

## Extension of the Trust Registration Service



### Impact of the Fifth Money Laundering Directive (5MLD)

The Trust Registration Service (TRS) came into operation in 2017 following the Fourth Money Laundering Directive (4MLD) and provides an online route for trusts to comply with their reporting obligations.

Previously the only trusts which needed to register were those which were liable to pay tax. New rules were introduced on 6 October 2020 following the UK's adoption of the Fifth Money Laundering Directive (5MLD), and the requirement to register under TRS has now been expanded to apply to all UK express trusts (including bare trusts) and also some non-UK trusts, irrespective of whether the trust has incurred a tax liability. Some exceptions to that requirement include:

- Trusts used to hold money or assets of a UK-registered pension scheme;
- Trusts used to hold life or retirement policies;
- Trusts holding insurance policy benefits received after the death of the person assured;
- Charitable trusts;
- 'Pilot' trusts which were set up before 6 October 2020 and which hold no more than £100 – pilot trusts set up after 6 October 2020 will need to register;
- Co-ownership trusts set up to hold shares of property or other assets which are jointly owned by 2 or more people for themselves as 'tenants in common';
- Will trusts which are created by a person's will and come into effect on their death providing they only hold the estate assets for up to 2 years after the person's death;
- Trusts for bereaved children under 18 or adults aged 18 to 25 set up under the will (or intestacy) of a deceased parent or the Criminal Injuries Compensation Scheme;



- 'Financial' or 'commercial' trusts created in the course of professional services or business transactions for holding client money or other assets.

It has taken some time for the TRS to be upgraded and for the associated technical guidance to be issued and updated. HMRC have also made some changes to their regulations to allow more time to comply with the new rules. Subject to approval by Parliament, the following changes to the registration process are expected to come into force for non-taxable trusts on the 9 March 2022:

- the extension of the registration deadline for trusts that were in existence on 6 October 2020 to the 1 September 2022;
- the extension of the registration deadline for trusts that are set up after 1 September 2022 from within 30 days to within 90 days
- the extension of the time limit for keeping information on TRS up to date from within 30 days to within 90 days of the trustees becoming aware of the change.

In addition the exclusion list will also be extended to include:

- Trusts used to hold healthcare policies and policies that contain temporary disablement cover;
- Trusts created in order to open a bank account for minors or vulnerable persons.

## How we can help

If you have any questions concerning your obligations, please do not hesitate to contact [Ben Gummer](#).