



SOTERIA
- TRUSTS -

SOTERIA BUSINESS RELIEF
ACCOUNT GUIDE



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AN INTRODUCTION TO SOTERIA BUSINESS RELIEF TRUST (SBRT)

The Soteria Business Relief Trust is a tax efficient Bare Trust Account. It has been designed with UK inheritance tax mitigation in mind and helps you and your family plan your financial future.



This brochure aims to explain SBRT in detail. If, after reading it you still have questions, you should contact your financial adviser or alternatively feel free to contact us directly. We do not give financial or tax advice but we are able to answer any product specific questions and introduce you to professional advisers, should the need arise. We ask that you follow these steps to ensure that your account is structured correctly and in accordance with your individual circumstances and requirements.

Soteria Trusts is a brand operated by the Business Class Group. For more information visit www.soteriatrusters.com or contact enquiries@soteriatrusters.com



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A BARE TRUST OFFERING UK IHT EFFICIENCY TO ACCOUNT HOLDERS

A Soteria Business Relief Trust Account is a consideration for anybody who owns UK assets and has an exposure to UK Inheritance Tax (IHT).

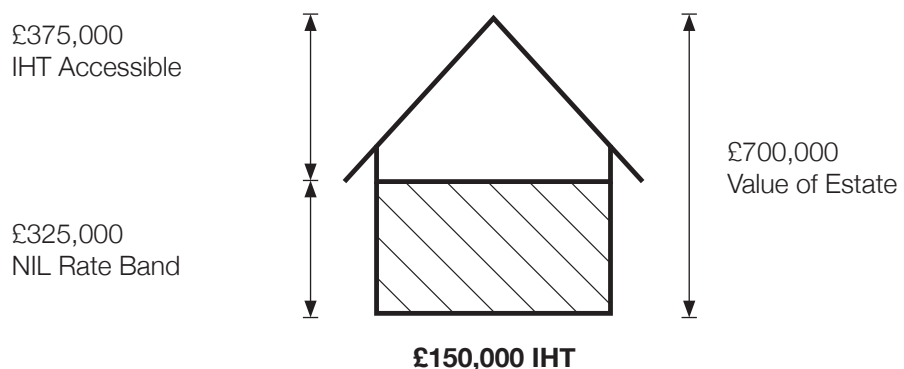
IHT is a tax paid on the value of your net estate following your death. It is collected by Her Majesty's Revenue and Customs (HMRC) and passed to the UK Government. To determine the assessable IHT value of your assets, all of your debts, along with certain allowances that the Government grant, are deducted from the total value of your assets on death. This simple calculation leaves a net value which is known as your estate. It is the net value of your estate that is liable to IHT.

Irrespective of nationality or residence, if you own assets above a certain value the Government want a part of it when you pass away. The amount they take is 40% of the value over £325,000 for a single person, and 40% of the value over £650,000 for married couples.

Over the course of the next two tax years, those thresholds are being increased to £500,000 and £1,000,000 respectively and whilst those increases are welcomed by all, they fall some way short of mitigating taxes for everyone.

Example IHT Calculation

Your estate is worth £700,000 and your tax free threshold is £325,000. The Inheritance Tax charged will be 40% of £375,000 or **£150,000**.



In the above example your beneficiaries will need to pay the Government **£150,000** before the assets that you own before your death, can be legally passed to them. If they don't pay the IHT bill then the Government have the right to sell down your estate and collect the taxes that way.



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WHO PAYS IHT?

If you are a UK National, living in the UK, and all of your assets are situated in the UK, then you pay IHT on the net value of your estate on death. If you are a UK National, no longer resident in UK, and you own assets in the UK as well as outside the UK, then you are still liable to IHT. In this scenario you will now pay IHT on the net value of your worldwide estate on death.

If you've moved abroad, started a successful business, or bought overseas assets, the value of the non UK sited assets will also be assessed. In this scenario IHT will be charged on the cumulative value of the UK and non UK assets (minus allowances) when you die. There are thousands of UK expats living abroad and who may think they are exempt from IHT, but they are not. When it comes to HMRC it's no longer a case of 'out of sight, out of mind,' the IHT net has been cast far and wide, with little or no chance of escaping it.

In the same way that IHT catches British Nationals living abroad, it now also catches foreigners who invest into UK. There are many attractive and compelling reasons to invest in UK and if a Non UK National does so, the value of their UK estate also becomes assessable and liable to IHT on death.

There are hundreds of thousands of foreigners who have invested in UK businesses and/or property who are not even aware of their liability. Owning a Soteria Business Relief Trust Account can help them to reduce that liability.

TAX AVOIDANCE, EVASION, MITIGATION OR EFFICIENT?

In the UK it is the Government who set the tax rules, and HMRC who implement them. People who don't pay the taxes they are supposed to, will be charged with tax evasion and/or fraud if caught. Tax evasion is a very serious offence, which for those who are found guilty, is punishable by a prison sentence. The Soteria Business Relief Trust is a legitimate bona fide scheme, which does not set out to evade taxes.

Collecting taxes allows Governments to improve the infrastructure and services of their country, it also provides budgets to build new attractions and offer incentives. The attractions bring in tourists who pump new money into the economy, whereas the incentives entice new and overseas businesses to take up residence. When well managed, the effect of these things is more liquidity and less unemployment, which leads to increased wealth and an economy that prospers.

The Government taxes you with one hand and then offers certain incentives from the other. They recognise the importance of commerce and industry to the UK economy, and will often champion specific sectors or industries by offering reliefs. They do this by bringing the sector to the attention of tax payers and by offering incentives to those who invest in them. Taking advantage of such schemes allows you to reduce your overall tax liability to a level that is more palatable than it would be at 40%. With professional help and careful planning it's possible to totally avoid paying certain taxes. The process of reducing or mitigating your liability through the use of legitimate tax efficient products is known as tax avoidance and is completely legal.



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The Soteria Business Relief Trust sets out to reduce your personal IHT liability by utilizing incentives and reliefs that HMRC has been granting to its taxpayers since 1976, and which can be taken up voluntarily by all. By investing via a Soteria Business Relief Trust Account you have a tax efficient structure that not only helps you to legitimately reduce or mitigate IHT, but it also helps grass root businesses to operate and expand as they would like to.

THE RELIEFS AND INCENTIVES EXPLAINED

Business Property Relief (BPR) now known as Business Relief (BR) has been an established part of inheritance tax legislation since 1976 and as an investment incentive, is relatively straightforward. Once you have owned BR qualifying shares for at least two years, they can be passed on to your loved ones free from inheritance tax, upon your death.

BR is a well-established relief which has been helping people to reduce their IHT exposure for over 40 years. You should keep in mind that the value of an investment may go down as well as up and you may not get back what you originally put in. It's also possible that tax rules may change in the future, and that the value of tax relief is dependent upon the amount you invest and your personal circumstances.

Be sure to read the 'What are the risks?' section below before committing to opening an account. We also recommend that you speak with an independent financial adviser before making any investment decision/s.

WHAT BUSINESSES QUALIFY FOR THE RELIEF?

Not every type of business qualifies for BR. Broadly speaking, investments in the following kinds of business that carry on a trade rather than investment activities could qualify for BR. They include:

- Shares in qualifying companies that are not listed on any stock exchange.
- Shares in qualifying companies listed on the Alternative Investment Market (AIM).
- An interest in a qualifying business, such as a partnership.

Investing in the shares of Business Relief qualifying companies can be beneficial if they fit into one of the above categories. An investment in an Enterprise Investment Scheme (EIS) can also obtain relief from IHT using your SBRT account. The investor would benefit from the relief after holding the EIS investment for at least two years providing the scheme meets the Business Relief trading criteria. An EIS also offers generous income tax and capital gains tax relief to investors.



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USING YOUR SOTERIA BUSINESS RELIEF TRUST ACCOUNT AS PART OF AN ESTATE PLANNING STRATEGY

- **What if I don't want to give away large sums of money whilst I'm alive?**

You can give your money away during your lifetime and in doing so reduce the value of your estate, but it's not an option many people feel comfortable with. Using SBRT means that the shares in the BR qualifying investment are held in your name, which means you keep hold of your wealth.

- **I want to give my planned inheritance the chance to grow:**

Investing in BR qualifying companies means your investment has the potential to increase in value. But as with any investment, there are no guarantees, and you could lose some or all of your money.

- **I want the money I invest to become inheritance tax exempt quickly:**

Some people are put off by traditional estate planning strategies, such as making gifts or putting money into discretionary trusts, as it typically takes seven years before the gifts become fully exempt from IHT. With a BR qualifying investment, the shares become 100% inheritance tax exempt after a holding period of just two years, as long as the shares are still held at the time of death.

BUSINESS RELIEF COMPANIES – THE ASSOCIATED RISKS

- To qualify for Business Relief, a company must not be listed on a main stock exchange. Unlisted companies could fall in value, and investors may get back less than they invest.
- Tax rules could change in the future. The value of tax reliefs will depend on an investor's personal circumstances. There cannot be any guarantee that companies that qualify today will remain BR qualifying in the future.
- Investments in unquoted companies or those quoted on AIM can fall or rise more sharply than shares in larger companies listed on the main market of the London Stock Exchange and may be more difficult to sell.
- There is no public market on which you can easily dispose of the BR shares should you want to.

To find out exactly what qualifies for Business Relief visit HMRC's website

<https://www.gov.uk/business-relief-inheritance-tax/what-qualifies-for-business-relief>



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WHO NEEDS A SOTERIA BUSINESS RELIEF TRUST ACCOUNT?

Whether you adopt a traditional, or a more progressive financial planning strategy, you need to plan for many different eventualities. A Soteria Business Relief Trust Account offers those with a UK IHT exposure the ability to reduce or mitigate it totally. Every SBRT account holder has the opportunity to do so in a low cost and tax efficient manner.

A Soteria Business Relief Trust Account provides for the IHT free passing of assets to your beneficiaries on death. It is an International offering made available to individuals whose estate will have a tax liability immediately following their death.

HOW DOES IT WORK?

A Soteria Business Relief Trust Account operates as a Bare Trust, as defined by HMRC. It is a Master Trust arrangement, administered by ILS World* acting as Fidserv Limited. The Account is promoted by independent intermediaries globally and has the following benefits:

- Available to all nationalities
- Available to individuals
- Accepts lump sum subscriptions from £25,000
- No Inheritance Tax on death if qualifying shares are held for 2 years or more
- Multi generation legacy planning tool
- Simple IHT solution with no fees or product charges for the first 2 years
- Low running costs after 2 years
- Penalty Fee access for the life the Account

* ILS World have been a provider of independent fiduciary services to professional advisers, international corporate groups and private clients globally for over 26 years. As a leading provider of fiduciary services they currently oversee the stewardship of over £8 billion of client's assets.

More information about ILS World can be found at www.ils-world.com



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WHAT IS A BARE TRUST?

A Bare Trust (also known as a 'simple trust') is one where the Beneficiary, the person who benefits from the trust assets, has an immediate and absolute right to both the trust capital and the income received by the trust from that capital.

The person who sets up a Bare Trust (Settlor) can be certain that the assets they set aside will go directly to the beneficiaries they intend, because once the trust has been set up, the beneficiaries cannot be changed.

The trust assets are held in the name of a Trustee, who administers the trust, and has no discretion over what income or capital to pass on to the beneficiaries.

Bare Trusts are commonly used to transfer assets to minors or loved ones. The Trustee holds the assets in trust until the beneficiary is 18 years old in England and Wales, or until the Settlor dies. At this point, the beneficiaries can demand that the Trustee transfers the trust assets to them.

FOR DEATH, ESTATE AND LEGACY PLANNING

Key benefits

More of your wealth can be passed on to your family

The Soteria Business Relief Trust Account allows you to invest in companies that are expected to qualify for relief from inheritance tax.

Speed

Your investment should become free of inheritance tax after two years – as long as you still hold the shares at the time of your death.

A Simple process

There are no complicated legal structures, as with other types of trust, and no medical underwriting, as is the case when establishing an insurance policy.

Access to your investment

You can sell some or all of your shares at any time and the Trustee will return the proceeds to you. You can even set up regular withdrawals if you want them.

Key risks

Your capital is at risk

You will invest in trading companies that are not listed on a stock exchange. The companies you invest into could fall in value and you may not get back the full amount you invest and you could lose some or all of your investment.

Tax relief cannot be guaranteed

This brochure is based on current tax legislation and interpretation. There's no guarantee that the companies you invest into will remain BR qualifying. Tax rules could change in the future. The value of tax relief will depend on your personal circumstances.

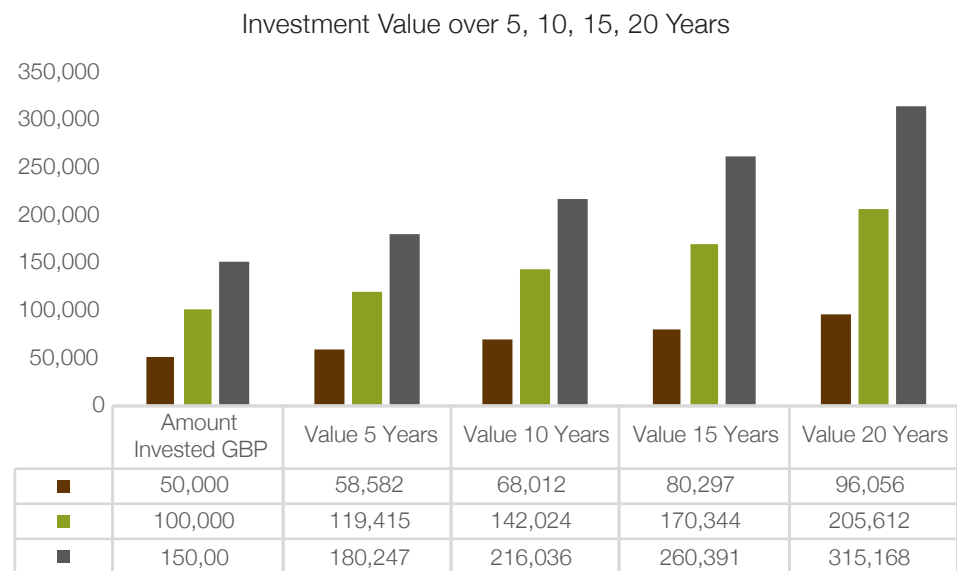


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Your investment could take longer to sell than expected

Although one of the aims of the Soteria Business Relief Service is to make sure investors can sell their investment quickly if they want to, you will invest in the shares of unquoted companies that are not listed on any stock exchanges. This means the shares you purchase may take longer to sell than the shares of companies listed on the main markets. The timing of share sales and when you can receive the proceeds, cannot be guaranteed.

SOTERIA BUSINESS RELIEF TRUST ILLUSTRATION



The above figures have been calculated using 4% per annum growth and the account charges as published in the Technical & Operational Guide.

Note that the value of your investments can go down as well as up and returns shown are for illustration purposes only and not guaranteed.



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WHY HONG KONG?

Hong Kong, known as Asia's World City, is the world's third largest financial services centre after London and New York.



It has a long history of facilitating trade between China and the West and has played a key role in helping China integrate with the global free market economy. Today Hong Kong is a Special Administration Region (SAR) of China and although it is now part of China it remains distinctly different. Hong Kong law is based on Common Law and its courts rigorously apply the Rule of Law. Hong Kong's Trust Laws are amongst the most modern in the World.

Hong Kong is not a Tax Haven, it is well regulated and is engaged in promoting sound financial practices through its membership of global bodies. As a Member of the Financial Action Task Force (FATF) it holds jurisdictional equivalence of Anti-Money Laundering and Counter Terrorist Financing with London and New York. It contributes to the development of global pension standards through its chair of the International Organisation of Pension Supervisors Technical Committee. In addition, Hong Kong's Securities and Futures Commission (SFC) is a Member of the President's Committee of the International Organisation of Securities Commission.

Hong Kong is listed as the freest economy in the world and the abolition of both Inheritance Tax and laws against perpetual Trusts make it a very attractive base for 230,000 financial services and legal professionals.

All these factors make Hong Kong an extremely attractive and tax efficient place to grow and hold assets.



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HOW TO SET UP A SOTERIA BUSINESS RELIEF TRUST ACCOUNT

You should read this guide and make sure all of your questions are answered. Once you are satisfied that this is the right account for you, please complete the Account application form stipulating your initial instructions.

Step 1: Complete the application form and submit it to your intermediary along with a copy of your passport/ID and proof of address.

Step 2: Transfer your initial subscription amount to the Trustee bank account quoting your surname and using transfer number 001 as a reference.

Step 3: Choose BR qualifying companies from those available and give purchase instructions to the Trustee.

Once those three easy steps have been completed you will be issued with a Trust certificate and a letter to HMRC explaining exactly what you have done and the reasons why.

Whilst there is no guarantee that Business Relief will be around forever, as long as the companies chosen fit the criteria and you have held the assets for a minimum of two years at the point of death, then your beneficiaries can apply for the relief using HMRC's form IHT 400.

DISCLAIMER

ILS World and Business Class Group have approved this document in good faith. The information contained within reflects their understanding of Hong Kong tax and the relative advantages and disadvantages of Hong Kong over other jurisdictions. This brochure offers generic information only and should not be construed by any applicant as having received personal advice. Any decision to proceed and open an account is yours and yours alone. ILS World do not give tax or investment advice, nor do they offer advice on assets held within the Trust, their role is that of Trustee and Administrator. The Soteria Business Relief Trust is a Bare Trust and not a tax evasion scheme. Any attempt by an account owner to abuse a Soteria Business Relief Trust, its Trustee, Administrator and/or Promoters, may result in losing recognition of their benefits.

Neither the Trustee, Business Class Group, nor any of its affiliates accept responsibility for the performance of assets held within the Trust. Potential applicants should seek professional tax and investment advice before opening an account. Soteria Trusts is a brand operated by Business Class Group Limited.

