

# Trust Registration Service (TRS) – Provider & Adviser issues



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# CONTENTS

- Broader estate planning issues
- Background to TRS & HMRC attitudes
- Summary of 4MLD & 5MLD
- Registering your own Trust (Lay trustees)
- QB/ZEDRA Trust Registration Service
- Why should advisers consider a campaign?
- Issues facing providers

*This presentation is designed to supplement the multiple technical outputs with a look at the practicalities of registration.*



# Broader estate planning issues

Trust & estate planning has developed without the framework of being a regulated activity.

Most trusts have “lay trustees” in place who will not be aware of all their duties & responsibilities.

Adviser consolidations have created mixed standards in a back book

Providers have also been reluctant to get involved in processes that should be followed by trusts.



Trustee meeting notes



Record of gifts sharing



TRS reporting



Reviewing letters of wishes, wills, LPAs



Communicating with trustees, executors, solicitors etc



Reviewing options

# Background issues



2016/17 - 75% of Discretionary trusts failed to reported a periodic charge



HMRC estimate 45% of trusts caught by 4MLD failed to register by the deadline.



Systems down for registering trusts with no taxable component.



EU AML legislation passed into UK law via 2 statutory instruments (SI's) 2017/2020



The SI's create specific duties around due diligence & discrepancy reporting

## 4MLD impact

June 2017 new rules required certain trusts to register with the TRS (on-line only)

Express trusts (excluding bare trusts) **subject to tax** need to register

These trusts should already be reporting & filing returns to HMRC

Existing trusts should have registered by 5<sup>th</sup> March 2018.

**New trusts must register within 30 days of completion**

Lead trustee must access the TRS via an “organisational” government gateway account (one for each trust)

The trustee will need to provide the TRS with detailed information on trustees, the trust, beneficiaries, assets etc

Of the 145,500 trusts that need to register under 4AMDL around 30% missed the deadline

## 5 M L D i m p a c t

New rules came into force in  
10/01/2020

Express trusts (**now includes  
bare trusts**) regardless of  
whether they are subject to tax  
need to register.

This must be done on-line  
under the governments  
“making tax digital” initiative

Existing trusts need to  
register by 10<sup>th</sup> March  
2022

From 9<sup>th</sup> Feb 2022 new trusts  
must register within 30 days of  
completion

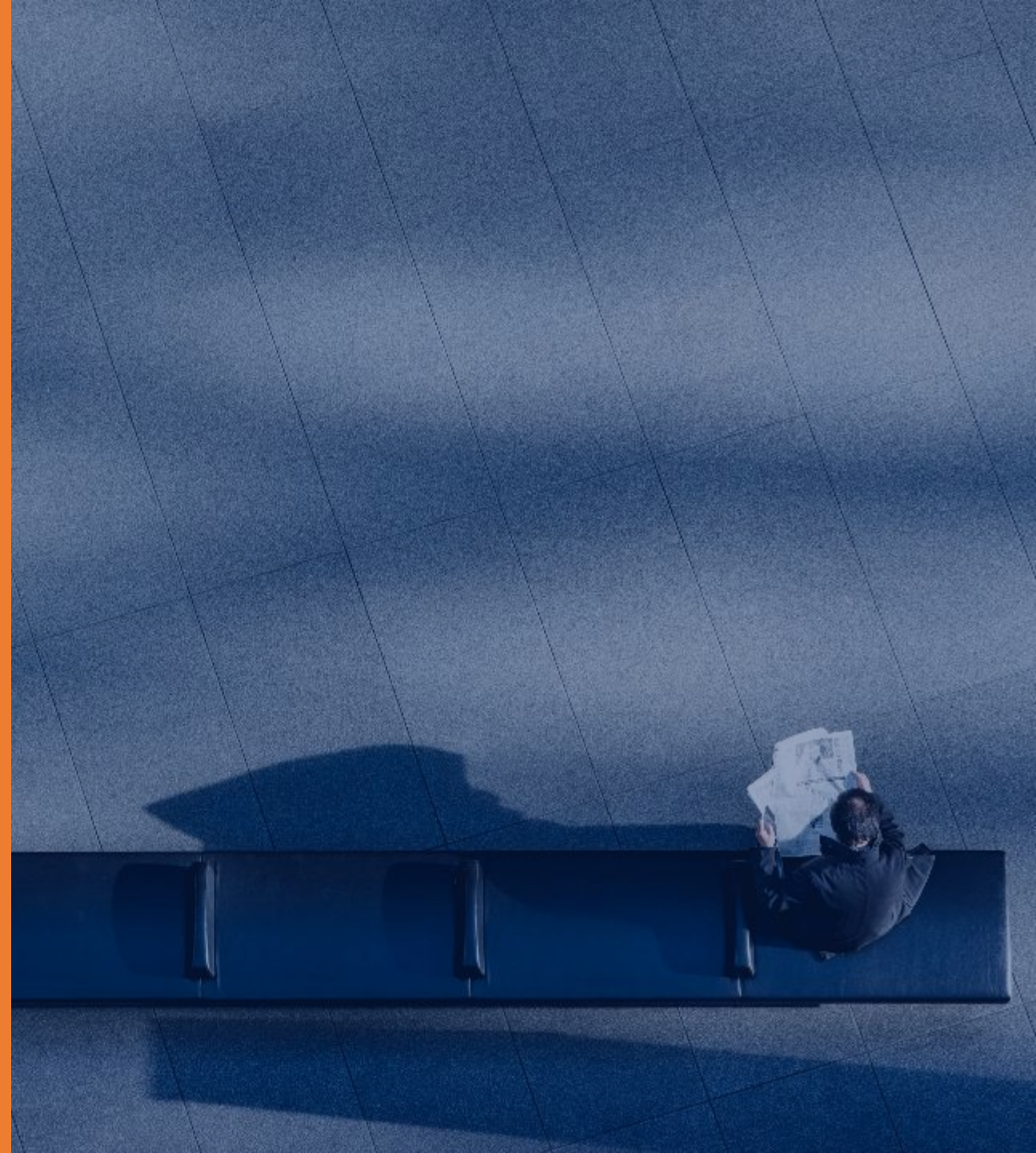
Lead trustee must access the  
TRS via an “organisational”  
government gateway account  
(one for each trust)

The trustee will need to provide  
the TRS with detailed  
information on trustees, the  
trust, beneficiaries, assets etc

There are huge volumes of  
bond/trusts & whole of life  
policies in trust

**Quote from the published regulations**

**“all firms subject to AML obligations under the 2017 regulations entering into a business relationship with a trust which is subject to the new registration requirements must check whether the trust has been properly registered and must investigate and report any discrepancies”**



Client's registering  
their own trusts



Partners





## Clients registering own trusts

Lead trustee applies for a tax reference number then an “organisational gateway account. **One for each trust!**

Trustees must use up to date technology as the gateway service cannot be accessed if using VISTA/XP or older systems

TRS reporting will create a string of unproductive client meetings all questionable from a compliance view.

Trustees must collate & check data. They will also need help with the process for accessing TRS via gateway accounts

Trustees must retain records of data registered (plus passwords etc) & update the TRS of all changes.

QB Trust Registration  
Service



# Clients using the QB/ZEDRA service to register trusts

Firms complete our on-line questionnaire which populates report & contract & invoice

Zedra complete the registration of the trust and return a screenshot with the TRS reference number. They can also return tax reference number/passwords etc for future use

QB will supply commentary on any issues highlighted by the data received & will report back with trends analysis

Advisers contact trustees re TRS whilst offering a ready made service at a modest fee. Clients will have all the information/paperwork they need. Fee £300 (inc of VAT - per trust)

QB can also provide support to adviser firms around issues identified by the raw data

# Should advisers consider a campaign?

Lay trustees will find trust registration & the government gateway service highly problematic. Advisers will be pressed into offering help.

Advisers cannot ignore the due diligence & discrepancy reporting requirements.

Providers may not take instructions on trust plans without evidence of compliance with TRS from 10<sup>th</sup> March 2022.

This is an opportunity to re-establish contact with disengaged clients.

The process has the fewest number of interventions by adviser firms.

This is also an ideal opportunity to review all aspects of best practice for trust planning. QB will report back on any obvious issues based on the data received.



## Issues facing providers

Is it sufficient to issue technical guidance & not touch on the practicalities of how trustees register?

Providers should consider clients they advise direct (In particular this applies to “vertically integrated” businesses)

Providers should consider what approach they will take with “orphan clients” & “disengaged clients” (where advise fees have been switched off)

Authorities may expect a more proactive approach e.g. nudge letters & or disclosure of data?

Providers obligations for due diligence & discrepancy reporting are dependant on jurisdiction

# Next Steps?



Firms should review back office systems re identifying clients & extract data



Firms should review compliance issues around adviser involvement



Firms should review options of using external partners & consider process efficiency & due diligence



Firms should roll out this message to all staff dealing with trustee clients



Firms should consider how they explain TRS to clients & focus on whether it's impractical for lay trustees



Firms should review the data captured & reflect on any priority actions for their book of trust clients

# Broader estate planning issues

Firms back book may have grown as a result of acquisitions, recruitments etc.

Standards of best practice are often mixed.

A high-level review will spot any obvious issues with the back book on an individual case basis, but also on a collective basis.



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## SUMMARY

Advisers cannot ignore the issue of registering trusts and cannot advise on trusts without checking registration has been completed properly and is kept updated.

A DIY approach is likely to result in a huge surge in unproductive meetings.

A structured approach gives the most scope to avoid this problem and the fee (£300 per trust for initial registration) is a necessary expense/disbursement.

This is an ideal opportunity to review all aspects of best practice for trust planning. QB will report back on any obvious issues based on the data received





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