

# Trust Registration Services From Solidus



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## What has happened with Trust Registration?

Trust Registration is not a tax-driven initiative, it is part of the continuing fight against organised crime and money laundering activities. European countries have extended the monitoring of asset ownership on items such as crypto currencies, artwork, property and other assets purchased by criminals. New legislation has impacted Trusts, although they are not a great source of abuse.

Previously, only Trusts with a tax event required registration, however the new rules will require hundreds of thousands of Trusts to be registered online using the new HMRC Trust Registration Service (TRS). As HMRC had software in place for taxable Trusts, it was logical to extend the functionality of the existing TRS to non-taxable Trusts.

## Which Trusts now need to be registered?

### Taxable Trusts

All UK Express Trusts where the Trustees have incurred a tax liability in a given tax year.

All non-UK Express Trusts which receive UK source income, or have UK assets on which the Trustees have incurred a UK tax liability in a given tax year.

### Non-taxable Trusts

Under the new Regulations, all UK Express Trusts will have to be registered unless they are exempt.

Non-UK Express Trusts will also need to be registered if they acquire land or property in the UK, enter a business relationship in the UK and have at least one UK Trustee.

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## What is an Express Trust?

Most Trusts are Express Trusts. This simply means a Trust that is created knowingly and intentionally by the Settlor either in their lifetime or on their death. It is usually in writing, giving express instructions as to how the assets in the Trust are to be held for the Beneficiaries.

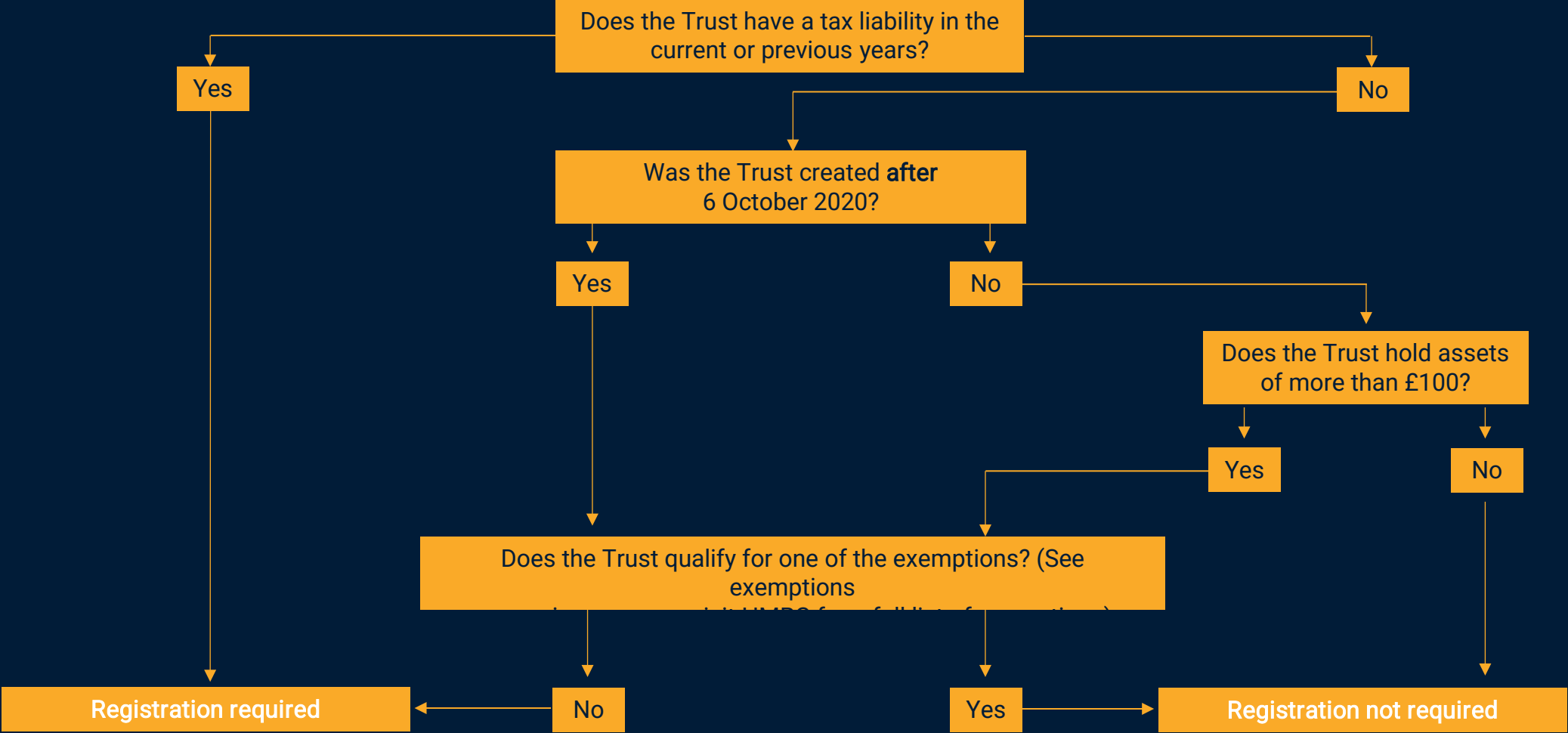
## Which Trusts are exempt?

The exemptions in the Regulations are relatively clear providing care is taken. They include the following, plus some less common specialist Trust arrangements:

- “Pilot” Trusts established before 6 October 2020, holding assets valued at less than £100
- Vulnerable Persons Trusts
- Most life assurance policies assigned to Trusts
- Trusts imposed by statute
- Bereaved minors Trusts
- UK-registered Pension Trusts
- Charitable Trusts regulated in the UK
- Will Trusts created on death that appoint assets within two years of death
- Personal Injury Trusts
- Save-as-you-earn schemes and Share Incentive Plans
- Authorised Unit Trusts
- Co-ownership Trusts for property

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## Do I need to register my Trust?



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## Frequently Asked Questions

**Who is responsible for registering the Trust?** The responsibility for registration lies with the Trustees although Trustees can appoint an agent to register the Trust on their behalf. Updates must be made by the Lead Trustee or the Trust Registration Agent. For taxable Trusts, even if there are no changes during the year, an annual declaration is required and penalties will be applied if this requirement is not complied with.

**What happens if you do not register your Trust?** If you are a Trustee of a Trust which requires registration and you do not comply with the legislation you may be subject to penalties which start from £100 and are similar to other tax reporting non-compliance penalties.

### What are the deadlines for Trust Registration?

- All non-exempt Express Trusts created since 6 October 2020 will need to be registered within twelve months of the HMRC Registration Service becoming available (which is expected in August or September).
- Non-exempt Express Trusts created before 6 October 2020, which hold assets of more than £100, will also require registration within twelve months of the HMRC Registration Service becoming available (which is expected in August or September).
- Twelve months after the TRS service becomes available, all Express Trusts (apart from exemptions) must be registered within 90 days of creation along with any known changes of Trust details.

**Does the nominal £10 in Trusts constitute value?** Yes, all £10 Trusts ("Pilot Trusts") created since 6 October 2020 will need to be registered. Trusts created before that which have under £100 in value will not need to be registered.

**Why use Solidus Trust Services?** The initial registration may identify some useful points for Trustees. If Trustees opt for the 24-month Service, Solidus will ensure reporting is carried out in a timely manner and Trustees will benefit from alerts and an annual Trustee Bulletin.

**Can Trustees self-register?** Like tax returns, Trustees can opt for self-submission or registration. However, some aspects of Trusts are complex and many high-street solicitors do not provide advice in this area, leaving this to specialist individuals or businesses.

Solidus offer Trustees a range of services including:



#### 24 Month Service

Initial Registration Fee is included with this service, along with any required reporting for 24 months. The Lead Trustee will receive Trust alerts and an annual e-newsletter.



#### Registration Service

Ideal for new Trusts or historic Trusts with relatively low activity. Solidus will complete the initial registration required for the Trust.



#### Professional Trustee Service

If the Trustees now feel that they need the support of a professional, Solidus can direct you to their legal partners' Trust Corporation. Their specialist lawyers will work with you and your co-Trustees as required.



#### Closure of Trusts

Some Trusts may have run their course and no longer be relevant for the Beneficiaries, or the Trust fund may no longer be significant. Solidus can assist with the closure of Trusts that must be carried out correctly to comply with reporting requirements. Whatever the reason, Trustees will now have to be much more diligent in ensuring the correct process is followed, including legal Deeds for closure. Ultimately, Trustees will be responsible for the administration and any taxation resulting from Trust closures and advice and assistance may be required.



#### Changing Trustees and Beneficiaries

It is generally preferable to have a minimum of three and a maximum of four Trustees on most Trusts. Solidus can assist with the retirement of existing Trustees who may no longer wish to act, as well as the appointment of new Trustees, where required.

# Contact your estate planner in order to progress your Trust Registration Service application

Disclaimer – The contents of this e-brochure should not construe as advice, and you should consult your estate planner. The provision of Trusts is a regulated activity administered by the Solicitors Regulation Authority and not the Financial Conduct Authority.

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