

A Matter of Trust

Presented by the Louvre Group.

Have recent activities in the UK sounded the death knell for the trust industry? The answer is a resounding, "No!". However, it would be easy to believe otherwise. In particular, there has been a large furore over new tax legislation that applies to foreign (i.e. non-domiciled) people who are resident in the UK.

The draft legislation was eventually watered down by the Government, but some fiduciary companies that administer trusts believe that this could have ominous or even fatal repercussions for their industry. This is an unduly pessimistic view: historically, the trust business in the UK has survived through periods of both high and low taxation – and there is little reason why this should change now.

Why trust a trust?

But what are the key issues facing clients who are thinking about using a trust? Three of the main factors are safety, confidentiality and flexibility.

1) Safety – The prime drivers when deciding whether or not to use a trust structure include asset protection and/or the preservation of wealth. For clients wanting to achieve these aims, the trust may be just one part (albeit an important one) of an overall financial strategy.

2) Confidentiality – For many reasons, most clients will regard confidentiality as a vital aspect of a trust's work. The degree of confidentiality that is available may in turn be affected by the jurisdiction in which the trust is situated. For example, there was the recent case of the sale of sensitive client information that was illegally obtained from a Liechtenstein bank and sold to the German tax authorities. The resulting publicity seemed to suggest that such jurisdictions are harbouring tax evaders, and that therefore anyone favouring such a jurisdiction has dubious motives for doing so.

However, there are often sound private or commercial reasons why clients want to keep their financial affairs confidential. For instance, there have been numerous reports of information that is kept by governments being lost, thrown away, leaked or otherwise inadvertently being made public. This is why – despite the embarrassment of the Liechtenstein affair and despite changes to UK tax laws – trusts for non-domiciled UK residents will continue to prosper.

3) Flexibility – For clients who want to safeguard the future of their assets, one of the key criteria should be flexibility. Basically, wherever clients reside, if they are thinking about using trusts, one of their main concerns will be taxation – and finding the most effective legal ways of minimising their exposure to tax. Ultimately, this may involve using more than one jurisdiction.

Three needs, one solution.

A good trust will be able to meet all three of these criteria – including the ability to offer different jurisdictions. The Louvre Group is an independently owned fiduciary company that has offices in the Cayman Islands, Dubai, Geneva, Guernsey, Hong Kong, Liechtenstein and London. Louvre has been providing financial services to international, high net worth private and corporate clients and entrepreneurs for over 30 years.

Paul Broxup, Senior Trust Manager with Louvre Trust (Suisse), says: "We have a wealth of experience when it comes to dealing with clients from around the world. We are committed to providing them with fiduciary, corporate and fund management services at a fair and competitive price."

He adds: "We provide these services from the cradle to the grave. They range from administering trusts for children, grandchildren and future generations right through to providing UK probate services. Our extensive expertise enables us to work closely with clients to provide a reliable but innovative service, laced with ideas designed to enhance their customer experience."

Different needs, different jurisdictions.

The wide-ranging jurisdictions of the Louvre Group were chosen on the basis of their political and economic stability. All of them have something special to offer to clients. For instance, Guernsey and Liechtenstein have regulatory bodies to which trust companies must report. Liechtenstein and Switzerland have enforced banking secrecy laws.

The UK, Guernsey, Hong Kong and Liechtenstein all have their own trust law; Switzerland recognises foreign trust laws; and Dubai has no trust law. The taxation of trusts is also different in each jurisdiction. For example, Switzerland and Dubai have numerous double tax treaties that could be advantageous to a client.

Paul Broxup concludes: "We can provide client services from a specific jurisdiction that will meet the needs of the client most effectively. Indeed, a client may decide to have their affairs handled in more than one jurisdiction – and we are ideally placed to help them with this. As a group, Louvre also continues to review other potential jurisdictions."

If you would like more information about the services available from the Louvre Group, please visit their website, at www.louvregroup.com, or contact Paul Broxup on paul.broxup@louvregroup.ch or telephone 00 41 2231 09510.

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Nurturing potential

The Louvre Group provides fiduciary and fund services to international private and corporate clients through worldwide offices. Our independence and flexibility are key in enabling us to bridge international boundaries with varied regulations and diverse tax regimes to deliver innovative solutions.

Our client-centred approach has seen us grow into a strong multi-disciplinary business, providing us with the flexibility needed for the ever-changing business climate.

To find out how the Louvre Group can enhance your personal and business wealth, please contact:

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