

A SIMPLE TRUST

Case Study: An Argentinian Client Establishes a Trust Structure in the Turks and Caicos Islands.

CLIENT BACKGROUND

Diego Martinez, a successful businessman from Argentina, owns a diversified portfolio of investments, including luxury real estate in Buenos Aires City, an international investment portfolio, and high-value art pieces. Given Argentina's general economic instability, increasing wealth taxes, and concerns about currency devaluation, Diego seeks a secure, tax-efficient solution to protect his assets and plan for the succession of his wealth.

His goals include:

1. **Asset Protection:** Safeguarding his global assets from potential political and economic risks in Argentina.
2. **Tax Efficiency:** Whilst adhering to all applicable Argentinian and international law and regulation, minimizing exposure to local wealth taxes.
3. **Succession Planning:** Creating a streamlined structure to pass on wealth to his children without probate delays or unnecessary taxation.
4. **International Investment Flexibility:** Ensuring the structure facilitates global investment, including U.S.-based opportunities.

THE PROPOSED SOLUTION: A TURKS AND CAICOS TRUST (TCI TRUST)

Diego establishes a **discretionary trust** in the Turks and Caicos Islands (TCI) with the following structure:

1. **Trust:**
 - The TCI Trust acts as the ultimate holding entity for Diego's global assets.
 - The trust is irrevocable but discretionary, allowing for flexibility in asset management and distribution to his designated beneficiaries, including his children. Diego can

express his non-binding guidance on distribution and investment strategy to his trustees by way of a Letter of Wishes. If he would like to have some control in the first few years, he could also set up an investment committee to decide on where to invest the trust assets, and can himself sit on that committee.

2. Trustee:

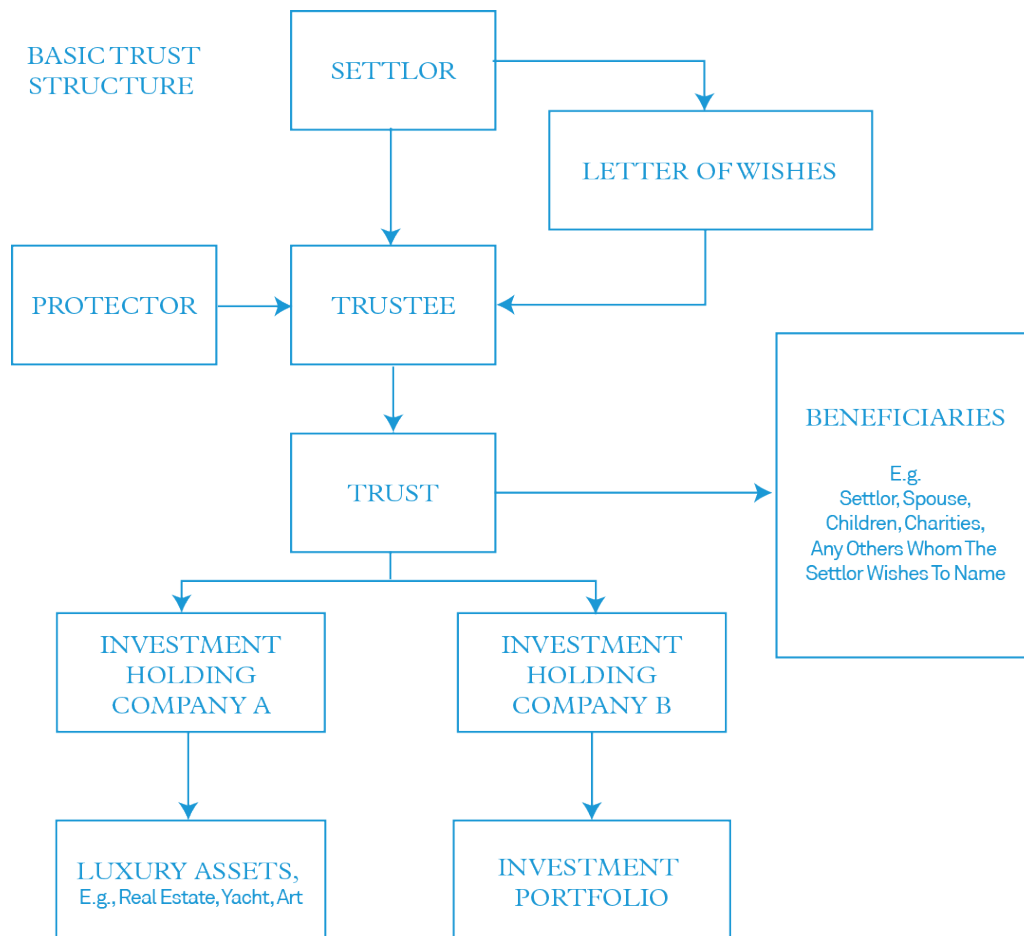
- An independent TCI-based trustee is appointed to ensure real professional and impartial management of the trust.

3. Protector:

- A trusted advisor acts as the protector to provide oversight and ensure the settlor's wishes are observed, with the power to remove the trustee at any time and replace that trustee with a trustee the Settlor prefers.

4. Underlying Companies:

- The trust owns two offshore investment holding companies (e.g., in TCI or BVI) to hold specific assets:
 - **Company A:** Holds Diego's international investment portfolio, enabling him to invest in the U.S. and other global markets tax-efficiently.
 - **Company B:** Holds luxury assets, including Diego's real estate (subject to local foreign ownership rules), a valuable art collection, and a yacht.



KEY BENEFITS OF THE TCI TRUST FOR DIEGO

1. Asset Protection:

- TCI's robust legal framework ensures that the assets settled into the trust are protected from creditors, political instability, or claims from third parties.
- Diego's luxury assets and investment portfolio are held securely outside of Argentina, providing a strong defence against local legal or economic challenges.

1. Tax Efficiency:

- The Turks and Caicos Islands impose **no income tax, capital gains tax, estate tax, or wealth tax**. This ensures

that income generated by the trust's investments and luxury assets is not eroded by taxation in the jurisdiction.

- Proper structuring, in conjunction with Diego's tax advisors, ensures compliance with Argentina's tax laws while mitigating wealth and income tax exposure.

1. Confidentiality:

- TCI does not maintain public trust registers, ensuring confidentiality for Diego's trust, beneficiaries, and assets.
- The trust structure protects Diego's privacy.

1. Succession Planning:

- The trust allows Diego to pass on his assets seamlessly to his children, avoiding the complexities, delays, and costs associated with probate in Argentina and other forced heirship jurisdictions.
- Diego can provide guidance for the trustee through a **Letter of Wishes**, specifying how the assets should be managed and distributed in line with his family's needs.

1. International Investment Flexibility:

- By using the trust to hold investment holding companies, Diego gains access to global investment opportunities, including U.S. markets.
- The trust structure enables efficient management of investments, reducing the administrative burden on Diego while ensuring compliance with international standards.

1. Diversification of Risk:

- Holding assets in a stable, tax-neutral jurisdiction like the Turks and Caicos Islands provides Diego with geographic diversification, reducing his exposure to Argentina's economic volatility.

IN SUMMARY

By establishing a **Turks and Caicos discretionary trust**, Diego achieves his goals of asset protection, tax efficiency, succession planning, and international investment flexibility. The structure provides a robust solution to protect and manage his wealth while ensuring it is passed on seamlessly to his children.

With the expertise of professional trustees and advisors in TCI, Diego has peace of mind knowing that his assets are secure, efficiently managed, and positioned for long-term preservation and growth.

**The above is an example only for illustrative purposes and does not constitute advice of any kind. Any wealth planning requires appropriate Argentinian legal advice in conjunction with Coriats services. Coriats cannot and does not give advice on any matter of Argentinian law or regulation. Every client has their own unique set of facts and requirements, so any planning requires detailed preparation and research before implementation.*