

firstoffshore

Foundations



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WHAT IS A FOUNDATION

Foundations, like trusts, are used for a variety of purposes including, wealth management, planning and preservation, succession planning, asset protection and tax planning.

- ✓ Trusts have their roots in the common law, while Foundations are a civil law concept originating in continental Europe.
- ✓ Unlike trusts, Foundations are incorporated as a legal entity with their own distinct attributes and legal personality. In this respect, Foundations are similar to companies but without shareholders.
- ✓ A Foundation holds assets in its own name on behalf of beneficiaries and must be established with one or more lawful objectives.
- ✓ A Foundation cannot carry out any commercial activities, other than those necessary and incidental to the objectives of the Foundation. However, any Corporate entity held by the Foundation can carry out its activities.
- ✓ Once a “Founder” establishes a Foundation, assets are transferred and become the property of the Foundation. Unlike a trust, a Foundation safeguards the Founder’s ability to exercise control over a Foundation.
- ✓ The Foundation continues to exist perpetually after the death of the Founder.
- ✓ Establishing a Foundation can assist in the preservation of assets in the context of succession and help to avoid family conflicts.



BENEFITS OF FOUNDATIONS



An Internationally recognised legal entity

A Foundation operates similar to a common law trust yet has features more similar to a company.



Robust governance mechanisms

Foundations Regulations follow international best practice and set a legislative standard for the Foundation Council Members. This standard includes statutory duties, similar to common law and duties imposed on company directors. A Guardian supervises the Foundations Council Members and ensures that it acts in accordance with the Foundation's Charter and By-Laws. Appointment of the Guardian is optional during the Founder's lifetime and compulsory upon Founder's death.



Distinct legal personality

Unlike a Trust, having a legal personality provides Foundations with flexibility to enter contracts and makes arrangements directly just as a company would be able to.



Separation of liability whilst maintaining control of assets

The Foundation is a distinct legal entity which allows for separation of liability between Founders and the Foundation.



Perpetual existence after lifetime of Founder

Like a company, a Foundation is a perpetual concept, allowing arrangements to continue and therefore providing certainty after the Founder's death.



Asset protection

Foundations Regulations include firewall provisions designed to assist in protecting the rights of beneficiaries and preserve the Foundation's assets from bankruptcy claims, claims in the event of divorce and from the effect of forced heirship rules.

UAE FOUNDATIONS ADVANTAGES

- ✓ Privacy - Founder's wishes are not publicly registered.
- ✓ Heirship Rights conferred by Foreign Law in relation to the property of a living person shall not be recognised by UAE courts.
- ✓ Estate Planning - Perpetual concept for long-term planning - The Foundation continues after death and provides to family members and/or those that the Founder wish to include provisions.
- ✓ Succession planning for personal estates, business ownership and assets.
- ✓ Reducing personal net worth to minimise legal damages (compensation) risks.
- ✓ Accumulating portfolio income (annuities, interest, royalties, dividends, returns.)
- ✓ Recognised legal entity in common and civil law jurisdictions.
- ✓ Inheritance tax planning.
- ✓ Separation of voting and economic benefits
- ✓ Wealth Protection.



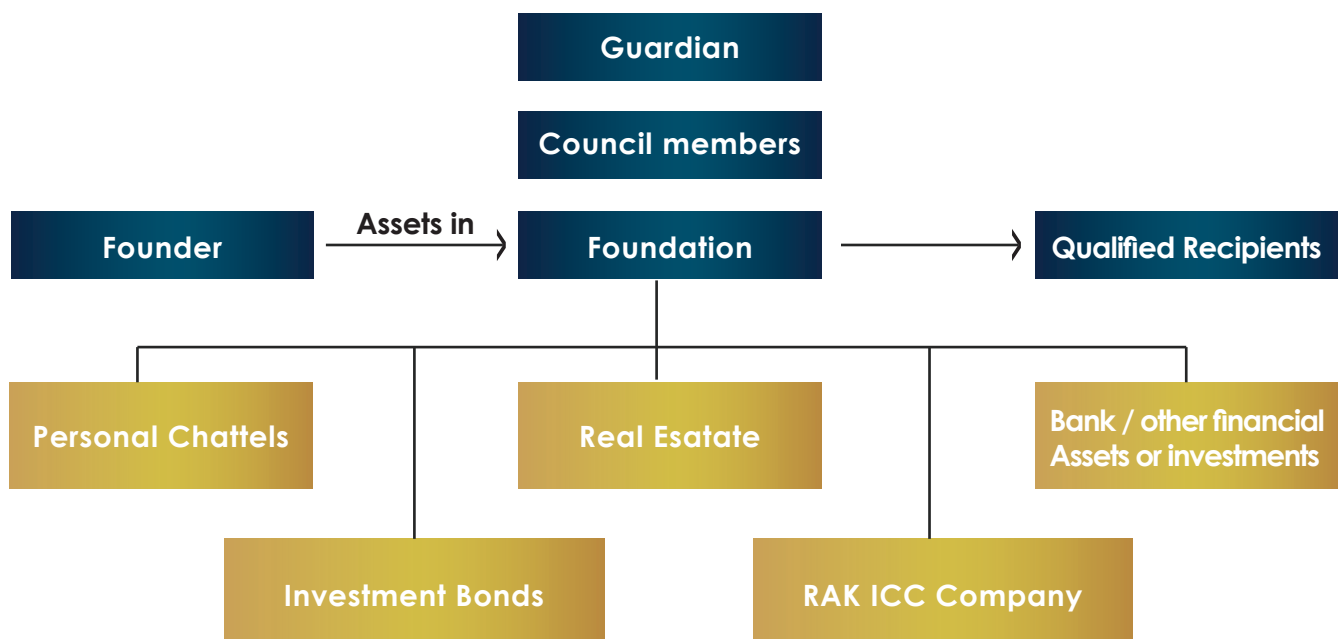
ASSET PROTECTION



A Foundation is the ideal legal structure for individuals who:

- ✓ Wish to protect his/her assets by segregating them from themselves.
- ✓ Wish to hold companies **anonymously**.
- ✓ Wish to **transfer wealth** to their heirs in a tax-free method.
- ✓ Want to transfer wealth to their heirs in accordance with their wishes and not in accordance with the laws of the country where they live.
- ✓ Want to **consolidate the ownership of assets** owned throughout the world in one location.
- ✓ Want to **preserve their wealth** against uncertainty; either political, economic or family related.

Possible Structure



WHY FORM A UAE FOUNDATION

- ✓ Extremely competitive pricing structure and straightforward to establish.
- ✓ Independent UAE International Courts.
- ✓ Benefits from the UAE's extensive Double Tax Treaty network.
- ✓ Protects confidentiality of Foundation's arrangements.
- ✓ In-built governance controls to safeguard the wishes of the Founder.
- ✓ Low on-going costs.
- ✓ No attestation required for documents.
- ✓ Allows migration and re-domicile of existing structures from other jurisdictions around the world.
- ✓ Flexibility to amend governance structure once established.
- ✓ Initial assets from USD \$100 can be transferred to the Foundation.

For more information contact us on:

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