



# TRUST REGISTER: AN HIDDEN OPPORTUNITY?

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Please note that Triple Point cannot give tax, legal or investment advice



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# AGENDA

- Introduction
- 4<sup>th</sup> Money Laundering Directive
- 5<sup>TH</sup> Money Laundering Directive
- Business generation ideas
  - Annual review opportunities
- Next steps



# INTRODUCTION TO YOUR PRESENTER

## ANNE SLATER-BROOKS

- 24 years in Financial Services
- Full STEP member (TEP)
- Fellow of the PFS
- MBA with Distinction (Marketing focus)
  - Extensive experience in tax and trusts
  - Assisting advisers with business generation ideas
  - And in developing their professional connections





# INTRODUCTION TO TRIPLE POINT

## A PROUD TRACK RECORD

INVESTMENT  
WEEK  
**TAX EFFICIENCY  
AWARDS 2018/19**  
**WINNER**  
Best IHT Portfolio Service



**16 years**

Industry experience

**EIS & VCT : > £400m in  
130 companies**

**12 yrs IHT**

**SOHO REIT**

**Income Service**

**140+**

Investment and support  
team members

**Investors**

Private Individuals,  
Institutions and  
Government Funds



Total AUM

**£1.8bn**

**Key Investment  
Areas:**

Venture Capital

Debt

Energy and Infrastructure

Real Estate

**100%**

Success Rate in Business  
Relief

**EIS, VCT and BR  
track record**

Consistently delivering on  
investment objectives  
£250m returned to EIS and VCT  
investors







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# WHAT DID THE 4<sup>TH</sup> MONEY LAUNDERING DIRECTIVE MEAN FOR YOUR CLIENTS?



# 4<sup>TH</sup> MONEY LAUNDERING DIRECTIVE TRUST REGISTER



- New rules came into force in June 2017
- Trusts subject to **Income Tax, CGT, IHT, SDLT and SDRT**
  - Should have registered by the **5<sup>th</sup> March 2018**
  - Or by 31<sup>st</sup> January following the tax year if subject to a IHT periodic charge for the first time
- **New trusts**, or trusts paying income tax or capital gains tax for the first time;
  - Must register by the **5<sup>th</sup> October** following the tax year in which it was established
- Register is only possible online but trustees will need a Government Gateway ID



# TRUST REGISTER

## EU'S 4<sup>TH</sup> MONEY LAUNDERING DIRECTIVE

- Trustees may still have fallen foul of the need to register if:
  - They are a trustee for a discretionary trust
  - They became liable to a periodic charge **post June 2017**
  - The trust needs to register by 31<sup>st</sup> January following the end of the tax year in which the periodic charge occurs





# NON COMPLIANCE?

money  
marketing

PENSIONS REGULATION INVESTMENTS PLATFORMS TAX DFM CENTRE PROTE

TAX

TECHNICAL AREA

OPINION

## Tony Mudd: Are clients at risk of HMRC trust reporting penalties?

By **Tony Mudd** | 4<sup>th</sup> October 2018 2:40 pm

A worrying 75 per cent of lifetime trusts have yet to file required IHT returns in respect of the periodic charge

Save



The Finance Act 2006 must still be one of the most significant in memory for advisers operating in the estate planning market. Without warning, the government introduced sweeping changes to the way in which lifetime trusts were taxed, such that most became subject to the relevant property regime.

READ MORE

What is the new HMRC Trust Registration Service?







# POLL TIME (1)

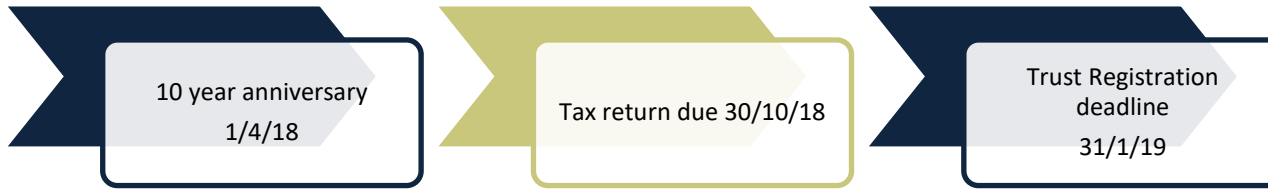
HAVE YOUR SAY





# HMRC LATE FILING PENALTIES

## PERIODIC CHARGES





# PENALTIES

## LATE REGISTRATION ON THE TRUST REGISTER





# TRUSTS REGISTER

## THE FACTS

Trust registrations as at 31/1/18

Trust registrations as at 5/3/18

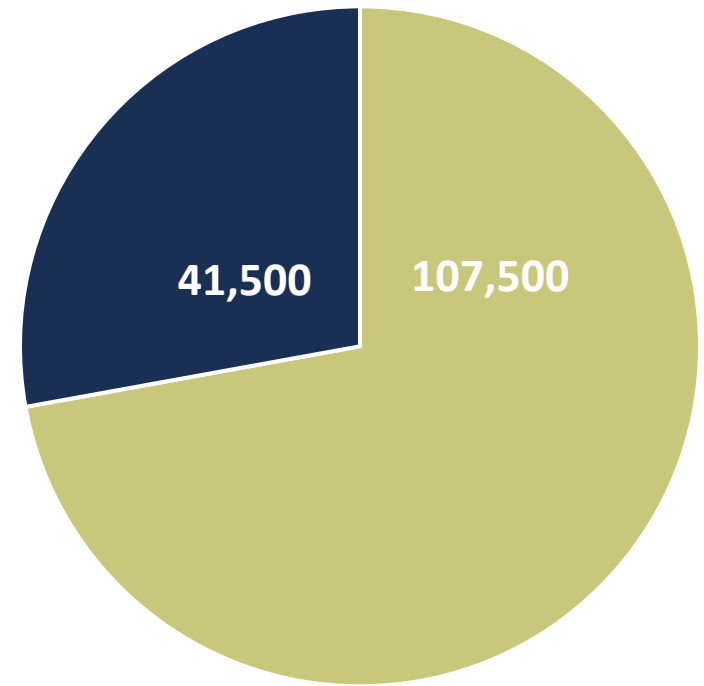
Trust registrations as at 5/3/19

28,500

85,000

107,500

### Trusts registered for self-assessment



■ Trust Register Registrations ■ Non registered trusts





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# WHAT DOES THE 5<sup>TH</sup> MONEY LAUNDERING DIRECTIVE MEAN FOR YOUR CLIENTS?



# TRUSTS REGISTER

## WHAT IS CHANGING?

- EU's 5<sup>th</sup> money laundering directive
  - Came into force 10/1/20
  - Excluding the sections relating to the registration of express trusts
    - Delayed to allow for a further consultation which closed 21<sup>st</sup> February 2020 (124 responses received)
    - Final proposed legislation published in July 2020
- **ALL** express trusts need to register from 2021
- HMRC statistics indicate that:
  - 156,500 trusts should have registered
  - But STEP estimate that up to 2 million will need to register

2,000,000

156,500



# REGISTRATION DEADLINES

Trusts set up before 9<sup>th</sup> February  
2022  
(and not required to register under the 4MLD)

**10<sup>th</sup> March 2022**



# PROPOSED PENALTIES – 5MLD

TO BE CONFIRMED BEFORE 10<sup>TH</sup> MARCH 2022

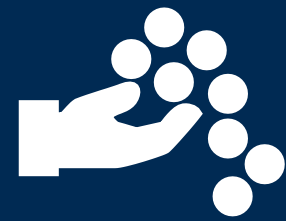
Failure to register



Failure to update



Second and subsequent offences







# TRUST REGISTER

## WHICH TRUSTS WILL BE IMPACTED

1. Pensions
2. Express trusts registered in another EU Member State
3. Statutory trusts
4. UK Charitable trusts
5. Life insurance written into trust (including shareholder protection trusts)
6. 18 – 25 trusts established in the will
7. Trusts created by a will which are wound up within two years of death
8. 'Pilot' trusts created before the Regulations come into force (max value of trust property £100)



- Discretionary trusts
- Interest in possession trusts
- Bare trusts and nominee arrangements
- Employee ownership trusts
- Discounted gift schemes
- Loan trusts
- Gift trusts



Trusts created by will not wound up within 2 years of death





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# BUSINESS GENERATION IDEAS





# ANNUAL REVIEW

## A PRAGMATIC APPROACH & POTENTIAL NEW BUSINESS

### Annual review



### Checklist items

1. Does your client have any trusts
2. If so, when were they established?
3. Has the ten year anniversary passed?
4. What was the value at the outset and at the ten year anniversary?
5. Was a return submitted?
6. If not, should a return have been completed?
7. If yes, possible referral to an accountant and/or solicitor for professional services
8. Potential for further IHT planning and charged services





# TRUSTEE RESPONSIBILITIES

## A WEIGHTY BURDEN







# OPPORTUNITIES WITH PROFESSIONAL CONNECTIONS

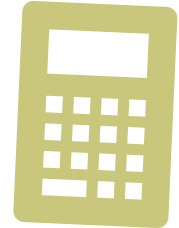
## Professional trustees



1. Professional trustee services
2. Support and education for lay trustees
3. Registering trusts



## Accountant



1. Tax compliance services
2. Support in negotiating reduced penalties with HMRC





# POLL TIME (2)

## HAVE YOUR SAY





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# ANNUAL REVIEW OPPORTUNITIES

## BUSINESS RELIEF



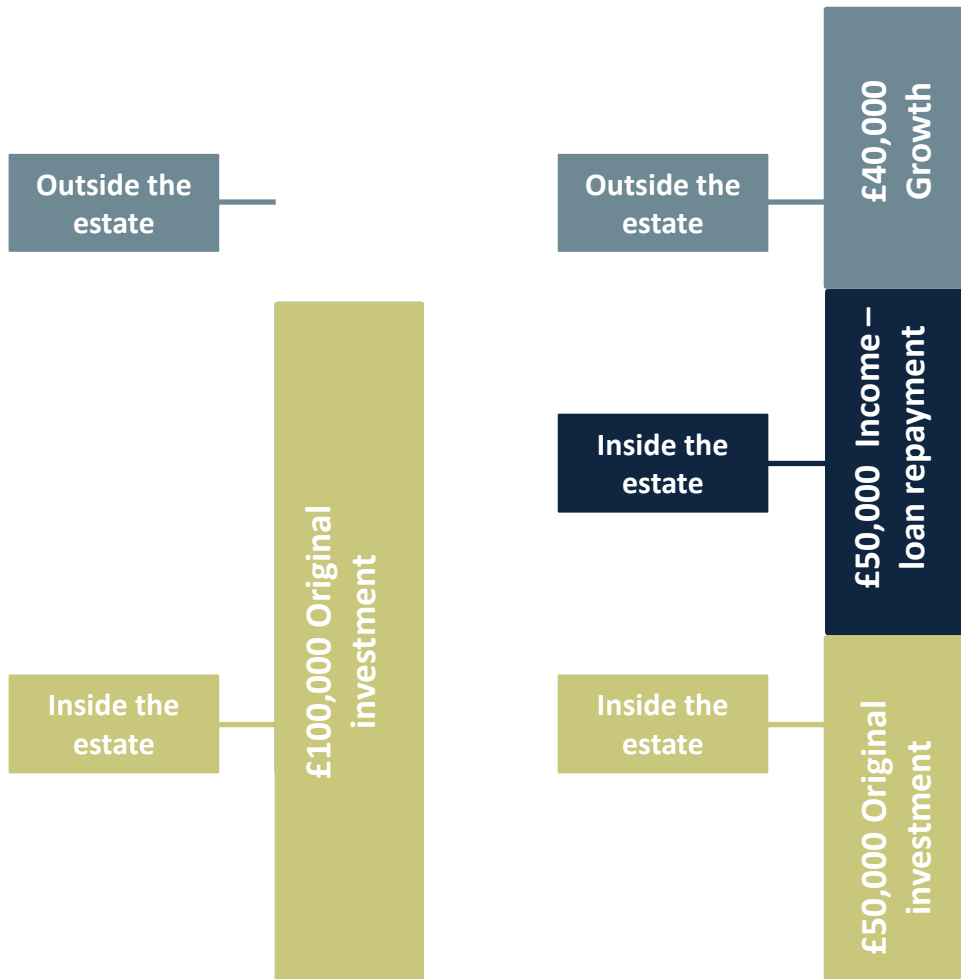
# REVIEWING EXISTING LOAN TRUSTS

- Opportunity to restructure existing loan trusts
  - Repay the loan and consider business relief
  - Remove the loan from the estate





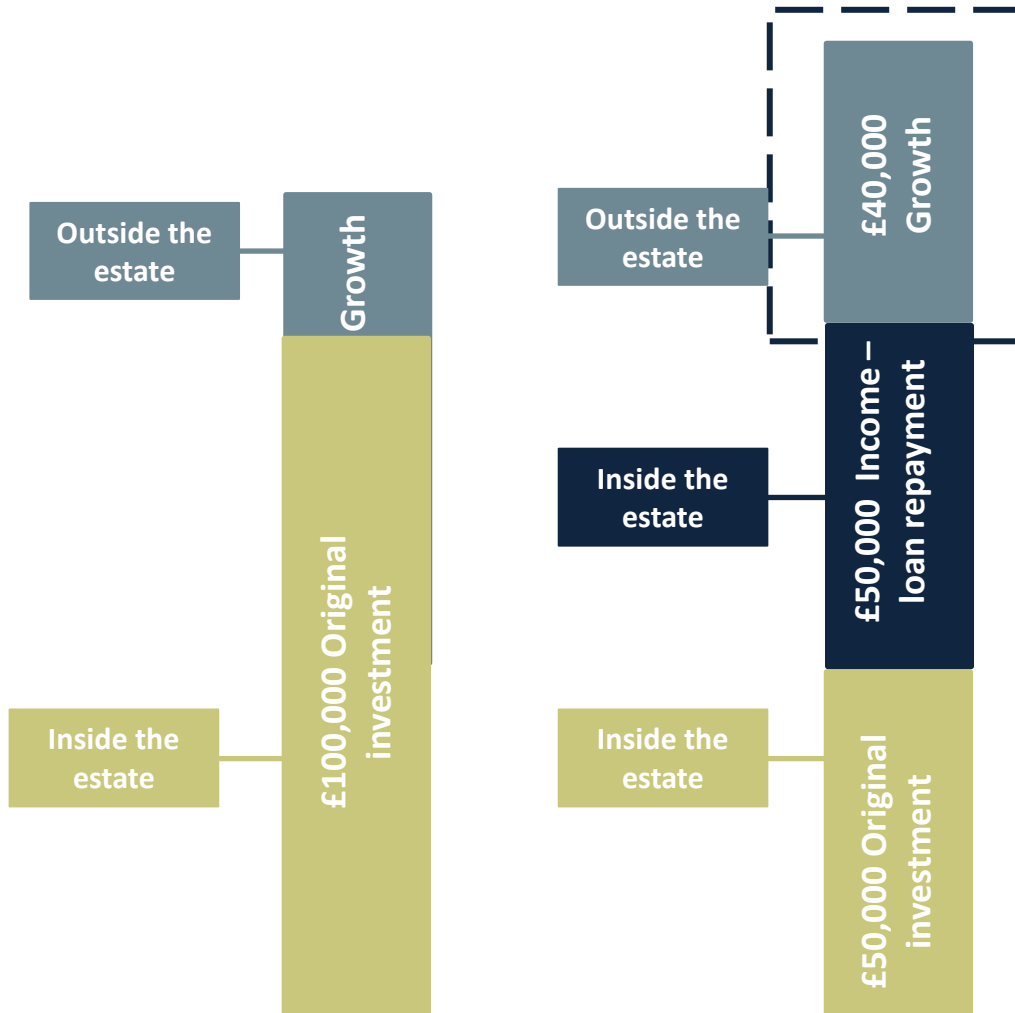
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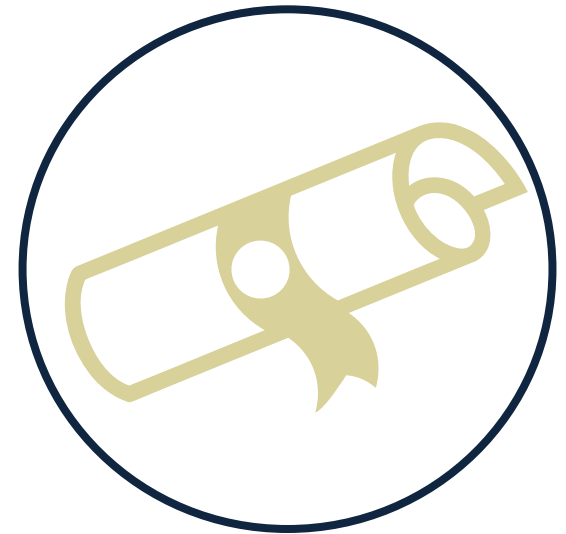
# REVIEWING EXISTING LOAN TRUSTS





# REVIEWING EXISTING LOAN TRUSTS

## FACTORS TO CONSIDER





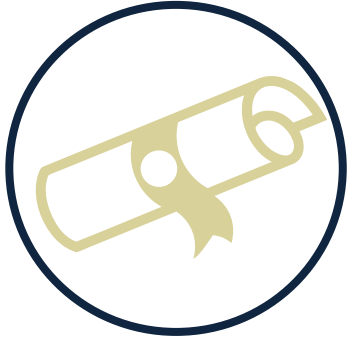
# LOAN TRUST V BUSINESS RELIEF





# CLIENTS WITH LARGER ESTATES

## LOAN TRUSTS & BUSINESS RELIEF COMPARED



- Growth outside on day 1
- After 2 years only the growth on £325,000 is outside the estate
- At 5% growth rate £33,313 would be exempt from IHT
- The original capital always forms part of the estate
- No limits on investment
- Just 2 years to be exempt from IHT
- All growth also exempt after 2 years
- Simpler ongoing administration





# ANNUAL REVIEWS

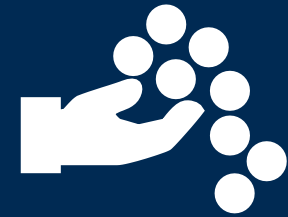
**Clients with  
LPAs**



**Clients with  
large trusts**



**Clients with large  
IHT issue**







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**NEXT STEPS**



# HMRC INVEST

## WHAT DO YOU NEED TO DO?

1. Make trustee clients aware of their responsibility
2. Notify them of relevant penalties
3. Document that you have had the conversation
4. Explore other planning opportunities



1. Do not need to register trusts (unless you happen to be a trustee)
2. Do not need to complete tax paperwork in respect of trusts





# HOW TRIPLE POINT CAN HELP

1. Tax mitigation
2. Client meetings
3. Help and support



# A SMALL REQUEST



Add profile section

More...



Anne Slater-Brooks MBA, FPFS, TEP

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Contact info

- Triple Point Investment Management
- Chartered Institute of Taxation

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## Recommendations

Ask for a recommendation

Received (25)

Given (7)



**Paul Rodman**

Owner of Kendal Wills member of Institute of Professional Willwriters

March 13, 2020, Paul worked with Anne but at different companies

I attended a seminar recently where Anne spoke about trusts and I was impressed by her knowledge of a complicated subject.



**Michelle Herbert**

Wealth Management Consultant, Regency Financial Planning, Senior Partner Practice of St. James's Place Wealth Management

April 4, 2019, Michelle was a client of Anne's

Anne is extremely knowledgeable in her field, highly professional but also very personable, she is conscientious and always delivers exactly what she promises. I'd highly recommend her.

## If you have found today's session useful, please consider providing a recommendation on LinkedIn.



# POLL TIME (4)

## HAVE YOUR SAY







# RISK WARNING

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