



New Zealand Foreign Trusts

The benefits and flexibility delivered by trusts make them a highly attractive option for clients across the globe. Trusts provide a flexible method for the protection and distribution of personal, family and institutional assets and are used in a wide variety of situations for both private and corporate clients. New Zealand offers a very interesting alternative to traditional trust jurisdictions with its Foreign Trust provisions providing a highly attractive platform for international asset planning and asset structuring arrangements.

Background

In New Zealand, trust law is contained in both case law and statute. The main statute is the Trustee Act 1956, the structure and wording of which was based on the UK Trustee Act. In 2010 the New Zealand Law Commission began a formal review of 1956 Act with an intent of modernisation, recognising the increasing domestic importance of the trust industry.

A Foreign Trust is determined by Inland Revenue New Zealand as a trust which has none of its settlors resident in New Zealand since the later of 17 December 1987 and the date the trust was first settled.

Inland Revenue New Zealand further add that a trust will cease to be a foreign trust if it makes any distribution after a settlor becomes a New Zealand resident, or if a New Zealand resident makes a settlement on the trust.

Features of New Zealand Foreign Trusts

The trust is exempt from New Zealand taxation on all foreign source income and any non-resident beneficiary will also only pay tax on New Zealand sourced income. In addition no tax is payable on capital gains even if the gains are New Zealand sourced.

Confidentiality is also maintained as the New Zealand Tax Acts require that resident foreign trustees must only disclose specified limited information relating to the Foreign Trust. Information provided to Inland Revenue New Zealand, includes the name of the Foreign Trust; the name and contact details of the resident foreign trustees and whether a settlor is resident in Australia.

The trustee would be Ardel Trust Company (New Zealand) Limited which was formed in 2003 and administered from Geneva or Guernsey depending on structure and client preference.

Advantages

- Recognised OECD member jurisdiction with onshore status and FATF white listing
- Attractive proposition of a New Zealand Foreign Trust administered from a European time zone
- Additional planning opportunities to take advantage of New Zealand double tax arrangements
- A flexible arrangement used for a wide range of purposes including estate planning, consolidation of assets, asset protection and preservation of wealth
- Confidentiality

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