TRUSTS

Solving the complexities of business and succession issues with trusts

- Maltese trusts may provide certain tax planning opportunities to non-residents whilst offering them protection, security and estate planning benefits

- Settlement of foreign assets into a trust by a non-resident settler for the benefit of a non- resident beneficiary would not normally trigger off any Maltese tax implications even if a Maltese trustee is involved

- Malta's tax legislation uses a transparency concept, allowing the tax authorities to look through the trust and tax the transaction (or exempt it, as the case may be) as long as certain statutory conditions are satisfied

- In cases where all the income of a trust:
  a. Arises outside Malta or
  b. Consists of interest, royalties, dividends, gains or profits on disposal of shares in most companies and where the beneficiaries of the trust are all non-Maltese residents, income is deemed not to be income of the trust for tax purposes but income of the non-resident beneficiaries who are not taxable thereon under Maltese law

- Subject to the satisfaction of certain conditions, a trustee may elect to have the trust treated as a company which is ordinarily resident and domiciled in Malta for tax purposes.
  In such case, even though this would be a trust for legal purposes, it would be treated as a company for Maltese tax purposes and distributions would take the form / treatment of a dividend for these purposes

- Maltese and foreign tax and legal advice would be necessary in order to determine whether election for corporate treatment should be made in the case of a trust or otherwise

- Relatively lower trust set up and administration costs when compared with other jurisdictions

- A trust may be converted into a foundation and vice versa

For further information on opportunities to use Maltese foundation in structures for tax-efficient business solutions, kindly contact us by email at info@factgroup.net.