



HOW TO MANAGE A FOREIGN BUSINESS OF INTERNATIONAL TRADE WITHOUT BEING INVOLVED IN “TAX PROBLEMS”

The objective is the development of international business in a safe and well regulated, albeit lower tax, environment and the subsequent protection of the wealth generated in a way that is compliant with the tax rules in the country of residence of the client.

Trusts are typical wealth protection and succession vehicles.

It may be appropriate to set up an intermediate holding subsidiary to better take advantage of double taxation treaties.

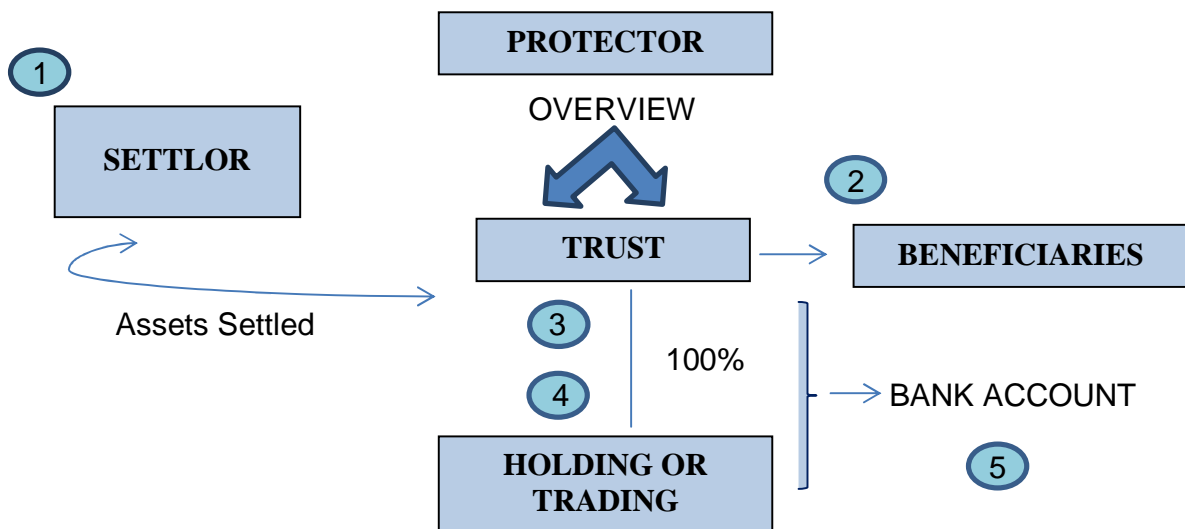
Once the profits reach the trust level the tax rules in the country of residence of the beneficiaries of the trust become an all important consideration.

Generally speaking personal taxation is triggered by the receipt of income. This is clear and self-evident. However anti-abuse provisions in certain countries may deem a distribution of dividend to have been made, even if this did not actually take place, in cases where a person is absolutely entitled to that income distribution. This is where trusts are particularly useful as they create the distinction between ownership and benefit which may result in sufficiently satisfying anti-abuse provisions.



A possible and suitable structure is the **DISCRETIONARY & IRREVOCABLE TRUST**:

A FOREIGN TRUST TO DO BUSINESS



Advantages:

- 1) The Settlor is **NOT** the beneficial owner of the trading business
- 2) The Beneficiary/ies is/are **NOT** officially nominated and so far he/they can NOT be considered as the beneficial owner/s of the trading business **UNTIL** the distribution of profits is made
- 3) The TRUST can run any business thanks to its subsidiary company/ies (holding assets and/or trading activity)
- 4) The Trust Deed is **NOT** in any public record
- 5) The Bank will **NOT** have specific beneficiaries details in its internal records until the distribution of profits is made

The above solution can be useful in case you need to officially run a trading activity outside your country of residence whilst still complying with the tax rules of your country.



In fact, until the Trust does make a distribution of profits, taxation would remain at the Trust level and you would have a strong argument against any claim that YOU are the beneficial owner of the trading activity and that YOU did not declare such activity to your local tax authorities.

Of course clients should always seek the professional advice in their country of residence as well as from an experienced and competent international advisor.

Please get in contact with us if you want to continue to run your foreign business without complaints.

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