



Equity Trust International

Why Trust NEW ZEALAND Trust?



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WHAT IS A TRUST

To put it very simply a trust is a common law (English) institution whereby someone who owns property (shares/real estate/money/yacht /cars indeed any kind of asset) gifts it for the benefit or future benefit of persons (usually family members born and unborn) and these assets are managed for the benefit, of these persons by a trustee. The trustee can be a person or a corporation. The Trustee's powers and duties are set out in a trust deed or document which regulates how the trustee is to distribute the assets.

The person gifting the assets is called the settler. The person(s) receiving the properties income are called the beneficiaries and the person(s) administering the trust is called the trustee.

The trust document is usually a deed setting out the trustees' powers and duties and this deed will regulate how the trustee performs their duties.

(EXAMPLE) A simple example is that Mary and John have a child (Sophia) and wish to provide for her welfare. John and Mary put their house into trust for Sophia and appoint a company to be a trustee. The trustee's duties are to manage the house for Sophia so that even if Mary and John (the settlors) dies the house is still managed for Sophia's benefit by the trustee. If Sophia or her parents get divorced, are made bankrupt, put in prison for tax avoidance, or otherwise sued, nothing and nobody can touch the trust because under New Zealand law and The Hague convention on trusts the trust property does not belong to Sophia or her parents but is simply managed for their benefit. This is why the world's richest families including the Rothschild's have had their properties in trust for generations

WHAT ARE THE DIFFERENCES BETWEEN A TRUST AND A COMPANY

A trust can do the same things as a company. For example it can trade (a trading trust), run a business, invest in the stock market, hold property, lend and borrow money. However because it is not a company but a registered legal relationship in law, the trust cannot be sued and its assets cannot be seized by creditors. This has led to some unusual and interesting decisions in New Zealand law whereby creditors of bankrupt corporate trustees of trading trusts could not seize the assets of these trusts.

The trust is also not required to file accounts (but must hold them) and is also not able to be viewed on any public registry making it much more private and confidential than a corporation. However in the same way as a company trust assets are indicated in its books of account which are held at the Offices of the trustee(s).

The governing body of a trust is the trustee or board of trustees who control the assets for the benefit of the beneficiaries. The trustees must exercise their powers for the benefit of the beneficiaries in the same way that directors must exercise their powers for the benefit of the shareholders or company. The trust deed regulates in as much as needed, how the trust property or business is to be managed and to whom and when distributions are to be made.

The incredible advantage of a trust is that until the asset is distributed to a particular beneficiary it is not in law considered to be the property of the beneficiary. This has the advantage of avoiding all sorts of taxes including gift duties, death duties and even income taxes. To go back to Sophia's example if Sophia lives in the trust house her whole life she cannot be taxed on it until the trustees actually transfer title back to her. This method has kept property and assets in families for generations without a single cent of tax being paid.

WHO CAN BE A TRUSTEE

A trustee of a New Zealand Non Resident Trust must be a New Zealand individual or Company.

An individual can be a professional trustee such as a lawyer or accountant or trust professional specializing in the administration of trusts or a company (such as Equity Trust international) specializing in the administration of trusts. The advantage of a professional trust administrator is that the trustee is legally responsible for any errors in the administration of the trust. (Please note we can supply professional trustees).

A professional trustee is usually required when there is a complex number of potential beneficiaries and substantial assets which are required to be managed independently and professionally and where there are likely to be possible future disputes between the beneficiaries or complex multi-jurisdictional tax issues.

A trustee can also be a company whose directors and shareholders are appointed by you, the client. This would be a typical New Zealand Company probably with nominee directors and shareholders who administer the trust or holds the assets.

You may choose to appoint a professional trustee simply to administer the trust (i.e. complete trustee resolutions and minutes) and a new NZ trustee company holding the assets which is controlled by you.

In this manner the trust is in fact controlled by you. If such control is undesirable for tax purposes (which in some jurisdictions it is) you can elect for example to appoint your company or yourself as a protector with a right of veto on all trustees decisions avoiding the legal test of control.

CAN THE TRUST HAVE BANK ACCOUNTS

The corporate trustee can hold bank accounts anywhere in the world. The corporate trustee (via your nominee director) can issue you power of attorney to open bank accounts which we can assist you in opening in many jurisdictions including New

Zealand, Switzerland, Hong Kong, Singapore, Latvia , Belize and many others .The corporate trustee also hoods all other asset classes in its name on behalf of the trust .

We can also assist you in acquiring for sale or mortgagee property in New Zealand, Panama, Las Vegas, as well as opening brokerage, investment, Forex accounts or physical precious metal holdings held in the name of your trust.

DOES THE TRUST PAY TAX

No. If the trust is a foreign or non-resident trust the trust pays absolutely no tax on all non- New Zealand sourced income. That means if the trust makes capital gains on shares, Forex, precious metals, property, business (including internet business) it pays absolutely no tax whatsoever on its income.

A New Zealand Foreign Trust is a trust entered into by a non-resident Settlor with a New Zealand Resident Trustee for the benefit of non-resident Beneficiaries, where no income is earned in New Zealand.

New Zealand parliament has carefully legislated for the protection of foreign or non-resident trusts and their assets. The New Zealand Foreign Trust regime is considered to be one of the best if not the best offshore trust regimes in the world today. Under the section HC 26 of the Income Tax Act 2007 a foreign-sourced amount that a New Zealand resident trustee derives in an income year is exempt income if no settlor of the trust is at any time in the income year a New Zealand resident. Basically, it means that a Trust created (settled) by a non-resident (corporation or individual) pays Zero tax on all income derived from foreign sources. Thus the Trust can invest in shares and securities, buy and sell assets, lend money and receive interest and pay no tax on any of these transactions.

In order to qualify for this protection, the Trust must do the following:

1. One of the trustees must be a New Zealand tax resident (either individual or a New Zealand registered company)
2. The Trustee must complete and send to New Zealand tax department a special disclosure form.
3. The Trust should keep detailed minute books of each transaction it enters into overseas and generally have its paperwork kept professionally.

DOES THE TRUST HAVE ACCOUNTING REQUIREMENTS

The non-resident trust must by law have a New Zealand resident trustee which can be a New Zealand Company.

The Trustee must register the trust by notifying the New Zealand Inland Revenue Department of its existence. This information is not published and kept confidential and protected by the Privacy act which is one of the most comprehensive privacy legislations available.

The trustee does not need to file tax returns but has the obligation to hold accounting records in the English language in proper form at its registered office.

This requirement was insisted on by Australia who was afraid of its residents using New Zealand's non-resident regime to avoid Australian tax. Because of the nature of New Zealand's double taxation treaty with Australia this requirement was passed into law.

There are typically other countries with double taxation agreements (depending on the agreement) that can request information if their tax residents are named on the trust deed. However they need good cause and only once it is shown can the tax department request to see the records held at the trustee's office. A simple way to ensure complete confidentiality is to name beneficiaries that are companies or individuals in countries that have no tax treaties with New Zealand.

Since trust deeds are confidential and not shown to any government departments it is virtually impossible that other countries will request them in any case.

If the beneficiaries of the trust do not have a double tax treaty with NZ then such an event is virtually impossible however in any event there is a requirement to hold these records at the trustees' registered office in New Zealand. Although there is provision to request to hold them offshore.

This is why it is important to have an accountant specialized in keeping accounts put your raw data into proper form so it can be held in New Zealand.

We provide such a service beginning at \$800 per year as part of our trust packages. Our accounts can be accessed via Xero accounting system that makes data entry simple and direct.

A properly administered trust will assist in avoiding allegations of money laundering or source of funds as our accountant will help you prepare full accounts that can be used as proof of legality of funds if required.

You can choose to do your own accounts and we can teach you to do so however if they are not properly kept then theoretically your trust can lose its protection and be taxed on its worldwide income. We say theoretically because this has never happened, however it is our obligation to advise you. Further if you use our professional trustee services together with our accounting package then under New Zealand law even if we make a mistake the tax department will fine us and not you and protection cannot be lost. We therefore obviously recommend this option which is set out in our Platinum and Platinum Elite packages.

The non-resident trust structure provides a high level of confidentiality because accounts do not have to be filed but only have to be kept. To increase the level of confidentiality we can also hold the accounts at a lawyer's office and thus engage the concept of privilege.

However you may wish to do your own accounting and request the tax department to hold your records offshore. This is a possibility and will reduce your New Zealand accounting costs to zero but of course this may reduce reliability, for the best of both worlds we are happy to train your in-house accountants regarding this and charge an hourly online consultation fee.

WHAT ARE THE ADVANTAGES OF DOUBLE TAXATION AGREEMENTS FOR TRUST

A Trust can lend and borrow money over property and other assets as well as receiving income from overseas investment such as **properties (rental), shares (dividends), interest repayments, fees etc**

Most countries heavily tax money remitted to overseas destinations at source. This type of taxation is called withholding tax and is often very high from 30% upwards. Double taxation territories help to reduce withholding tax at source to around 10-15% depending on the investment.

Thus for example if your trust lends your wholly owned Chilean company 1000 000 to purchase a property in Chile at 10% then if there were no double taxation treaty every loan repayment would be withheld at 30% (i.e. 30,000) whereas in the double taxation scenario you would only pay 15,000 i.e. you would save 50% on withholding taxes.

Because New Zealand has a comprehensive series of double taxation treaties investment in many countries through the trust is made simple and easy and with significant tax reductions

Appendix

| Countries or territories with Double Tax Agreements with New Zealand | | |
|--|--------------------|--------------------------|
| Australia | India | Singapore |
| Austria | Indonesia | South Africa |
| Belgium | Ireland | Spain |
| Canada | Italy | Sweden |
| Chile | Japan | Switzerland |
| China | Korea | Taiwan |
| Czech Republic | Malaysia | Thailand |
| Denmark | Mexico | Turkey |
| Fiji | Netherlands | United Arab Emirates |
| Finland | Norway | United Kingdom |
| France | Philippines | United States of America |
| Germany | Poland | |
| Hong Kong | Russian Federation | |

WHAT LEVEL OF ASSET PROTECTION DOES THE NEW ZEALAND TRUST PROVIDE

The answer is that a properly established trust provides virtually 100% protection against creditors. This means if the trust is established 2 years before you are attacked by creditors and in the cases of partners or spouses before you marry or begin a relationship they cannot attack it under any circumstances under New Zealand law.

There are thousands of precedents in New Zealand courts that demonstrate that trusts cannot be set aside no matter how unfair or unjust the result and no matter what benefit the beneficiaries are receiving.

Further personal tax issues or other claims against you cannot affect the trust if the trust has been professionally established. In New Zealand there are many cases of personally bankrupt individuals who have been unable to pay their taxes or have failed in business but who still live in mansions and drive Ferraris owned by their trusts and there is nothing anyone including the government can do about it. This means that foreign judgments equally will not affect the trust.

The exception in limited circumstances can be if proceeds of criminal activity are paid into trust. In these limited circumstances there are provisions under New Zealand criminal legislation to set aside the trust.

WHAT THINGS SHOULD I THINK ABOUT WHEN ESTABLISHING A TRUST

Don't worry - everybody's requirements are different. We will arrange a consultation of one hour with our trust specialists to take you through the issues. This is part of our service and can be done via Skype.

Generally the questions you should be thinking about include:

How long do I want the trust to go for?

It can be established for a period of no more than 80 years after which it needs to be distributed to the beneficiaries or another trust.

Who do I want as the discretionary beneficiaries?

These are the people that receive benefits during the lifetime of the trust; they can be unborn children, existing persons or even on occasions companies.

What happens if I (we) die or are incapacitated or bankrupt?

Provisions can be inserted to regulate the trust and fulfill wishes after death.

What happens if I am sued?

Provision can be inserted to shift assets and make them judgment-proof including to other jurisdictions where they cannot be seized.

Do I require a professional trustee with investment experience?

We have experienced financial advisers who can act as trustee to look after assets and invest internationally.

WHAT IS THE COST

Because we provide services to international agents at heavily reduced prices we are able to offer our private clients significant discounts.

We are certain that you will find our trust packages and ongoing support services much more cost effective than most other trust jurisdictions by far. Indeed if you can establish a foundation or trust in any other jurisdiction for cheaper (with same or similar services) we will match that price and reduce it by 20%.

But remember what you are really buying is your future, a future free of worry over losing your hard earned assets and peace of mind for your family. This is why a trust is truly a priceless gift for generations to come.

In the same way that you wouldn't dream about keeping your money in a jar under the bed (which legally speaking is the same as keeping it in a personal or corporate account), from a legal perspective the only safe way to legally protect your money is through a properly constructed trust.

And if after reading this information you decide to establish a trust with us, at no extra cost we will give you a financial plan prepared by a financial adviser (after consultation with you as to the way to make the funds in your trust grow). This consultation will open up to you the immense opportunities in the offshore world today such as cheap investment properties in Las Vegas , brokerage houses for South American and international share market, Forex services with bank guarantees , Australian coal mine funds, physical precious metals holdings in New Zealand and much more.

For example you may not have known that property in New Zealand is not taxed for capital gain and that we can obtain loans of 50% of the value of the property. That means that by establishing a trust and buying New Zealand property you can realise long term gains that are tax free -this is one of the numerous investments we can assist you with.

WHAT ARE THE OTHER BENEFITS OF A TRUST

The trust also has numerous hidden advantages for example the authorities of countries such as Ukraine and Russia often attempt to seize their citizen's shares and assets without proper legal foundation. The trust helps to distance the individual from legal ownership making it much more difficult if not impossible to seize the asset. A further advantage is offered by international diplomatic protection of the structure by virtue of its politically neutral nationality New Zealand, coupled with its recognised status under the Hague convention on trusts.

The multitude of reasons for choosing New Zealand as your jurisdiction of choice can be summarized as follows:

- Firstly, New Zealand is a highly politically stable country with a small population. It's legal and trust profession is highly regulated and controlled which means that generally if you choose a New Zealand trustee company or incorporator that is actually in New Zealand it is likely to be reputable and more importantly accountable. In some jurisdictions {I will not name them} this is not always the case where your incorporator may even be located there and finding the nominee director or shareholder or even contacting the office may become a problem.
- Further in New Zealand if your trust documentation is badly kept or your trustee makes a mistake you can sue him. New Zealand has strict standards for trustees regulated by the Trustees Act
- Further New Zealand is very particular about privacy having well established privacy laws (including the Privacy Act) which protects information. Your agent for a trust has to keep your financial information but there are no trust registration requirements. This makes your New Zealand Non-resident Trust more confidential than many other similar products. i.e. no one can search a public registry to find out who the beneficiaries are -this makes the product as confidential as bearer shares but without the risk of losing your documents
- New Zealand Trust laws mean that a "properly" established trust structure cannot be set aside by anyone. That means if a professional has drafted your trust and has been appointed as a trustee it is almost impossible for anyone void it. Thus, for example if your assets are in trust and you personally go bankrupt the official assignee or any of your creditors have absolutely no chance to attack the trust assets (even if they find out that you are the beneficiary). This same applies to spouses, tax departments and all creditors
- The advantages of New Zealand as an offshore jurisdiction include the fact that it is highly regarded by the OECD, is not blacklisted and consequently not considered as tax haven. New Zealand has been voted as having the world's lowest corruption index and one of the easiest countries to do business in. It is politically neutral and therefore its structures are not eyed with suspicion by any country. Also assets held in a New Zealand Offshore trust with properly prepared accounts will satisfy most of the foreign banks as to the source of funds requirements.

- The further advantage of a New Zealand non-resident trust is that it can hold the shareholding in other structures such as Hong Kong, Panama etc which can then remit profits back to the trust. The extensive network of 37 Double Taxation Treaties means that withholding tax can be minimized.
- Furthermore, the New Zealand taxation system does not tax worldwide income if the trust has a non-New Zealand resident settlor. This means your assets and income are tax free and can be held for generations.

For the above reasons holding property, shares, commodities (silver and gold) or funds should always involve establishing a trust as part of the asset protection plan. Without a trust your assets are simply not protected because they are still considered by your creditors as yours. And they are actually yours. Whereas a New Zealand Offshore Trust is recognized as a structure which removes the “legal” ownership of the asset from the settlor and beneficiaries. This means that if anyone sues you, and you have gifted the assets to a trust, they cannot attack the assets because simply speaking they are owned by another owner (your trust).

New Zealand is one of the few countries in the world to legally recognize this; and as long as your trust is established long before you have any problems with creditors your assets are safe forever. A conventional offshore company does not give that.

Buying property in New Zealand can also allow the investors to obtain residency for themselves and their families. Thus the trust can become both an investment, asset protection and migration vehicle rolled into one.

WHAT SHOULD I DO TO ORDER

After reading this information to establish a trust with us please follow the following steps:

- Request a free consultation with one of our trust specialists or lawyers to discuss your requirements
- We will then send you an invoice and order form and an anti-money laundering questionnaire (please note most countries will require compliance with anti-money laundering policy, we will make this as painless and simple as possible)
- We will commence your order on receipt of funds which will be held in escrow until completion of your order. Your completed order will then be couriered to you. We will continue corresponding with you via an assigned trust manager who will be your relationship manager throughout the process and your point of contact from then on.

CONCLUSION

Many people pick an asset protection jurisdiction or “offshore” asset protection vehicle in the same manner as they would buy a burger. They look at the menu, see the fastest and cheapest solution and don’t worry about the result as long as it meets their needs.

We all know what happens to people who don’t think about what they eat and survive on a diet of junk food. Well, it is the same in the assets protection industry. Simply buying an offshore company with a do-it-yourself bank account online may be okay for a while and indeed it may be okay even in the long run but when establishing an offshore company the first thing you need to ask yourself is why.

If the answer is you need something cheap and nasty which will be opened for a single transaction and then will no longer be needed then the best place to do so is the Internet. Choose the cheapest possible jurisdiction because in essence you don’t care about the product or its quality. However this is not asset protection but simply opening up an account.

If on the other hand, you want to protect your assets not only in the short term but in the long term (indeed forever) for future generations you should look very closely at the following:

1. A jurisdiction where the laws are clear and predictable and where the agents/lawyers are accountable and professional.
2. Laws which allow you to legally avoid claims by creditors, disgruntled spouses, official assignees and others after your hard earned money.
3. A jurisdiction which is respected and not blacklisted and which has well established asset protection laws.

In today’s complex world anyone who has money or assets is a target. In litigious societies such as United States even the most honest businessmen can be sued and made bankrupt. With the ever increasing liability of company directors even being a director of a business exposes you to limitless risks if your company fails. Instances of multimillionaires being stripped of a lifetime of hard earned assets because their company failed due to no fault of their own abound in a world where receivers, creditors and even spouses hunt their rich like prey. The New Zealand Offshore Trust has withstood the test of time as being one of the most reliable tools in one of the most reliable jurisdictions.

We urge you to discover the secret that the world’s wealthiest families have known for generations in one of the world’s most coveted trust jurisdictions at an affordable price that will offend our competitors and bring a smile to your face. Indeed if you calculate the difference between us and our main competitors you will probably be able to pay for a trip to New Zealand in the money you save without compromising the least on quality.