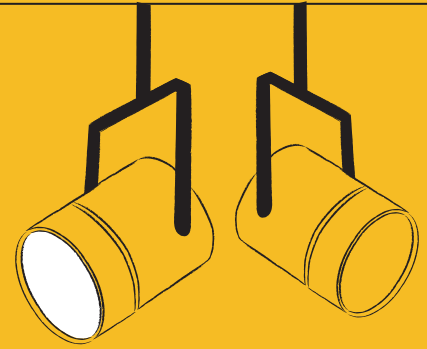


Spotlight

Jersey Property Unit Trusts



Jersey property unit trusts (JPUTS) are a well-established and popular choice as an offshore investment holding vehicle for real estate, and particularly UK commercial real estate.

JPUTs were immensely popular in the mid-2000s, and although there have been changes to the UK tax system since then, the JPUT model remains a fundamentally strong one for UK real estate investment

Our team have significant experience in JPUT transactions, including the acquisition and sale of JPUT interests and the structuring of new JPUTs. Our Real Estate Finance team are also experienced in acting for borrowers and lenders in respect of lending into JPUT structures.

ABOUT THE JPUT REGIME – LAW AND TAX



JPUTs are Jersey Property Unit Trusts established under the Trusts (Jersey) Law 1984, as amended – a JPUT is not a separate legal entity in its own right and acts through one or more trustees



A JPUT can be structured to be income tax transparent for UK income tax purposes, enabling investors with different tax treatments to participate without disadvantage



A transfer of units in a JPUT qualifying as a "collective investment scheme", provided the register of unitholders is in Jersey, will typically be exempt from UK Stamp Duty Reserve Tax and UK Stamp Duty



If all unitholders agree, a JPUT can elect to be transparent for UK capital gains tax purposes



A JPUT structure can avail of the Non-Resident Landlord Scheme allowing rent to be collected gross, without the deduction of income tax at source

ADVANTAGES OF THE JPUT REGIME



JPUTs are well known, tested and familiar to investors and advisers and recognised and accepted by lenders in the UK and elsewhere



There is a long history of the formation and administration of JPUTs in Jersey, and sponsors and investors can thus call upon significant legal and administrative expertise



JPUTs are almost exclusively regulated under the terms of their trust instruments, which can be tailored to meet operational and commercial requirements



Security can be granted over units in a JPUT and trustees of the JPUT are able to borrow, give guarantees or indemnities and grant security over the trust assets and over the income of the trust



Under Jersey law, all adult unitholders who are of full age, have capacity and are together absolutely entitled to all of the trust assets, can require the trustees to follow their directions irrespective of the terms of the trust instrument

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