

KEY FACTS
TRUST TAXATION REGIME

Under currently applicable rules, a New Zealand trust established by non-New Zealand resident individuals, with no New Zealand Beneficiaries, and which does not earn New Zealand source income, will not be subject to any New Zealand tax. Accordingly, if the following three requirements are met the trust will not be subject to New Zealand taxation:

- The Settlor must not be a New Zealand resident.
- Beneficiaries cannot be New Zealand residents.
- All income earned by the trust must be from non-New Zealand sources.

New Zealand's network of tax treaties can be used in international trust planning.

TRUST STRUCTURING FLEXIBILITY

The New Zealand Trustee Act 1956, which is modeled on UK trusts legislation, expressly permits a New Zealand Trustee to delegate to, or be co-responsible with, a foreign fiduciary for some of the principal Trustee obligations and administrative responsibilities. This flexibility permits the following Trustee arrangements:

- A New Zealand Trustee as the sole Trustee with administration exclusively in New Zealand.
- A New Zealand Trustee serving as a Co-Trustee with a foreign Trustee with administration being determined by the Co-Trustees.
- An advisory trust arrangement whereby an advisory trustee is appointed to advise the New Zealand Trustee on any aspect of the administration and management of the trust. The advisory trustee is deemed not to be a Trustee, but an advisor. The areas requiring advice are usually specified in the Trust Deed.
- A Custodian Trust structure whereby a New Zealand Trustee is referred to as the Custodian Trustee and holds the assets as if it were a sole Trustee. A second Trustee, the Managing Trustee, is then appointed. The Managing Trustee may work with the Custodian Trustee to manage the trust and its investments.

The rationale for permitting bifurcated fiduciary responsibilities is linked to the geographic location of New Zealand which makes it uneconomic for many Settlers and Beneficiaries to travel to the jurisdiction. The flexibility of the legislation also permits existing Trustees to continue to provide fiduciary services where for, planning reasons, a New Zealand Trustee must be appointed.

KEY FACTS
DISCLOSURE

Information for each New Zealand trust to be provided to the New Zealand tax authorities:

- The name of the trust
- The country of residence of the Settlor

In addition, the trust's financial statements must be maintained by the trust company in New Zealand even if those financial statements were not prepared by the New Zealand Trustee. The financial statements are not filed with the New Zealand authorities.

DOCUMENTATION

To assist our clients new to the New Zealand trust regime, we have available for their use template trust documentation which has been developed for by New Zealand lawyers.

Please contact any Trident Trust office worldwide for further information about our services and fees. Office contact details are included on the following page.

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