their administration. Ensuring full compliance, we uphold confidentiality, filing duties, distributions and conflict-of-interest avoidance in all trust-related undertakings.

Safeguarding trust assets is the foremost responsibility of **Kamperis & Co. LLC**. We meticulously protect the capital and income of investments, real estate, and other valuable trust holdings.

A Trust Deed may also provide for an investment committee that advises the Trustees.