



Trust Registration Service

Trust Registration Service (TRS)

The UK Trust Registration Service (TRS), first introduced in 2017 to enact the EU Fourth Money Laundering Directive (4MLD), currently requires all trusts with UK tax liabilities to register with the TRS and populate it with certain information on their settlors, beneficiaries, power holders and assets.

The UK tax liability includes any of the following:

- Income Tax
- Capital Gains Tax
- Inheritance Tax
- Stamp Duty Land Tax
- Stamp Duty Reverse Tax

The deadline to register the trust under the TRS was dependent on the tax that the trust is liable to and if they have previously been registered for self-assessment. The deadline is either 5 October or 31 January in the tax year after the one in which the trust becomes liable for any of the above taxes.

There was also a requirement to keep the Trust Register up to date with any changes to the persons connected with the trust and their personal details. However, it was not initially possible to view and update the Trust Register for any changes so this part of the obligations under 4MLD was pushed back.

Reporting changes

Over the last few years, HMRC has been in the process of updating the system and the facility to report any changes has now been made available. However, the scope of the 4MLD is more than just reporting any changes.

Under 4MLD, there is now the requirement for all trusts to be registered through the TRS and for an annual declaration to be submitted. Consequently, trustees are now required to update the data (details for the settlor, trustees and beneficiaries) on the trust register for any changes by 31 January following the tax year in which the change occurred. Even if there are no changes to the data in a tax year, but the trust has incurred a tax liability during the period, the trustees must confirm via the TRS that no changes have occurred and that the details on the register are accurate.

For example, if a trustee changed their address between 6 April 2020 and 5 April 2021, the trustee would be required to inform the HMRC by 31 January 2022. This is the same deadline for filling a self-assessment tax return.

If there was no UK tax liability in the tax year the change occurred, the requirement to update is deferred until the 31 January following the next tax year in which a tax liability arises.

Annual declaration

As a result of this new requirement, trusts which have previously had little or no ongoing administration now have to submit a completed annual declaration whenever the trust has incurred a tax liability. The annual declaration is a simple process to carry out, however arranging for the trust to be set up correctly to allow the annual declaration to be completed is not.

Fifth Money Laundering Directive

The UK has now implemented the EU's Fifth Money Laundering Directive (5MLD), which took effect on 6 October 2020.

As part of the 5MLD, significant changes are being made to the Trust Register. The main changes are as follows:

1. All UK trusts (apart from certain excluded trusts) will have to register under the TRS and make annual declarations, whether or not they have UK tax liabilities. (Please see excluded trusts on last page)
2. Those trusts which are already registered will have to provide some additional information about their beneficial owners, such as their country of residence and nationality.
3. Non-EEA Trusts will be required to register if they enter into a business relationship with a UK service provider or acquire UK real estate.
4. Third parties will be able to access information on the register.
5. Trustees will be required to supply the trust's registered beneficial ownership information to any service provider with which they enter into a business relationship. Service providers will have to report any discrepancy between the information on the register and the information obtained as part of their due diligence obligations.
6. The information on TRS must be updated within 90 days of changes to the trust details or beneficial ownership. These changes will create significant additional compliance obligations for many trustees.

For the trusts that fall into point 1 above, there was initially a deadline to register under the TRS by March 2022. However, HMRC had to undertake a major IT upgrade to enable non-taxable trusts to be registered through the TRS. This upgrade has now been completed.

What are the deadlines for trust registration and updating the TRS?

This will depend on when the trust was created and whether the trust is a taxable trust or a non-taxable trust.

A taxable trust is a trust that becomes liable to one of the taxes referred to on page 1. A non-taxable trust is a trust that has not yet become liable to tax. There are some exceptions to the registration requirements and the types of trust that are excluded are detailed on the next page.

The deadline and timescales for the registration of existing or new trusts are:

- Non-taxable trusts in existence on or before 6 October 2020 must be registered by 1 September 2022
- Non-taxable trusts created after 6 October 2020 must be registered within 90 days of becoming liable to tax, or by 1 September 2022 (whenever is later)
- Taxable trusts that are created after 6 April 2021 must be registered within 90 days of becoming liable to tax, or by 1 September 2022 (whenever is later)
- Taxable trusts that were created before 6 April 2021, the registration deadline is on or before 31 January after the tax year in which the trust becomes liable to tax (or by 5 October after the end of the tax year for a first-time liability to Income Tax or Capital Gains Tax). It is expected that all such trusts should already have registered by 31 January 2022, or would have previously been a non-taxable trust so will now be required to register by 1 September 2022.

Ongoing requirements

- Changes to the trust details or circumstances must be registered within 90 days of the change. This applies to both taxable and non-taxable trusts.
- For taxable trusts, the trustees must declare that the information held on the Trust Register is up to date on an annual basis by 31 January following the end of the tax year.

Penalties

HMRC will impose penalties where there is a failure to meet the above deadlines. HMRC will initially be taking a light touch approach to penalties.

When the TRS was first introduced, it came with the threat of criminal prosecution for those who failed to register. This threat still looms where HMRC believe there are wider Money Laundering motives for not registering. However, for most, the penalty regime is expected to be similar to that for failing to meet self-assessment deadlines, i.e. starting at £100 and increasing the longer the failure continues.

Trusts excluded from registration

The following trusts will be excluded from registration, unless a trust tax return is required in which the trust will need to be registered on the TRS to obtain a UTR:

- Trusts imposed by statute, where these do not result from the clear intention of the settlor. For example, the statutory trust arising on intestacy.
- UK registered pension trusts
- Charitable trusts regulated in the UK (or not required to register with the Charity Commission under the Charities Act 2011)
- Pure protection life insurance policies and those paying out on critical illness or disablement, including group policies.
- Trusts used by government and other UK public authorities.
- Trusts for vulnerable beneficiaries or bereaved minors
- Personal injury trusts
- Save as you earn schemes and share incentive plans.
- Maintenance fund trusts
- Certain trusts incidental to commercial transactions

- Certain trusts used as part of financial markets infrastructure.
- Authorised unit trusts
- Co-ownership trusts, where the trustees and beneficiaries are the same persons (e.g. for jointly holding properties)
- Will trusts created on death that only receive assets from the estate and trusts that only receive death benefits from a life insurance policy and are wound up within 2 years of death.
- Pilot Trusts - trusts which hold not more than £100 and were already in existence before 6 October 2020 are not required to register. Trusts created on or after 6 October 2020, or that have funds added after that time so that the trust now holds more than £100, are required to register.

How we can help

If you need professional tax advice to register a trust or maintain ongoing administrative compliance for 5MLD, please get in touch with our friendly team of advisers.

Information correct as of June 2022.

Find out more

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