

## Why Use Switzerland For Asset Protection and Why Use Swiss Trustees

Appointing Swiss Trustees can offer a number of tax efficiencies, as well as advantages in terms of wealth preservation and confidentiality.

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### **Background**

Switzerland is a very attractive jurisdiction for the coordination of asset protection for a number of reasons, including the stability of this international centre and the highest level of confidentiality that is guaranteed. An English, Guernsey, Isle of Man or Maltese Law based trust, with Swiss Trustees can offer a number of tax efficiencies, as well as advantages in terms of wealth preservation and confidentiality.

Dixcart can establish and manage such trust structures.

### **Reasons Why Switzerland is a Favoured Location**

#### **◦ Political, Financial, Social and Economic Stability**

The economy of Switzerland is one of the world's most advanced. The service sector plays a significant economic role, particularly the financial services sector. The Swiss economy ranked first in the world in the 2019 Global Innovation Index, and fifth in the 2019 Global Competitiveness Report.

The stable political and economic environment of Switzerland makes it an appealing jurisdiction from an asset protection perspective, with the added benefit of attractive tax regimes for both companies and individuals. These factors, combined with the country's high regard for personal privacy and confidentiality, are of appeal to

- **Banking Advantages**

Switzerland offers one of the strongest and most commercial banking centres in the world.

It has a long history of expertise in dealing with international currencies and open capital markets. Many banks have dedicated desks for particular jurisdictions, providing specific services to clients.

The main benefits of having a Swiss bank account are the low level of financial risk and high level of privacy

- **Trusts and Private Trust Companies as Asset Protection Vehicles**

Widely used in Anglo-Saxon countries, a trust is flexible and, in the right circumstances, can be an effective asset protection vehicle. It provides anonymity for families, and confidentiality regarding the assets and/or companies held within it. Trusts can be a useful aid in terms of succession planning and can assist with long term inheritance matters.

A Private Trust Company (PTC) is a corporate entity authorised to act as trustee. The client and their family can actively participate in the management of the assets and decision-making processes, as well as sitting on the board of the PTC.

Switzerland recognised trusts with the ratification of The Hague Convention on the Law Applicable to Trusts (1985), on 1 July 2007. Whilst there is no domestic law governing trusts in Switzerland, trusts from other jurisdictions, and their specific rules, are recognised and can be administered in Switzerland.

In Switzerland the Settlor (the individual who settles assets into the Trust for the benefit of the Beneficiaries) can choose the law of any specified trust jurisdiction to govern the trust. For example, a Guernsey trust can be established with a Swiss Trustee.

The tax advantages available in using a trust with Swiss Trustees essentially depend on the tax residence of the Settlor and the Beneficiaries. Professional advice should be taken.

### ◦ **Taxation of Trusts in Switzerland**

The Hague Convention (Article. 19) stipulates that the Convention does not prejudice the powers of sovereign states in fiscal matters. Consequently Switzerland has maintained its sovereignty in relation to the tax treatment of trusts.

The tax advantages available in using a trust with a Swiss Trustee essentially depend on the tax residence of the Settlor and the Beneficiaries.

In terms of Swiss Law:

- A Swiss resident Trustee is not liable to Swiss income tax or capital gains tax on the assets held under management in a trust.
- Settlers and Beneficiaries are exempt from Swiss taxation as long as they are not considered to be Swiss residents.
- Regulation of Swiss Trustees

Swiss Trustees have to be registered as financial intermediaries in accordance with Swiss Anti Money Laundering Law. They can be registered with the Central Regulatory Authority or with a self-regulatory organisation (SRO), which must be recognised by the Swiss Federal State.

### ◦ **Protection**

Under Common Law the Trustee is the owner of the assets and is required to administer the trust assets separately from his own assets. In the event of death or bankruptcy of the Trustee, the assets are not considered as belonging to the Trustee but are submitted to the trust's protection and held separately for the Beneficiaries. The trust's assets are therefore segregated from the Trustee's estate.

### ◦ **Confidentiality in Switzerland**

Switzerland is well known for its commitment to banking services, professional confidentiality and commercial competence.

SATC provides that: "Any and all information related to a trusteeship and acquired by a Member must be kept strictly confidential by the Member, its directors, officers and other employees."

A breach of confidentiality, whether professional or commercial, would only be permitted by law in the event of criminal liability.

### **Dixcart and Swiss Trustee Services**

The Dixcart office in Switzerland has been providing Swiss Trustee services for over twenty years and is a member of the [Swiss Association of Trust Companies \(SATC\)](#) and registered with the Association Romande des Intermediaires Financiers (ARIF).

The Swiss Federal Act on Financial Institutions (FINIG), came into effect at the start of 2020 and Family Offices and Trustees must now gain mandatory approval. Dixcart Trustees (Switzerland) SA meets all of the required regulatory obligations and continues to do so.

### **Additional Information**

If you would like additional information regarding the use of Switzerland for asset protection, please contact [Christine Breitler](#) at the Dixcart office in Switzerland: [advice.switzerland@dixcart.com](mailto:advice.switzerland@dixcart.com). Alternatively, please speak to your usual Dixcart contact.