

# NT

The trusted solution in wealth structuring

## New Zealand trusts

Like many jurisdictions in the Commonwealth, New Zealand shares a common-law heritage with England and has a long tradition in the use and governance of trusts in estate and succession planning. Trusts are widely used by New Zealand residents for domestic planning, but there are also opportunities for using New Zealand in an international planning context.

New Zealand's trust law encompasses most of the concepts that you will find in England and beyond, and is familiar with the normal variations such as discretionary, life interest and accumulation and maintenance trusts. A trust can be irrevocable or revocable, which will have tax and succession planning benefits, and it can also be established for purely charitable purposes.

### Benefits

The core benefits of a New Zealand trust really flow from the benefits that trusts in general provide:

- Confidentiality
- Flexibility
- Separation of assets from the settlor's estate
- Protection of family wealth from outsiders
- Securing the family business
- Succession planning
- Protecting vulnerable family members
- Preserving wealth from dissipation by beneficiaries more interested in lifestyle than security
- In the right circumstances, protecting family wealth from attack in divorce situations
- Avoiding forced heirship in the settlor's home country
- Can be drafted so as to be compliant with Sharia

### Tax

A New Zealand trust will be exempt from New Zealand income and capital gains tax, so long as the income and gains arise outside of New Zealand, and so long as the settlor is resident outside of New Zealand. This applies equally to distributions made from the trust, so the trust will be essentially tax neutral in New Zealand.

Whilst the trustee will have ongoing obligations to maintain records etc., there are currently minimal reporting obligations to the local revenue authority. Disclosure of information in relation to the trust broadly follows the accepted standards in other parts of the world. New Zealand has, like most onshore and offshore jurisdictions, signed an Inter-Governmental Agreement with the US in relation to FATCA, and will be amongst the first countries to adopt the Common Reporting Standard in respect of automatic exchange of information.

As you would expect, New Zealand also has an extensive network of double taxation agreements in force which can be considered in terms of international tax planning. As always, it's all about getting the right advice, and we are able to help clients in this regard.

## Regulation

Unlike the major offshore financial centres, but in keeping with, for example, the UK, New Zealand has not yet introduced a mandatory regulatory regime for fiduciary services. This obviously allows a degree of flexibility for service providers, but clients can be reassured that Nerine's commitment to the highest standards of governance and client care apply equally to our New Zealand trust services.

As elsewhere in the world, New Zealand has a robust and extensive anti-money laundering regime. This regime places a significant burden on service providers and institutions to ensure that funds held through New Zealand structures are legitimate, and clients can be confident that New Zealand is a safe and responsible jurisdiction to structure their affairs.

## New Zealand as an alternative to Offshore

For the well advised client, and in the right circumstances, our view is that New Zealand offers an alternative to traditional offshore financial centres. With the same "tax neutral" premise, it has many of the features clients would expect, but with the advantage that it is not blacklisted, and is an OECD and FATF member. This does provide opportunities in cross-border planning.

## Benefits of using New Zealand trusts

- Tax neutrality for international clients
- Not on any blacklist
- Longstanding tradition in the use of trusts, with a modern trust law and experienced judiciary and extensive case law
- High quality legal and professional support - trustees must be suitably qualified
- Flexible approach to regulation and reporting
- Close to the Asia-Pacific region in terms of its location and time-zone
- A safe and responsible approach to financial regulation and security