

HMRC Trust Registration Service (TRS)

New rules were introduced on 6 October 2020, as part of the UK's implementation of the Fifth Money Laundering Directive. These rules extended the scope of the UK TRS to all express trusts and some non-UK trusts, regardless of whether the trust must pay any tax.

What is a UK Express Trust?

The term 'UK Express Trust' broadly refers to a trust deliberately created by a settlor, which may be in the form of a deed or declaration of trust which includes common family arrangements, such as:

- Investment portfolios held on behalf of another person as nominee;
- Family company shareholdings held for other members of family, including children; and
- Jointly owned land where the legal owners are not the same as the beneficial owners.

There are still some exemptions to the registration requirement, detailed below, but in general most trusts will be caught.

Do I have to Register?

As noted above, that in general most trusts will be caught by the new TRS, however trusts which are not deliberately set up but rather imposed by Courts or created by legislation, are not classed as 'express trusts' and do not have to register *unless* they are liable to tax.

Certain other trusts are also specifically excluded, unless they are liable to a UK tax, as they are considered lower risk for money laundering purposes.

These trusts include:

- the trust is used to hold money or assets of a UK registered pension scheme — like an occupational pension scheme;
- the trust is used to hold life or retirement policies providing that the policy only pays out on death, terminal or critical illness or permanent disablement, or to meet the healthcare costs of the person assured;
- the trust is holding insurance policy benefits received after the death of the person assured — as long as the benefits are paid out from the trust within 2 years of the death;
- it's a charitable trust that is registered as a charity in the UK or which is not required to register as a charity;
- it's a 'pilot' trust set up before 6 October 2020 and holds no more than £100 — pilot trusts set up on or after 6 October 2020 will need to register;
- it's a co-ownership trust set up to hold shares of property or other assets which are jointly owned by 2 or more people for themselves as 'tenants in common';
- it's a will trust created by a person's will and comes into effect on their death providing they only hold the estate assets for up to 2 years after the person's death;

- it's a trust for bereaved children under 18, or adults aged 18 to 25, set up under the will (or intestacy) of a deceased parent or the Criminal Injuries Compensation Scheme; and
- it's a 'financial' or 'commercial' trust created in the course of professional services or business transactions for holding client money or other assets.

Deadlines

If you believe you have a requirement to register under the TRS, the deadlines are as follows:

- For trusts created before 4 June 2022, and not already registered, the deadline is 1 September 2022.
- For trusts created on or after 4 June 2022 then registration is required within 90 days of creation.
- Any changes to details or circumstances of the trust must be updated within 90 days of the change taking place.

In addition to this, any trusts which were in existence on or after 6 October 2020 still need to register by 1 September 2022, even if it has ceased.

Failure to register or tell HMRC about any changes may lead to a penalty being levied on the lead trustee.

Contact us

If you think you may be affected by the changes and have any questions regarding the Trust Registration Service, or would like to discuss any further tax matters, please contact us at tax@cjhuk.com.

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