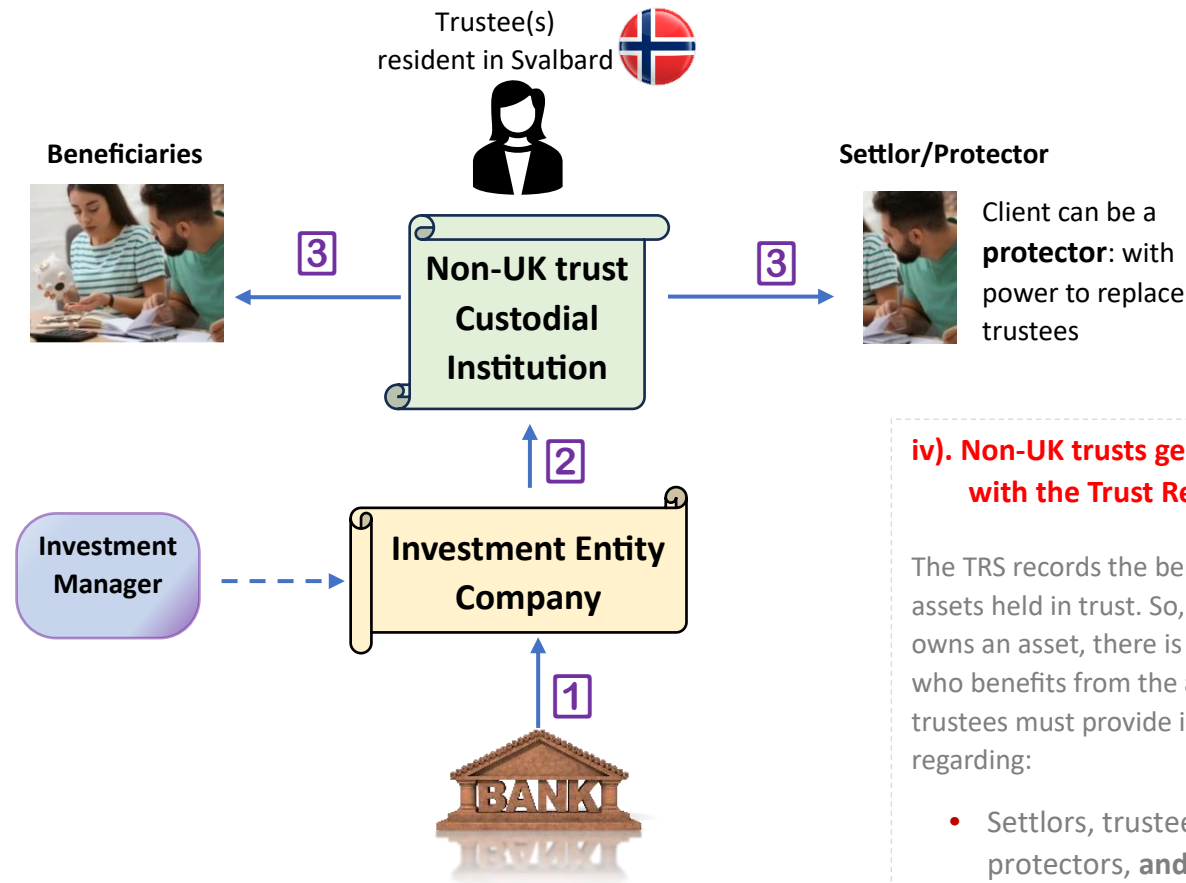




Svalbard Special Purpose Vehicle Custodial Institution



UK trust as a Custodial Institution holds client's Investment Entity



iv). Non-UK trusts generally do not register with the Trust Registration Service

The TRS records the beneficial ownership of assets held in trust. So, if the trustee legally owns an asset, there is a separate record of who benefits from the asset. If registrable, trustees must provide information to the TRS regarding:

- Settlers, trustees, beneficiaries, protectors, **and**
- Assets held

i. Why choose England/Wales as governing law jurisdiction of trust

- It is considered just and fair in the interpretation and enforcement of trusts.

ii). What is a non-UK trust.

- None of the trustees are resident in the UK for tax purposes, **or**
- At least one of the trustees are resident in the UK.
 - and the settlor of the trust was one of the following when the trust was set up or funds added:
 - not **resident** or **normally resident** in the UK
 - ◻ a person is ordinarily or normally resident if they are living in the UK lawfully and voluntarily, as part of the regular order of their life for the time being, whether for a long or short duration
 - not domiciled or deemed domicile in the UK.

iii). Untaxed non-UK trusts do not register with HMRC for tax.

UK non-resident trusts do not register with HMRC for tax unless the trustee is liable to pay taxes on UK assets or UK-sourced income:

- ◻ Income
- ◻ Capital gains
- ◻ Inheritance
- ◻ Stamp duty reserve (purchase shares)
- ◻ Stamp duty land.

A non-UK trust should register with the TRS if:

- it acquires, directly or indirectly, UK land and buildings, unless it's a co-ownership express trust^A **or**
- is liable for taxes relating to UK assets or UK-sourced income (income, capital gains, inheritance, stamp duty reserve tax, stamp duty land tax) **or**
- at least one trustee is UK resident and trust enters a relationship^B with UK relevant persons^C

A Money Laundering and Terrorist Financing Regulation 2020 Part II Beneficial Ownership.

B Business, professional, or commercial relationship.

C Financial Institutions, Credit institutions, Auditors, Insolvency Practitioners, External Accountants, Tax Advisers, Legal Professionals, Trust or Company Service Providers, Estate Agents, High Value Dealers, and Casinos.

1 No CRS reporting by bank as its account holder is an excluded person Financial Institution.

The term "Reportable Person" means a Reportable Jurisdiction Person other than:

- Regularly traded corporation
- Governmental Entity
- International Organisation
- Central Bank
- Financial Institution (*Managed Investment Entity, Custodial Institution, Depository Institution, or Specified Insurance Company*)

Trust holding a corporation is a Custodial Institution for CRS because:

- It is an entity
- Holds Financial Assets for the account of others
- Earns at least 20% of its gross income from custody fees

2 The Investment Entity does not report on its account holder as it's a Financial Institution

- The managed Investment Entity is a Reporting Financial Institution
- The Investment Entity does not Report on its Account Holder as it's a Custodial Institution, which is an Excluded Person.

3 The Custodial Institution trust does not report on its Controlling Persons because it's a non-participating jurisdiction Financial Institution

- Svalbard is excluded by Norway from the Mutual Convention on Administration Assistance in Tax Matters as well as the IGA with the US..
- Svalbard is excluded from every double tax agreement and hence has no bilateral tax agreements.
- No reporting Financial Institution in Svalbard reports for CRS (or FATCA)

Location of trust as a Financial Institution

In the case of a trust that is a Financial Institution, irrespective of whether it is resident for tax purposes in a jurisdiction, the trust is considered to be subject to the jurisdiction where its trustees are resident unless it is taxable and reporting in that jurisdiction.

- The Trust Custodial Institution is resident for CRS purposes in Svalbard, Norway as the trustees reside in Svalbard
- Svalbard is a non-participating jurisdiction of CRS
- Therefore, the trust Custodial Institution is a non-participating Financial Institution
- The non-participating Custodial Institution does not report for CRS

History of Svalbard

- Spitzbergen was terra nullius until the 1925 Svalbard treaty recognised Norway's sovereignty over Svalbard.,
- Svalbard is not a dependency but an integral part of Norway, however not all Norwegian laws apply. It is neither a county nor municipality.
- Norwegian private, civil, criminal, and procedural laws apply to Svalbard except where regulations apply concerning taxation, environmental conservation, administration, fishing, resources, mining, immigration, non-discrimination of foreigners, social security, territorial water, etc.
- Due to its separate regulations, no immigration visas needed for treaty signatories, outside of the European Economic Area, Schengen, and NATO.
- Svalbard has fiscal autonomy, with lower tax rates than mainland Norway and no Value Added Tax.
- Norway's international agreements thus exclude Svalbard from:
 - Double Taxation Agreements
 - OECD Mutual Convention on Administrative Assistance in Tax Matters
 - Common Reporting Standard
 - FATCA IGA

The OECD Mutual Convention does not apply to Norway's two unincorporated areas, nor its three dependencies.

NORWAY

Declaration contained in the instrument of ratification deposited on 13 June 1989 - Or. Engl.

As regards Norway the Convention on Mutual Administrative Assistance in Tax Matters shall apply to the territory of the Kingdom of Norway, including any area outside the territorial waters of the Kingdom of Norway, where the Kingdom of Norway, according to Norwegian legislation and in accordance with international law, may exercise her rights with respect to the seabed and subsoil and their natural resources; the Convention does not apply to Svalbard, Jan Mayen or the Norwegian dependencies ("biland").

"Reason why Svalbard is excluded from tax treaties is the income tax rate is low for individuals and corporations compared to Norway mainland".

1. A UK trust with trustee(s) resident in Svalbard is a Custodial Institution resident in Svalbard.
2. Svalbard is a non-participating member of the Common Reporting Standard
3. The Custodial Institution can hold any financial asset including company shares.
4. No reporting for CRS:
 - a) The bank does not report on the Controlling Persons of the managed Investment Entity as it's a non-reportable Financial Institution.
 - b) The managed Investment Entity does not report on its account holder as it's a non reportable Financial Institution, i.e. a Custodial Institution.
 - c) The Custodian Institution is located in Svalbard, and so does not report for CRS because Svalbard is a non-participating member of CRS.

CONTACT INFORMATION

mark.morris@co-ownershiptrust.com

+41 76 212 2024