

## TRUSTS

Barbados is considered a leading regulated International Financial Center, with the implementation of modern legislation for asset protection structures, Double Taxation Agreements and Bilateral Investments Treaties which can be utilized to protect the High Net Worth Individual.

### DOMESTIC TRUSTS

This Trust is established under the Trustee Act.

#### QUALIFICATION

A trust is deemed a domestic trust where:

- the Trustee is a Barbados resident (individual or trust company);
- the administration and management of the trust is in Barbados; and
- the trust deed does not specify that it is an international trust.

#### FEATURES

- The majority of trustees must be Barbados residents.
- A trustee(s) can be an individual(s) or a trust company licensed under the Financial Institutions Act.
- Expenses are subject to value added tax (VAT).
- Exemption from exchange controls may be received if the trust has foreign assets, non-resident beneficiaries, and deals primarily in foreign currency.
- Perpetuity period of 80 years.
- No registration or filing requirements.

#### TAXATION

A domestic trust is taxed at the same rate as an individual resident in Barbados. The trustee is liable for payment of that tax, assessed on worldwide income of the trust. In determining taxable income, allowance is made for expenses incurred as well as any amounts payable to beneficiaries. Distributions made to non-resident beneficiaries will only be taxable on income derived from Barbados; and,

- entitled to double taxation treaty benefits, which substantially reduces or eliminates tax in the other treaty jurisdiction.

### INTERNATIONAL TRUSTS

Established under the International Trust Act (ITA), which:

- Creates purpose trusts and asset protection trusts.
- Establishes non-charitable purpose trusts (used for many diverse business transactions).

#### QUALIFICATION

- At least one trustee must be resident in Barbados.
- The settlor must be resident outside of Barbados.
- The beneficiary must not be a resident of Barbados (with certain exceptions).

#### FEATURES

- The trust instrument must specify that the ITA applies.
- The trust cannot own immovable property in Barbados.
- Registration is required but does not become publicly available.
- Perpetuity period is up to 100 years.

#### TAXATION

- Non-domiciled in Barbados for taxation purposes.
- Subject to tax only on its Barbados source income and overseas income remitted to Barbados.
- Income and capital gains are exempt from tax in Barbados.
- Amounts allocated to non-resident beneficiaries out of income are not subject to tax in Barbados.
- Exempt from indirect tax or other imposts on transactions undertaken pursuant to its activities.
- Exempt from exchange control restrictions, Barbados withholding tax and VAT is zero-rated.

### PRIVATE TRUST COMPANIES

Established under the Private Trust Companies Act 2012.

### QUALIFICATION

• Trustee is legal owner and custodian of the assets; beneficiaries are subject to the discretion of the trustee.

#### FEATURES

- A PTC shall not conduct any trust business other than connected trust business, which essentially means that the contributors of the trust must be connected persons. The list of connected persons is exhaustive and ranges from spouses, parents, and children to stepchildren and in-laws.
- A PTC must have a Registered Agent who has a duty to ensure that the company complies with the requirements of the Act and annually submits a Declaration of Compliance to the Minister of International Business.
- It must also have a Special Director as a member of its board resident of Barbados, of good character and have at least 5 years' experience in a discipline related to the administration of trusts with responsibility for the general administration of the company.
- Established by and for the benefit of persons not resident in Barbados.
- The PTC will allow the client to make administrative changes as necessary, without affecting the trustee's position; allow family members to customize the trustee service to meet their evolving needs; as well as allow them to be actively involved in key investment strategies and decisions.

#### TAXATION

- Exempt from income and capital gains tax in Barbados.
- Taxed on the transfer of real estate or personal property owned by the company.
- Exempt from tax, duty and impost where the settlor and beneficiaries are non-resident and trust consist of foreign currency and foreign security and is under the management of a licensee under the International Financial Services Act.

## TRUSTS

### OFFSHORE TRUSTS

Established under the International Financial Services Act (IFSA).

#### QUALIFICATION

- The settlor and beneficiaries must be resident outside of Barbados.

#### FEATURES

- The trust assets must consist solely of foreign currency or securities.
- The offshore trust is exempted from all Barbados taxes, duties, and exchange control requirements.
- The IFSA also provides protection to beneficiaries by requiring the trustee to keep all assets held in trust separated from its other assets. Furthermore, a trustee may maintain one or more common trust funds and invest the assets held in those trust accounts in a common trust fund.
- The trust instrument and any co-trustee must give explicit permission for this investment.
- There is no registration or filing requirements for an offshore trust, so confidentiality is easily maintained.
- Perpetuity period is up to 80 years.
- Income can be accumulated for the perpetuity period.

#### TAXATION

- No tax is payable either by the trust or beneficiaries.

### DOUBLE TAXATION AGREEMENTS

These agreements mitigate the levying of tax by two or more jurisdictions on the same declared income, asset, or financial transaction).

Countries with which Barbados has a DTA: - Antigua and Barbuda, Australia, Bahrain, Belize, Botswana, Canada, China, Cuba, Dominica, Finland, Grenada, Guyana, Iceland, Jamaica, Luxemburg, Malta, Mauritius, Mexico, Netherlands, Norway, Panama, San Marino, Seychelles, Singapore, Spain, St Kitts and Nevis, St Lucia, St Vincent and the Grenadines, Sweden, Switzerland, Trinidad, United Kingdom, United States of America and Venezuela.



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