Trust Registration Service (TRS)

The Trust Registration Service was first set up to comply with the Fourth Money Laundering Directive (4MLD) and required trustees to provide information about trusts and their beneficiaries. However, this was limited to taxable express trusts.

HMRC's Fifth Money Laundering Directive (5MLD) has significantly widened the scope of trusts required to register with the TRS. The main change is that all express trusts are now required to register with the TRS, unless they fall within a limited number of exclusions.

An express trust is a trust created knowingly and intentionally by a settlor, usually in the form of a document such as a written deed, a Will or a declaration of trust. However they can be set up orally. Most trusts are express trusts.

What is the TRS?
The TRS was set up by HMRC for trustees to provide information on the trust, trustees and beneficial owners (the settlors and beneficiaries).

The TRS provides a single point of access for both trustees and agents to report information about the trust to HMRC. The information that HMRC require depends on whether the trust is taxable or non-taxable, but mainly focuses on information relating to the trust's settlors, trustees and beneficiaries, as well as the trust itself.

Who must register for the TRS?

- All UK trusts, including non-taxable trusts, that are in existence on or after 6 October 2020 need to be registered on the TRS before 1 September 2022.
- Any trusts that are set up after 1 September 2022 must be registered within 90 days.
- Non-UK trusts which acquire an interest in UK land or property after 5 October 2020 need to register even if there is no UK tax liability.
- This includes bare trusts (see below).

Where there are multiple trustees, it is a matter for the trustees to decide on and appoint a lead trustee to complete the registration process. All trustees are legally responsible for the trust, and therefore the lead trustee is simply the main contact for HMRC.

Information required by the TRS
Details of trust assets, including addresses of any properties are required to be reported during the initial registration of the trust.

In addition, the identities of the settlor, trustees and all actual or potential beneficiaries. Note that descriptions of a class of beneficiaries are accepted, e.g., spouse, descendants. If a beneficiary is un-named, being part of a class of beneficiaries, the trustees need only report the identity of that beneficiary if or when they receive a financial or non-financial benefit from the trust.

The information required includes: -

- Name
- Date of birth
- NI number (if UK resident, unless under the age of 16), or a UTR (if applicable)
- Address and passport or ID number for non-UK residents, or if the individual has no NI number.

What are the trustees' ongoing obligations?
Once the trust has been registered, any changes to the trust must be reported through the TRS within 90 days of them occurring.

If the trust is taxable, HMRC also require trustees to declare annually that the details held on the TRS are accurate and up to date. The deadline for this is 31 January following the tax year in which a relevant tax liability arose. This must be done whether there have been any changes or not.

The legal responsibility for keeping the TRS up to date lies with the trustees. HMRC will impose financial penalties to those trusts that fail to register, or fail to keep the register up to date.

What are the exemptions from registering?

- Bereaved minor trusts
- Child bank accounts which are held as bare trusts (although investments, for example stocks and shares, held on trust for the benefit of a minor child will not qualify for this exclusion)
- Trusts in existence before 6 October 2020 that hold assets worth less than £100
- Vulnerable persons trusts
- Personal injury trusts
- Co-ownership trusts where the legal and beneficial owners are the same persons, commonly found where a couple jointly own their home or have a joint bank account
- Charitable trusts regulated in the UK
- Trusts that arise as a result of statutory requirements
- Will trusts created on death that only receive assets from the estate and are wound up within two years of death
- Registered pension schemes for the purposes of Part 4 of the Finance Act 2004
- Trusts of life policies paying out only on death, terminal illness, or disability

Bare Trusts
Bare trusts are trusts which hold assets in the name of a trustee, but the beneficiary has the right to all the capital and income of the trust at any time if they are 18 or over. This means the assets set aside by the settlor will always go directly to the intended beneficiary. Bare trusts are often used to pass assets to young people, where the trustees look after the assets until the beneficiary reaches age 18.

Prior to 5MLD, bare trusts were unlikely to be required to register for the TRS because they rarely gave rise to a tax liability. However, 5MLD now requires all express trusts, regardless of their tax liability, to be registered unless they fall within the above exclusions.

In addition, this means that bare trusts constructed within a Will are now required to register if they are not wound up within two years of the testator's death.

How can we help?
If you would like assistance with registering your trust, complying with TRS obligations or are unsure whether a trust is required to be registered on the TRS, please get in touch. We will be happy to help.