

# Trusts 'à la française' : The Complete Planner?

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**ARNAUD JOUANJAN**

**JOUANJAN & PARTNERS**

**A FRENCH TAX FIRM**

# French Trusts since 2007/2009

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- **For corporations only in 2007**
- **For individuals and partnerships since 2009  
asset management & protection**
- **Other fiduciary agreements exist:**
  - ) **asset protection agreements**
  - ) **life insurance**

# The different uses of French trusts

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- **Guarantee**
- **Asset Protection**
- **Asset Management**
- **Settlor = Beneficiary, except if guarantee is paid out to third party**

# No inheritance planning with Fr trusts

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- **France does not like agreements on future successions.**
- **A French trust designed for inheritance planning would be nullified**
- **There are other means of planning a succession, why prohibit I/H trusts?**

# French trusts & Cap Gains Tax

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- **'Tax Neutral'**
- **Transfer into trust: Cap gain 'frozen'**
- **End of Trust:**
  - ) **back to settlor in kind: no CGT**
  - ) **sold & proceeds to settlor: CGT**
  - ) **back to a 1/3 party benef: CGT (guarantee)**

# French trusts & Income Taxes

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- **'Tax Neutral'**
- **Profits and gains arising in Trust taxed in settlor's hands.**

# French Trusts & Gratuitous Transfer Taxes

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- **Pb: Transfers to non-family: 60%**
- **Trustee is not family: 60% rate neutralized**
- **Sounds fair, except for one type of Trusts...**

# Foreign Trusts threatened?

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- **Foreign trusts have always been recognized by France**
- **Inheritance-driven trusts were more or less firm ground: deferred donation/inheritance**
- **New Law may cause serious threats on foreign trusts**
- **EU compliant?**

# Personal Protection Agreements

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- **'Mandate for Future Protection'**
- **For ageing/vulnerable individuals**
- **Protection of assets**
- **Protection of the individual himself**