



TRUSTEES MUST ACT NOW

Neil Shaw, head of personal law at Yorkshire law firm LCF Law outlines action which must be taken before 1 September 2022

Anyone who is a trustee will need to seek legal advice, as more trusts than ever need to be registered with HMRC's Trust Registration Service (TRS), ahead of the September deadline.

A trust is a way of protecting wealth and passing assets to future generations in a controlled manner. They are also a way of separating the ownership and the control of assets that might include land, property, money and investments.

Although there's a perception that they are created to avoid or reduce tax, there are many different reasons for creating a trust, for example providing for family members or future generations or safeguarding wealth against a risk of divorce or insolvency.

Trusts have been around since Richard Lionheart and the Crusade and continue to be relevant today. A trust can be created during lifetime or upon death.

New legislation from March 2022 means many trusts will have to be registered with the TRS by 1 September 2022. HMRC launched the TRS in 2017 to improve transparency around ownership of assets held in trusts.

The rules are complex. Trustees may need the help of lawyers or accountants to establish whether it needs to be registered and to guide them through the process. Those that miss the deadline will face financial penalties.

The TRS was originally created for reporting trusts that pay UK tax. The new rules extend the scope to many UK and some non-UK trusts, regardless of whether there is tax to pay.

As part of the registration process, details must be provided, including information relating to the settlor, trustees, and beneficiaries. The information must be confirmed annually, and any changes must also be updated through the TRS within 90 days.

However, there are still certain trusts that are excluded from registration such as those holding life insurance and healthcare policies, as well as bank accounts for minors and vulnerable people.

Others which fall outside of registration include those set up under intestacy rules; those created under a court order to hold compensation payments or those trusts holding jointly owned assets, such as the family home or a joint bank account.

LCF Law provides tailored advice to ensure that clients' wealth passes to the people who are important to them in a tax efficient manner. LCF Law handles submissions for many trusts, and guides clients through the setting up of trusts, the initial registration and ongoing management.

LCF Law has offices in Leeds, Bradford, Harrogate, and Ilkley. LCF's aim is to be the best law firm in Yorkshire working with clients to achieve their goals. In doing so the firm will deliver legal services which meet or exceed client expectations. ■

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Neil Shaw is a solicitor with more than 30 years' experience in advising on trusts, wills, and estate planning

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