

The Cyprus International Trusts

(i) The Law

On July 10, 1992 the Cyprus House of Representatives enacted a new Trust Law. This Law is cited as the "International Trusts Law". The Law creates the necessary environment for the creation of international trusts in Cyprus. For a trust to qualify as an international trust under the Law, the following prerequisites must exist:

- (a) The settlor must not be a permanent resident of Cyprus.
- (b) For the duration of the trust at least one of the trustees must be a permanent resident of Cyprus.
- (c) None of the beneficiaries, other than a charitable institution, is permanent resident of Cyprus.
- (d) The trust must not own immovable property in Cyprus unless it is a charitable trust.

(ii) Tax - Estate Planning and Asset Protection

1. The income and gains of international trusts are not subject to tax in Cyprus and no estate duty shall be chargeable in respect of assets belonging to an international trust.
2. An international trust according to the Law is not affected by any rules or legislation of any country, including Cyprus, relating to inheritance or succession. A trust shall be deemed to be irrevocable by the settlor and his legal representatives unless otherwise provided in the deed.
3. **Assets Protection.** Any transfer made to an International Trust shall not be void or voidable unless any creditors of the settlor at the time of the settlement or at the time of the transfer of assets to the trust, prove to the Court that the trust was made with intent to defraud them. The burden of proof being on the creditors to prove such intentions to the Court. No action can be brought by any creditors unless it is brought within two years from the time at which the transfer or disposal of assets to the trust was made.

The duration of the trust can be up to 100 years from the date on which it was created but such limitation does not apply to charitable or purpose trusts.

Confidentiality is imposed by the Law on information or documents relating to any matter connected to the trust.