



SENTIENT

# ISLE OF MAN TRUSTS

Stated simply, a trust is an arrangement by which the owner of an asset, known as the settlor, passes legal ownership of assets to trustees. The trustees administer the assets subject to the defined terms of the trust deed and in accordance with the governing law.

## WHAT IS A TRUST?

Trusts have been in existence for centuries but their uses have evolved over time. However, even if a particular trust usage may be well known, prospective settlors sometimes still have concerns about transferring the legal ownership of assets to third party Trustees.

In this regard, when considering the establishment of such a structure or the reorganisation of an existing situation, it is important to choose the right jurisdiction and a professional firm to act on behalf of the settlor and beneficiaries.

The chosen jurisdiction must have a good solid reputation and be supported by robust legislation - the effect of good legislation means that a high level of security is offered together with confidentiality and clarity in terms of the tax position.

A trust may be established during a settlor's lifetime, or upon death under the terms of a will. Sentient International is able to offer a portfolio of trusts, each one designed to meet a specific need.

## TYPES OF TRUST

**Discretionary** - This type of trust is commonplace and is designed to allow trustees full discretion over the income and capital of a trust for the benefit of all the beneficiaries. However, whilst the trustees have discretion to apply the funds, they are bound by the provisions of the deed, and whilst not legally obliged to follow it they are often guided by the content of the letter of wishes. Beneficiaries of a discretionary trust do not have the legal right to benefit but merely a right to be considered for benefit, thus providing maximum flexibility.

**Interest in Possession** - In this type of trust, a beneficiary may have an absolute current right to the income from a trust but no right to the capital until a certain age, date or event occurs.

**Accumulation and Maintenance** - This concept allows the trustees to use the income and capital of the trust to maintain beneficiaries until an event occurs and the beneficiary becomes entitled to the property of the trust. It may be that over time an Accumulation and Maintenance Trust becomes an Interest in Possession Trust, once a beneficiary becomes of a certain age.

**Purpose** - A purpose trust is typically established to fulfill a particular commercial purpose rather than for the benefit of a particular beneficiary or class of beneficiary.

**Protective** - Commonly used for children, those with disabilities or for someone who the settlor wishes to support financially, but whom the settlor considers incapable of handling their own affairs.

**Charitable** - This concept is often established on the death of a family member and used to honour their life through the donation of funds to charity.

**Corporate** - This type of trust is used for tax efficient corporate pension structures, such as employee incentive arrangements.

# OUR SENSE. YOUR FUTURE.

## USES

A trust can be used in a number of ways and established for a number of reasons:

- **Asset Protection** - The ability to protect the personal assets of the settlor from the claims of future creditors to the extent permitted by law.
- **Enhanced confidentiality** - Assets are held in the name of the trustee, resulting in the name and identify of the beneficiaries being kept confidential for the term of the deed.
- **Tax planning** - A trust may be used to mitigate tax liabilities. In certain jurisdictions assets owned are considered to be outside the estate of the settlor on death.
- **Estate/succession planning** - A tool enabling a provision to be made for family members, relatives or friends, to allow flexibility in situations where domestic inheritance rules may be otherwise imposed.
- **Protection** of those unable to look after themselves.

Sentient International understands the importance of the client's wishes and considers it important to develop a relationship with the settlor, so as to ensure that any trust established properly reflects the client's intentions.

The Isle of Man has no public register of trusts and there is no requirement to disclose trust details to a third party. Furthermore, there is no requirement for a trust to have an audit, although specific provisions may apply within the terms of the deed.

The taxation of trusts in terms of income is dependent upon the beneficiary. If no settlor or beneficiary resides on the Isle of Man then no Isle of Man income tax is payable. The Island also operates in a tax regime where there is no local Inheritance Tax, Wealth Tax, Capital Gains Tax or Stamp Duties.

## OUR SERVICES

- Trust Establishment
- Provision of Professional Trustees
- Statutory Administration
- VAT Registration, Administration and Compliance
- Tax Compliance & Administration
- Bookkeeping & Accounting

## ABOUT SENTIENT

Sentient International is a privately owned group of independent, modern corporate and trust service providers, who between them have a solid track record of over 35 years.

Providing bespoke international business solutions to a broad spectrum of international clients, not only do we offer a wide range of services that are efficient, flexible and cost effective, our team of professionals offer complete in-house expertise as well as experience within a number of industry sectors, including Aviation, Fintech, Natural Resources, Property and Yachting.

Committed to providing the highest level of customer care and ensuring the services that we provide are delivered professionally, reliably and with complete integrity; we are proud to be more than just a corporate and trust service provider.

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