

## UK Bare Trusts – *Providing Privacy*

### What is a UK Bare Trust?

A Bare Trust is a specific type of trust where trustees would hold the trust property (assets) on behalf of a beneficiary. The beneficial interest in the property would belong direct to the beneficiary, rather than a discretionary trust where the trustees can exercise that discretion on managing and apportioning those assets to the beneficiaries. i.e. the trustees have no practical control over the assets, the control is in title only.

Historically Bare trusts have often been (*and still are*) used for parents and grandparents who would wish to pass on their assets to their children or grandchildren until they reach 18. More recently though, the advantages of using a Bare Trust for Privacy Purposes are being explored.

### Privacy

Unlike holding assets under a UK Company where a register ('Persons with Significant Control') must now be kept and is publicly available at Companies House, there is no such public trust register. Current legislation does state that by March 2022, a UK trust register of ultimate beneficial owners must be kept.

However, this new trust register will not be publicly assessable and details held on the register may only be released upon specific circumstances where a legitimate interest must be shown, such as a link to money laundering or terrorist financing.

Assets of the Bare Trust will be held in the trustees name therefore affording privacy to the beneficiaries. This is particularly useful where privacy is desired regarding purchasing and ownership of property and land. If a charge (mortgage) against such assets is required, this can also be registered in the name of the trustees.

### Tax Treatment

As the beneficiaries have absolute entitlement to the assets, for tax purposes the assets are treated as belonging to the beneficiary and reportable direct by them. A Bare Trust is therefore transparent for tax purposes.

Traditional trusts, such as discretionary trusts that do have a UK tax liability will be required to provide further information to the new register on the trust assets, addresses of property held and the value of those assets. However, as Bare Trusts do not have any UK tax liability there will be no requirement to provide these additional details.

### Tax Advice/Fees

Full legal and structuring advice must be obtained for the establishment of a UK Bare Trust. Imperium work with a number of leading advisory firms to assist with this advice and drafting of the trust documents.

As a Bare Trust for such purposes is a bespoke arrangement, fees are quoted on a case by case basis and should be considered alongside the 3<sup>rd</sup> party legal costs.

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