

Trust Registration Service

The Trust Register legislation was enacted on 26 June 2017 and initially required all trusts with a UK tax liability to register via the Trust Registration Service (TRS). It has since been the primary method of notifying HMRC of the existence of a trust.

Further legislation was introduced on 6 October 2020 extending the scope to all UK Trusts and some non-UK Trusts, subject to some exemptions. This of course makes the legislation far wider in its reach and potentially catches less obvious trust arrangements, such as where financial products are written into trust or assets are left in trust on a person's death.

We consider below the following aspects of the Registration Service.

1. Who needs to register?
2. Are there any exclusions to registration?
3. Are there penalties for failing to register?
4. Table of registration deadline.





WHO NEEDS TO REGISTER?

Non-taxable Trusts (UK and non-UK)

Subject to certain exceptions, all UK express trusts in existence on 6 October 2020 must register on or by 1 September 2022, irrespective of whether they have subsequently closed.

Note that this includes most "bare trust" or nominee arrangements, although again, please note the exceptions.

A non-UK Trust, must register if:

- The Trustees acquire UK land on or after 6 October 2020. If UK land was acquired by a trust prior to 6 October 2020 the trust will not need to register.
- Where there is at least one UK trustee and the Trustees enter a business relationship on or after 6 October 2020 with a 'relevant person' that is expected by the relevant person at the time the relationship commences, to have an element of duration. Examples of a 'relevant person' are credit institutions, auditors, accountants, legal professionals, estate agents.

A non-UK trust with no UK resident trustees only needs register on the TRS if it acquires UK land or property or has a liability to UK taxation.

Taxable Trusts (UK and Non-UK)

Taxable UK trusts must register with the TRS. There are different registration deadlines depending on whether the Trust was created on or after the 6 April 2021.

Non-UK trusts with a liability to UK taxation must register.

Key Examples

- Trusts holding investment bonds and other similar financial products (although note exception below for some life insurance bonds)
- Shares held by a parent on behalf of a minor child, and many other nominee arrangements
- Immediate Post Death Interest Trusts, in particular those containing only the family home on trust for the surviving spouse which would not have been caught under the original registration requirements

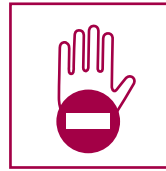
Estates

Personal representatives will need to register an Estate if any one of the following apply:

- The value of the estate exceeds £2.5 million
- The value of assets sold by the personal representative in any one tax year exceeds £500,000
- total tax due exceeds £10,000

An Estate needs to be registered with HM Revenue & Customs by 5 October after the tax year when the estate starts to receive income or has chargeable gains on which tax is payable.

The registration deadlines for all trusts and estates can be seen in the [table overleaf](#).



EXCLUSIONS

Trusts considered to be a low risk for money laundering and terrorist finance, are excluded from registration. The main exclusions are:

- trusts used to hold money or assets of a UK-registered pension scheme, such as an occupational pension scheme
- trusts 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
- trusts holding insurance policy benefits received after the death of the person assured, providing the benefits are paid out from the trust within 2 years of the death
- charitable trusts which are registered as a charity in the UK, or which are not required to register as a charity
- 'pilot' trusts which were set up before 6 October 2020 and which hold no more than £100 – pilot trusts set up after 6 October 2020 will need to register
- co-ownership trusts 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'
- will trusts which are created by a person's will and come into effect on their death providing they only hold the estate assets for up to 2 years after the person's death
- trusts 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
- 'financial' or 'commercial' trusts created in the course of professional services or business transactions for holding client money or other assets

Note that trusts with a tax liability will need to register, even if mentioned above.



PENALTIES

If the trust is registered past the due deadline, the following penalties will apply.

- Registration made up to three months from the due date – £100 penalty
- Registration made three to six months after the due date – £200 penalty
- Registration more than six months late – either 5% of the tax liability or £300 penalty, whichever is the greater sum.

Is the trust taxable or non-taxable	Taxable	Taxable	Taxable	Taxable	Non-taxable	Non-taxable
When the trust was created	Created on or after 6 April 2021	Created on or before 6 April 2021 with liability to income tax or capital gains tax for the first time	Created on or after 6 April 2021 with previous liability to income tax or capital gains tax before	Created on or after 6 April 2021 with liability to other taxes	Created on or before 6 October 2020	Created after 6 October 2020
When the trust needs to be registered on the Trust Registration Service	Within 90 days of the trust becoming liable for tax or on or before 1 September 2022 (whichever is later).	On or before 5 October in the tax year after the one in which the trust starts to receive any income or has capital gains, and becomes liable for Income Tax or Capital Gains Tax	On or before 31 January in the tax year after the one in which the trust receives any income or has capital gains and is liable for tax.	On or before 31 January in the tax year after the one in which your trust has any other tax liability, like Inheritance Tax.	On or before 1 September 2022	Within 90 days of being created or being liable to tax or on or before 1 September 2022 whichever is later.

Would you like to know more?

Should you have a trust that may need registering or any questions in this respect, please speak to your usual Blick Rothenberg contact Chris or Roger using the details below.



Chris Gillman

Partner - Private Client

T +44 (0)20 7544 8748

E chris.gillman@blickrothenberg.com



Roger Holman

Partner - Private Client

T +44 (0)20 7544 8885

E roger.holman@blickrothenberg.com