

HMRC impose new obligations on trustees

August 2022



Trustees must register their trust with the Trust Registration Service by 1 September 2021, even if it does not incur a tax liability.

What is the Trust Registration Service (TRS)?

In June 2017, HMRC created the TRS in response to the [Fourth Money Laundering Directive](#). They were concerned that individuals could legally 'hide' assets within trusts.

The Fourth Anti-Money Laundering Directive introduced regulations to combat this and create transparency by imposing obligations on trustees. Trustees of certain trusts needed to disclose details of the settlor, all trustees, beneficiaries and trust assets to HMRC. The TRS created a mechanism to disclose this information to HMRC. However, at this point in time, not all trusts needed to be registered with the TRS.

What's changed?

On 10 January 2020, the [Fifth Money Laundering Directive](#) was introduced and vastly extended the scope of trusts which needed to be registered with the TRS (and therefore disclosed to HMRC). The criteria were such that almost all trusts, even those that do not incur any tax liability, were required to register with the TRS.

What's the deadline?

Accordingly, trustees are required to register their trust with the TRS on or before 1 September 2022.

Are there any penalties?

HMRC may issue a financial penalty if a trust is not registered by 1 September 2022. If you have a UTR number for a trust that was issued before the introduction

of the TRS, you will still need to register the trust with the TRS.

How do I register a trust?

As a trustee, it is your legal responsibility to register the trust. You will need to nominate a lead trustee if there is more than one trustee. The lead trustee will become the main point of contact for HMRC. They will also be responsible for completing the registration process.

You can register the trust on the following [website](#). If you have any difficulties, you can authorise RIAA Barker Gillette, as your agent, to register the trust on your behalf.

What's next?

Once you register a trust, HMRC will use the lead trustee as a point of contact. If you need to change the register, for example, to change the address or a trustee, then the TRS must be updated within 90 days of the change.

Even if a trust is non-taxable, HMRC may send a notice to complete a tax return. The return must be completed and returned within the specified deadline. Late filing will, as always, result in a late filing penalty.

For more information on trusts and your obligations as a trustee, speak to private client solicitor [Lalita Kauldhar](#) today.

Lalita Kauldhar
020 7299 7004
lalita.kauldhar@riaabg.com
www.riaabarkergillette.com



Note: This article is not legal advice; it provides information of general interest about current legal issues.

