

## Why Consider Using a Malta Private Trust Company for Estate and Succession Planning?

By Jonathan Vassallo, 22nd March 2021

### Introduction

The Private Trust Company (PTC), is a concept introduced into Maltese law in 2014. PTCs offer high net worth individuals and their families, a tailor-made solution for their estate and succession planning.

Such solutions give families the possibility to manage their own estate, through a bespoke estate planning tool, to suit their specific needs.

### Benefits of a PTC

A PTC is a trustee, acting for a family trust, which is the corporate equivalent of a private individual trustee. Malta can therefore offer an alternative to the more traditional and common professional trustee/administrator or individual private trustee.

### Why is a Malta PTC Attractive?

- Malta PTCs are considered to be an attractive option to incorporate within a family estate succession plan, due to the simplicity and speed of the registration process.

Another advantage of a PTC is that it allows a degree of family involvement in the administration of the trust. Family members may be appointed to the board of directors of the PTC. Those involved in the management of the assets will have better knowledge

of the asset performance in the trust and the flow of information can also be improved, via the board. Information relating to the family trust, can easily be shared with the family members.

An additional benefit of a PTC is the management cost. PTCs can typically be integrated within a family business, and can share a common board of directors and administrative facilities, as the family business, which in turn reduces costs. The initial set-up costs of a PTC might be higher, but the ongoing running cost will be reduced.

### **PTC Registration Process**

A PTC is not required to undergo the full authorisation process, with the Malta Financial Services Authority (MFSA), that professional trustees and/or the administrators of foundations are required to undergo.

As long as all of the criteria are met, a PTC can then apply to register with the MFSA. This relatively simple registration process gives PTCs a significant advantage compared to professional trustees and/or administrators, in terms of the reduced compliance obligations that need to be met, and the time taken.

### **PTC Objectives**

PTC Objectives and Activities are limited to the following:

- Acting as a trustee in relation to a specific settlor or settlors;
- Providing administrative services in respect of a specific family trust or trusts;
- Trustee services, available through a PTC must not be offered to the public;
- Trustees must not frequently act as a trustee, and must not do so for more than 5 settlors of a family trust, at any given time.

### **Requirements for the Establishment of a PTC**

A PTC should be a limited liability company based in Malta, to be eligible for registration, and must submit a form requesting inclusion in the 'Register of Trustees for Family Offices'.

A PTC must have insurance cover proportionate to the size and nature of the trustee's business operations.

The board of directors must comprise of at least 3 directors, each of which are collectively responsible. One director must take up the role of Money Laundering Reporting Officer (MLRO), and at least one of the directors of the company must have knowledge and experience in relation to the administration of trusts. The directors must be individuals, deemed by the MFSA, to be fit and proper individuals.

The Memorandum and Articles of Association of the PTC must limit the Objects and Activities to providing; trustee services, including administrative services to not more than 5 settlors at a time.

#### **Additional Information**

If you would like further information regarding PTCs in Malta, please speak to Jonathan Vassallo on [advice.malta@dixcart.com](mailto:advice.malta@dixcart.com), at the Dixcart office in Malta or to your usual Dixcart contact.