SUMMARY OF BUSINESS ASSET TRUST STRUCTURE

1. History

- GCWealth Administrators Ltd is comprised of senior lawyers who have worked with leading international law firms
- Protected several £Billion wealth since 2009
- Structure spans over a hundred years in its use
- No client has ever been subject to any formal HMRC investigation or litigation
- NOT a Tax Avoidance Scheme; and we are not utilising "tax loopholes" that can be closed by HMRC
- HMRC are bound by the validity of the structure

2. How does it work?

- We set up a specific trust
- The client always retains CONTROL of his asset at all times
- The client retains LEGAL TITLE to his asset.
- The client transfers BENEFICIAL TITLE to his assets to the trust structure.
- The trust structure is set up so that the power in the trust to hold the assets are held by the client in a UK new company specifically set up as part of the structure, of which the client is the sole shareholder and director.
- This means that the legal title to the asset remains in the client's name; the beneficial title sits with the client's own UK new company
- It does not matter if the asset has borrowing/mortgage. The lender does not need to be notified as the beneficial title of the net equity is transferred to the client's own UK new company
- The assets can be anything: property, cash, valuable art work, jewellery and other valuables, assets held in a trust etc
- <u>Result</u>:
    - any rental stream for the asset is now tax free
    - any sale of the asset is free from CGT
    - the asset is no longer part of the client's estate for inheritance tax purposes
    - the proceeds of sale of the asset are not part of the client's estate for inheritance tax purposes

3. Who uses this structure?

Anyone concerned about:

- CGT on sale of their assets
- IHT liability in passing their assets to their children
- losing assets through divorce – assets protected from 50/50 split upon divorce
- losing assets to creditors – assets immediately sheltered from bankruptcy, insolvency proceedings
- Our clients include businesses; business owners in every major industry sector; some of the UK's wealthiest families; some of the UK's leading sportspeople; property developers and investors

4. Are there any risks in utilising the structure?

- Firstly, from a practical point of view, your assets ALWAYS remain in your control, and does not need to be transferred to the offshore trust. So you have no third party risk in relation to any of your assets.
- We are not utilising 'loopholes', or equivalent, where there is any uncertainty in the application of the law or likelihood of any retrospective amendment of the law
- The very nature of the structure means that it is not subject to the general anti-avoidance rule (GAAR) introduced in the UK in 2013.

5. Fees

- The fees are typically comprised of implementation fees at 5% of the value of the asset; and a further 10% at completion of the transaction.
- Given that some of our clients are 'asset rich' and 'cashflow poor', we are able to structure the transaction so that it fits with the client's cashflow position, for example by loading the majority of the fees upon sale of the assets in the future.

6. Final comments

- Our equivalent trust structures focus on profits generated by the client's business [whether operating as a company, sole trader or partnership] and will minimise all associated corporation tax and income tax
- Similarly, equivalent trust structures eliminate CGT on share sale transactions, where a client is selling his business.