



CLEANSING OF MIXED FUNDS IN TRUST STRUCTURES: THE «LIECHTENSTEIN FORMULA»



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For legal entities and trusts with UK beneficiaries who are resident and non-domiciled holding so-called “mixed funds” there is now a very simple solution to separate those into capital, income and capital gains. We interpret mixed funds as funds that have previously not been segmented or incorrectly segmented.

IN LIECHTENSTEIN WE TRUST

A working group of the Liechtenstein Institute of Professional Trustees and Fiduciaries (LIT) in cooperation with UK advisors have discussed with HMRC representatives a process based on a solution for mixed funds where a segmentation was not possible due to the lack of availability of accounting records.

The outcome of those discussions is a simple segmentation process based on a Standard Performance Table (SPT) which has been established with a Liechtenstein asset management company using real market data for four different investment strategies and four different reference currencies.

While in theory the segmentation could end up in a tax tribunal, HMRC has confirmed in a letter that the approach is reasonable and acceptable. Under normal circumstances it is very unlikely to be challenged. The calculation is only suitable

for bankable assets. Under no circumstances must the SPT be used where the full accounting records are available or in order to achieve a favourable outcome which is unrealistic. The structure must be managed in Liechtenstein.

We are pleased to assist should you be interested in using this unique opportunity.



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