



Knowledge.

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The BVI Short Form Trust

The flexibility and benefits of discretionary trusts are well known but they are often viewed as too expensive (especially where the size of the trust fund is restricted). In many cases, a simplified form of trust, restricting some of the activities and responsibilities whilst ensuring that the legal and beneficial interest to the trust assets are separated, would be equally effective but can be more competitively priced.

A BVI Short Form Trust is a variation of a legally binding discretionary trust. It can be used when the activities are to be limited to, for example, the holding of a cash deposit or an investment portfolio managed by one specified asset manager. The variety of investment opportunities is more limited than with a traditional discretionary trust.

Short Form Trusts may be appropriate in circumstances where the value of the trust fund is relatively small. This may cover cases where exchange control restrictions limit the level of funds that can be remitted to the trustees, or where the family is still actively generating wealth and taking the first steps towards succession planning. The Short Form Trust is an irrevocable settlement administered under the laws of the British Virgin Islands. The beneficiaries are named at the outset through the trust deed, which provides for future changes in the beneficiaries and the inclusion of additional assets. It offers a mechanism to enjoy assets, and avoids the need to apply for probate on the death of the settlor with respect to the trust assets – this is not the case where the assets are owned personally and are transferred by way of a will.



The Short Form Trust offers the fiscal benefit of a trust without the usual level of costs. This is a result of the reduced activity and responsibilities of the trustee.

The trustees hold the assets for the beneficial interest of the various beneficiaries. The trustees may invest the assets in any agreed manner. They are under no obligation to diversify the trust fund, or even to preserve or enhance it. This is fundamentally different from a standard discretionary trust, as is the ability of the trustees to specifically delegate functions such as the investment decision process.

Investment management duties for a Short Form Trust are formally delegated to a third party, and the trustee usually has a very limited role focusing on the initial creation of the trust, annual reporting and any distributions. The trustee has a reduced level of liability with respect to the trust assets, and is permitted to place greater reliance and responsibility in the hands of the investment manager.

Compared to alternative solutions, a Short Form Trust offers the prospect of significant savings in time management charges. In addition, such a trust provides greater flexibility and security than merely holding investments overseas in a personal name and relying on the terms of a will to deal with assets post death.

The Short Form Trust offers the fiscal benefit of a trust without the usual level of costs. This is a result of the reduced activity and responsibilities of the trustee. While the investment opportunities are restricted the reduced costs mean that the use of a trust becomes a commercially viable proposition to those who, in the past, may have felt that the benefits were far outweighed by the associated costs.



We are here to assist you.

Please do not hesitate to get in touch with any of the key contacts listed on this page should you have any questions.

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This publication is intended to provide an overview of the subject matter and is not comprehensive in nature or to be construed as legal or tax advice. We recommend that clients seek professional advice on any particular matter.

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About JTC Group

JTC Group

Formed in 1987, JTC Group is a multi-jurisdictional, independent provider of private client, corporate and fund services. With a team of more than 290 people, we operate from 18 jurisdictions around the world with offices in Argentina, Brazil, the BVI, Guernsey, Jersey, Luxembourg, New Zealand, Switzerland, the UK and the USA (a representative office). We also have alliance offices in the Cayman Islands, Cyprus, Hong Kong, Indonesia, Labuan, Malaysia, Singapore and The Netherlands.

Our aim is to build partnerships with our clients to add value and enable them to focus on their core business. We work with a wide range of clients, from large corporations through to small private companies and their owners, fund promoters and high-net-worth, as well as ultra-high-net-worth, individuals.

Our core services

- Private client services
- Corporate services
- Fund services
- Accountancy services
- Employee services
- Marine and aviation services

Our clients

Our business ethos is to provide a high quality service to a reputable client base and we have never sought growth at the expense of the quality of clients. Equally, we would not consider accepting an appointment that would jeopardise our stated commitment to provide high quality services in legitimate circumstances. We pride ourselves on a personal and efficient approach with a commitment to tailoring our services to the needs of the client. Our approach focuses on finding the 'best fit' for our clients.

Our independence

We have made the strategic decision to develop our business independent of any institutional links. This independence allows flexibility, quick decision making and an ability to choose from a vast network of professional contacts to ensure a bespoke service for our clients. This also allows us the flexibility to place these roles with the top service providers in their respective disciplines, ensuring a first class product.

Regulation

The entities within JTC Group, carrying on the regulated business of JTC Group, are duly regulated as appropriate by the Jersey Financial Services Commission, the Guernsey Financial Services Commission, the British Virgin Islands Financial Services Commission and the Commission de Surveillance du Secteur Financier (CSSF) in Luxembourg and in Switzerland is a member of l'Association Romande des Intermédiaires Financiers (ARIF). For more information about JTC Group's offices and alliances please refer to our website: www.jtcgroup.com.

Terms of business

For our full terms of business, please visit: www.jtcgroup.com/terms-of-business.



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