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| **What is a Cyprus International Trust**  Governed by a combination of English Law i.e. the Principles of Equity and Statute Law i.e. The Trustees Law of Cyprus (Cap 193) and the International Trusts Law of Cyprus law  A trust arrangement entails an obligation on the holder of property (the ‘’trustee’’) to manage the ‘’trust property’’, vested in him/her by its previous owner (the ‘’settlor’’) for the benefit of the ‘’beneficiary’’. It intends to offer the opportunity to qualified persons, to create a trust that will suit the most complex situations or demands and enjoy many advantages.  **Types of Cyprus International Trusts**   * Express private trusts   Expressly created by the settlor. Can be created by deed, in writing, by will and, with some exceptions, orally. The intention of the settlor must be made absolutely clear. In this case the Beneficiaries have enforcement powers in respect of the trust.   * Charitable trusts   What constitutes a charity has no legal definition. In the most cases a trust that is set up for the relief of poverty, the advancement of education or religion or any other purpose that is beneficial to the community is considered to be a charitable trust. They are set up for certain public purposes.   * Fixed trusts   The share or interest of the Beneficiaries in the Trust property is specified by the settlor and it does not give the trustee any discretion. It is usually set up as a way of preventing the Trustees from using their full powers in the distribution of the assets to the Beneficiaries and they have to follow the terms of the Trust.   * Discretionary Trusts   It is a trust whereby the Trustees at their discretion can determine about how to use the trust’s income and about how to distribute the trust’s capital. It is used whereby there is a need to protect the beneficiaries from taxation, as in that case the beneficiaries have no legal right on the trust until the trust funds are distributed to them by the Trustees.  **Structure**  The common basic structure is as follows:  **Settlor**  It is the person who creates the trust and he is the owner of the initial property placed under trust. Settlor has many powers. Some of them are the powers to revoke or amend the trust, to instruct the Trustee, to appoint and/or remove Trustees, the protector or the enforcer, to change the law that regulates the Trust or the place of its administration.  **Trustee**  It is the person/s (legal or physical) who agree/s to hold the trust assets in its/their name for the benefit of the Beneficiary/is under the terms of the trust irrespectively if the trustee is also a beneficiary of the trust and/or for any purpose, not exclusively to the benefit of the trustee. His main duties are to administer the trust property prudently and to comply strictly with the terms of the trust. They cay cannot vary the terms of the trust under any circumstances. The only case when the trustees may vary the trust is when all the beneficiaries are of full age and capacity. They are not allowed to make any profit from their position unless they are authorized by the trust instrument.  **Beneficiary**  The Beneficiary/ies can be legal or physical person including a person not yet born on the date of the establishment of the trust. The Beneficiary/ies has beneficial or equitable title to the trust assets. They can challenge the Trustee.  **Protector**  It is a person other than the trustee to whom powers of any nature have been granted by the deed establishing the trust. He can advise the trustee regarding the exercise of his powers. He can also veto or consent.  **Enforcer**  The enforcer is the person or persons whose duty is to enforce an international trust for a non-charitable purpose in accordance with the Cyprus International Trusts Law.  **Three certainties requirement needs to be satisfied in order to create a valid trust:**   * Certainty of Intention: Demonstrate evidence of the Settlor’s express intention to create the trust * Certainty of Subject Matter: Demonstrate that the assets which will form the trust property are readily identifiable and tangible * Certainty of Objects: the identity of all beneficiaries must be ascertained or ascertainable at the time of setting up the trust   **Main elements:**   * The creator of a CIT i.e. the Settlor and the Beneficiaries must not be tax residents in Cyprus during the year preceding the year of creating a CIT. * Everything related to a CIT is determined in accordance with Cyprus Law and the Cyprus Courts have the jurisdiction. * The validity of a CIT is not affected by succession laws, inheritance laws or other laws applicable in foreign jurisdictions or court judgments or orders or arbitral awards or decisions by foreign Competent Authorities. * A CIT may last for an indefinite period. * The income of a CIT may be accumulated without limitations. * A CIT may be created for charitable purpose or any other purpose. * The law regulating a CIT may be changed to another foreign law. * The trustees of a CIT are bound by confidentiality and cannot disclose information or documents unless they are ordered by a Cyprus Court or are required by law in certain defined circumstances. * A CIT may be challenged only on defraud of creditor grounds with a 2-year limitation period. * In the case of a CIT which is expressly governed by Cyprus Law, the provisions of the International Trusts Laws of Cyprus apply without reference to other applicable rules of conflict and as a matter of public order.   **Cyprus International Trust benefits:**   * Tax benefits * Asset Protection * Confidentiality and reporting * Complicated family structures/managing family wealth/estate planning * No exchange control regulations are applicable to the CIT.   **Cyprus has become a popular trust jurisdiction because of the:**   * Complete tax exemptions * Short limitation period (two years) for challenging a trust * No need for any kind of registration * Complete confidentiality * Low cost of establishment and administration * Availability of competent professional trustees * Flexibility in adopting foreign law.   **Cyprus International Trust examples of uses:**   * Management of funds * Hold a property which cannot personally be held * Establish collective investment * Protection against high taxation * Protection against spendthrift beneficiaries * Manage profit sharing and pensions schemes * To invest in business overseas * To protect assets * Promote causes and charities |