

Dixcart Management (IOM) Ltd

Trust Services



This is a brief guide to the services provided by Dixcart Management (IOM) Ltd regarding the formation and administration of Trusts. This information is not exhaustive and each individual case will have its own considerations; as such, this document should not be considered advice, and we would recommend getting in touch via the details provided on the final page or discussing with your professional adviser in the first instance.

What is a Trust?

A trust is a legal arrangement where the ownership of the Settlor's assets (such as property, shares or cash) is transferred to the Trustee (usually one or more individuals or a trust company) to hold and manage for the benefit of third parties known as the "Beneficiaries" under the terms of a Trust Deed.

Whilst there are different types that we can cater for, discretionary trusts are the most commonly used. Discretionary trusts and absolute trusts (also called bare trusts); each provides differing levels of flexibility and certainty:

Discretionary Trust Overview

- Classes of beneficiary can be named from outset and can be subject to revision in line with the terms laid out in the trust instrument.
- Trustees have complete control over the administration of the trust.
- The settlor can provide a letter of wishes which are persuasive and not binding upon the trustees.
- Beneficiaries are not automatically entitled to the trust income or assets.
- The settlor may or may not be an excluded beneficiary.

Other Trusts

Employee Benefit Trusts

Employee Benefit Trusts are created by employers for the benefit of past, present or future employees, dependants and relations.

Purpose Trusts

Purpose Trusts are a type of trust which has no beneficiaries and exists for non-charitable purposes.

Property Unit Trust

Property Unit Trusts are commonly used to hold property on Trust for the benefit of unit holders in line with the terms of the Trust Deed.

Will Trust

Will Trusts come into effect on death for the benefit of stipulated classes or individual beneficiaries.



What are the Main Reasons for Establishing a Trust?



Preservation of wealth

Entrusting a Trustee with legal title to the assets prevents the ownership of the assets being diluted by successive generations, whilst allowing individuals to continue to benefit from the assets, such as a family business. As the legal title to the assets remains with the Trustee, this prevents the dilution of ownership that would occur if the assets were distributed from the original owner to second and third generations.



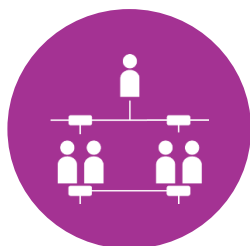
Asset protection

The Isle of Man offers a secure and stable political environment in which to hold assets and protect them from strategic risk. In addition, a trust can offer protection from creditors or other third parties in the country of domicile or residence of the Settlor.



Succession planning

As the Settlor no longer owns the assets, the need to obtain probate or similar formalities on his death can be avoided. A trust is therefore an efficient vehicle for transferring the benefits of assets through generations, providing a useful tool for Settlers as part of tax and financial planning.



Forced heirship laws

By divesting assets during the lifetime of the Settlor, the trust will not form part of his estate upon his death, avoiding forced heirship rules which may apply under laws in the Settlor's country of residence.



Confidentiality

On the settlement of assets into a trust, the Settlor no longer holds legal title to those assets. The legal title passes to the Trustees and the right to future enjoyment can be passed to the Beneficiaries. Private trusts formed in the Isle of Man are not required to have accounts audited or to file accounts with any public body.



What Does a Trustee do?

A Trustee manages the Trust and the assets it holds in line with the Trust Deed (also known as the Trust Instrument) as well as the relevant Trust Acts in the jurisdiction where the Trust is registered; In the Isle of Man, examples of these are the **Trusts Act 1995** and the **Trustee Act 2001**.

Trustees can be Individuals, Corporate Trustees or a mixture, as long as they are 18 years of age and considered 'suitable'. Where an Individual is appointed, it is considered best practice to have more than one Trustee appointed. Trustees can be appointed and removed during the lifetime of the Trust subject to the terms of the Trust Deed.

Depending on the type of Trust and its Objects, the role of Trustee can entail multiple fiduciary obligations, be very time consuming and often require some technical knowledge for proper management. Common responsibilities include:

- Management of the Trust assets (including investments, property etc.)
- Regulatory Reporting and Annual Returns
- Recording Decisions (in Minutes and Deeds)
- Working with other trustees to sign-off actions (must be unanimous)
- Identifying Beneficiaries and Managing Distributions
- Taking Tax and Legal Advice as Appropriate
- Acting with Impartiality
- Maintaining and Adhering to the Terms of the Trust Deed

Why Appoint a Professional Trustee?

There are many benefits of appointing a Professional Trustee, such as Dixcart Management (IOM) Ltd, to manage and administer your Trust. We have highlighted some of the most prominent reasons below:

Neutrality

As Professional Trustee we will always act with complete objectivity.

Continuity

We can act for as long as desired and do not suffer issues such as loss of capacity etc.

Technical Knowledge

Our team of qualified and experienced professionals are well versed in Trusts locally and further afield.

Mitigating Risk

Trusts do not have legal personality, therefore Trustees are accountable for their management of the Trust.

Eliminating Burden

Easing the reporting, administration and management burdens for loved ones.

Best Practices

Duties will always be carried out diligently and in line with the most up to date best practices.

Regulated

As a Professional Trustee, Dixcart Management (IOM) Ltd are licensed and regulated by the Isle of Man FSA.

Fees

Whether an Individual or a Corporate, the Trustee will have a legal right to reasonable remuneration.

Why an Isle of Man Trust?

The Isle of Man is rated Aa3 stable and is an independent Crown Dependency. Among other things, Manx registered companies benefit from the business-friendly Government and locally set tax regime.

The Island has its own Trusts legislation. Whilst Manx Courts will consider UK rulings as persuasive, the Island's political independence and the Trusts Act 1995 mean that all matters related to an Isle of Man trusts validity are solely the jurisdiction of the Isle of Man Courts.



Isle of Man trusts can benefit from the local tax regime in several ways, including:

- 0% income tax for non-resident beneficiaries
- 0% Capital Gains Tax
- 0% Inheritance Tax, Estate Tax & Gift Tax
- Uncapped accumulation of income
- Privacy and confidentiality - no public record
- Ability to appoint a 'Protector' (e.g. a trusted adviser).

Taxation

In the Isle of Man the trust is not liable to taxation provided:

- a. The trust has no Isle of Man resident beneficiaries; and,**
- b. The trust has no income from taxable sources in the Island.**

Subject to the nature of the income and/or gains received by the trust from non-Isle of Man sources and the assets comprised in the trust, it could become liable to taxation in another jurisdiction and appropriate advice may be required to determine if tax arises in such circumstances.

What to do next...

If you haven't already done so, we would recommend taking tax advice from a qualified advisor; this may be your accountant, legal or financial adviser. If you do not currently have a relationship with such an adviser, not to worry, we have regular dealings with professionals from around the world and will be able to point you in the right direction.

Once you have taken the appropriate advice and ascertained that you would like to form an Isle of Man Trust or appoint Dixcart as Trustee, there will be a few things that we'll need.

In order to complete our due diligence, and to onboard you as quickly and conveniently as possible, we'll need documentation such as:

- **Proof of identity**
- **Proof of address**
- **Source of wealth/funds**
- **Tax reference information**

We may request further information during your application process.

Working with Dixcart

At Dixcart, we have been providing Corporate & Trust Services and guidance for over 45 years; assisting clients with the effective structuring and efficient administration of Trusts, Foundations and Companies tailored to their individual objectives.

Our in-house experts and senior employees are professionally qualified, with a wealth of experience; this means we are well placed to support and take responsibility for different roles, including acting as Trustee, Protector and providing specialist consultancy services where appropriate.

We have developed an extensive range of offerings, which includes providing full Trust administration and Trustee services to Isle of Man Trusts. From planning and advice to the day-to-day administration of the Trust and troubleshooting issues, we can support your goals at every stage.

Get in touch

If you require further information regarding the formation, administration or provision of professional Trustee services for an Isle of Man Trust, please feel free to get in touch with the team at Dixcart:

advice.iom@dixcart.com



Find us



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