



COMPANY PRESENTATION

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IN TRUST WE TRUST

The protection of personal and family assets and the care of the relative succession stages have undergone an important change in recent years.

Families present new characteristics relating to:

- families different from the so-called "Classic family": unmarried parents, single-parent families (unmarried, single or widowed), extended families including children born from different unions, families made up of members of the same sex;
- the ever more common relocation of people to foreign countries differing from their country of origin (to study, change life or to start a new economic activity) following which investments are often made there.

The complex and internationalised characteristics of new families has given rise to the need for advanced, detailed and sophisticated planning and detailed tools for advanced assets.

In these circumstances the San Marino Trust model is a coherent and effective tool, with legislation constantly updated that safe guards family heritage and its generational transition as the core objective.

In doing so, the legislation guarantees transparency, traceability and international tax recognition.





SAN MARINO LAW AS THE LAW APPLICABLE TO THE TRUST

Why choose San Marino law as the law applicable to the Trust?

- Because the San Marino Law (Law n. 42/2010 s. m. and i.) is current, concise and easy to understand. It is constantly updated regarding Trust developments on an international level.
- Because it is in Italian.
- Because it is a legislation that protects the Beneficiaries and therefore is particularly suitable for protecting family assets and ensuring their best management.
- Because the costs of establishing and managing the Trust are reasonable.
- Because there has been a Trust Register in San Marino for years, kept by the Trust Register Office – Central Bank, which guarantees compliance with legality and an almost unique advertising regime.

The Trust Registry Office issues certificates relating to the Trusts registered with the Trustee or the Resident Agent (in the case of a foreign Trustee) upon simple request. Certificates are issued to different parties only if authorised by the Court for Trusts.

The obligations expected for Trusts are scrupulously respected in international dispositions with regards to the fight against money laundering and terrorist financing.

Since 2005 the Republic of San Marino has adopted a very coherent but simultaneously very complex and effective model, focusing on family assets and its handover towards descendants. Inspired and enriched by the Italian experience and mainly developed within the association “Trust In Italy” and in notarial firms.

While in Anglo-Saxon countries the trust was created as a legal institution to manage various economic and financial aspects, in the “Mediterranean” model the focus, regulation and practice is UNIQUELY THE FAMILY and its assets.

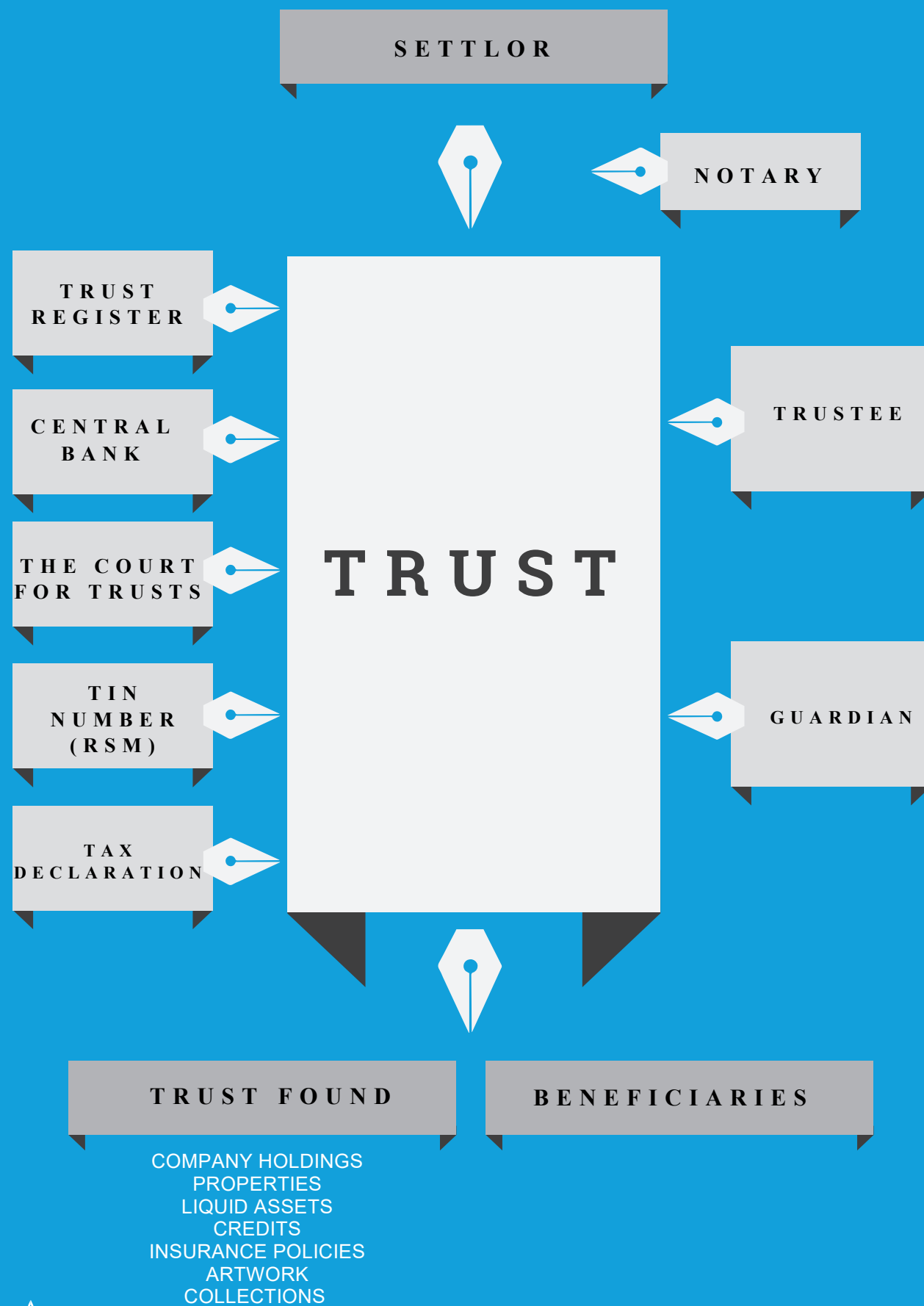


THE COURT FOR TRUSTS

In San Marino there is a specialised Court, the Court for Trusts and Fiduciary relations, composed of internationally renowned Trust expert jurists and chaired by Prof. Maurizio Lupoi.

The Court for Trusts and Fiduciary Relations not only intervenes in litigation proceedings but can be a very valid assistance for the Trustee "to be authorised to accomplish a beneficial act that does not fall within their power or to obtain approval in relation to an already completed act or to have the judge make changes to the founding act that have become necessary or appropriate". Furthermore, in the event that "the Trustee finds themselves in a state of uncertainty regarding the fulfilment of an act inherent to their office" he can ask the judge to rule on the matter, also giving him precise directives (art. 53 paragraphs 4 and 5 of Law no. 42/2010).

SAN MARINO TRUST



Types of trusts and the applicable conditions of San Marino law

- Trusts can be Beneficiary Trusts and Purpose Trusts.
- The same founding act can establish Beneficiary Trusts and Purpose Trusts (art. 2 paragraph 4 of Law no. 42/2010).
- The San Marino law applies only to trusts set up by the Settlor's own free will (art. 3 Law no. 42/2010).
- The identification of the Regulatory Law and the acknowledgement of foreign Trusts created by choice by the Settlor's and verified in writing, are governed by the Hague Convention of 1 July 1985 on the law applicable to Trusts and their recognition (art. 4 Law n. 42/2010).
- The Trust is established by written act in person or by will and testament. In the case of a written deed between living persons, the deed of establishment can take the form of public deed or private deed authenticated by a notary (art. 6 paragraph 1 Law n. 42/2010).

Beneficiary Trust □ □

- The Beneficiary Trust takes effect from the moment the Trustee becomes the owner of any trust assets and cannot last more than one hundred years from the date of the establishment of the act, unless it is a Purpose Trust. (art. 9 paragraph 1 Law n. 42/2010).
 - Any asset can be included in the Trust Fund without the need for implication (art. 11 paragraph 1 Law n. 42/2010).
 - The Trust Fund is separated from the personal property of the Trustee and from those belonging to other individuals or other Trusts (art. 12 paragraph 1 Law n. 42/2010).
 - The Trustee holds the Trust Fund and manages the Trust for the benefit of one or more Beneficiaries.
- If the founding act does not provide otherwise, the Trustee may, at their discretion divide the Trust Fund into several sub-funds (art. 12 paragraphs 2 and 3 of Law no. 42/2010).

TAX RESIDENCY OF SAN MARINO TRUSTS



Article 2 paragraph 2 of the law dated 17 March 2005 no. 38 establishes that "Trusts managed by at least one Trustee who has received authorisation to practice in office in accordance with the Trust Law are considered to be fiscally resident in the Republic of San Marino".

Therefore the Trust can be managed by more than one Trustee but there subsists an absolute presumption that in the absence of a San Marino Trustee, San Marino taxation does not apply.

It should be noted that foreign trusts with headquarters in the Republic of San Marino must be registered in a special section of the Trust Register (art.56 paragraph 2 of law 42/2010).

Trust Taxation

- Taxation is mainly regulated by the law dated 17 March 2005 no. 38, a law that regulates the tax regime of trusts established in accordance with provisions included in the Trust Law no. 42/2010, tax residents in the territory of the Republic of San Marino and not professionally operational in business, arts or a profession. This law was recently amended by art. 17 of the law 19 November 2019 n.157.

The legislation attributes to the Trust:

- the requirement to pay for income produced by the assets in relation to the Trust for the purpose of direct taxes;
- The tax rate is equal to 17%.

The obligations declared for the settlement of payment of income tax are the responsibility of the Trustee, who is also responsible for the Trust's tax obligations.

Determination of taxable income

The taxable income of the Trust is determined by applying the profitability coefficient of 75% to the total amount of the profits and proceeds, in cash and in kind, deriving from the Assets in Trust, also as compensation for the loss of earnings, realised and received in each tax period. The aforementioned amount does not include the profits and proceeds deriving from properties located in the Republic of San Marino.

The above mentioned coefficient profitability is however equal to 10% if the Trustee reinvests the proceeds and the profits and does not distribute them for at least 24 months from the date of receipt and exercises a specific option when filing the tax return. This option cannot be exercised with reference to the proceeds and profits deriving from Assets in Trust which are made up of earnings, dividends or shares in profits distributed by companies or entities that are fiscally resident, or in any case domiciled in states or territories that have a privileged tax regime.

Notwithstanding the above, it is always possible to determine the taxable income of the Trust analytically, without applying any coefficient profitability, deducting from all the proceeds and profits deriving from the Trust Assets, the costs inherent to the administration and management of the trust's assets incurred and paid in the calendar year, which must be documented and indicated in a summary statement attached to the tax return.

Generational passages. Tax of succession and donation

Article. 9 paragraph 1 of Law no. 38/2005 foresees that no tax is due for free of charge disposition acts made by the Settlor in favour of the Trustee, or through which the Trust Assets or the proceeds and the profits deriving from the Trust Assets are attributed to the Beneficiaries, this rule is also applied at the final distribution, with the exception of the following taxes and duties:

- a) registration fee for an extract of the trust act from the Trust Register, equal to € 500.00;
- b) annual fee for maintaining registration in the aforementioned Register, equal to euro 250.00;
- c) registration fee for changes to dispositions contained in the extract transcribed in the aforementioned Register, equal to € 150.00;
- d) import tax relating to the import of goods and related services in the Republic of San Marino;
- e) registration tax relating to transfer acts of properties located in the Republic of San Marino in favour of the Beneficiaries who, regardless of whether they are upon payment or free of charge, are subject to the registration formalities. The registration tax is currently equal to 5% of the value of the asset.

COUNTRIES WITH WHICH SAN MARINO HAS AN AGREEMENT AGAINST DOUBLE TAXATION



- Austria, Azerbaijan, Barbados, Belgium, Cyprus, Croatia, Georgia, Greece, Italy, Liechtenstein, Luxembourg, Malaysia, Malta, Portugal, Qatar, Romania, Serbia, Seychelles, Singapore, Saint Kitts and Nevis, Hungary and Vietnam (all agreements already in force).

- With Switzerland, San Marino currently has only one TIEA (Agreement for the exchange of information on tax matters) in force since 20 July 2015.

- San Marino is included in the list of so-called "Early adopters" or the states that in October 2014 made a formal commitment to exchange information with other member states automatically according to the OCSE(Common Reporting Standard).

- For texts and updates please go to the website of the Segreteria per gli Affari Esteri della Repubblica di San Marino (www.esteri.sm), International treaties section.





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