TRS guidance update - registrable estates and property held on behalf of minors

Synopsis: HMRC's updated TRS guidance on registrable estates and property that is held on behalf of minor children.

Date published: 12.10.2023

Registrable estates

HMRC have added additional content to the section concerning registrable estates to provide clarity regarding the registration process when a corporate body serves as the personal representative. When registering a trust, individuals responsible for representing the corporate body must provide their full names, dates of birth and the name of the corporate body.

The guidance on situations where the Trust Registration Service (TRS) is used by the personal representatives of a deceased individual's estate when they need to file a Trust & Estate return (SA900) during the period of estate administration has also been updated.

A Trust and Estate return must be completed and submitted if the total income tax and capital gains tax (CGT) due during the administration period exceed £10,000, the estate's value at the date of death was over £2.5 million or the personal representatives sold estate assets worth more than £500,000 in one tax year (or £250,000 for deaths before 6 April 2016).

If any of these conditions apply, the estate is considered "complex," and TRS is used to register it for tax purposes and obtain an estate Unique Taxpayer Reference (UTR) for self-assessment. For estates that are not "complex," there is no requirement to register on TRS.

Additionally, if there is no chargeable income or gains to report, there is no need to formally notify HMRC via TRS or informal procedures, unless a timely CGT on UK Property return is necessary.

Land trusts with minor children

HMRC have also added additional content stating that trusts created under the specific circumstances of Schedule 1(1) and 1(2) of the *Trusts of Land and Appointment of Trustees Act 1996* (the 1996 Act) are excluded from registration on the TRS.

In cases where property is transferred to one or more individuals who are below the age of 18, Schedule 1(1) of the 1996 Act provides that the land is to be held in trust for the benefit of those persons.

Likewise, when property is conveyed to a group of individuals, some of whom are minors and others are adults, Schedule 1(2) of the 1996 Act outlines that the land is held in trust by the persons over the age of 18 for the benefit of themselves and the person or persons under the age of 18. This exemption does not extend to other trusts of land held for minors.

Beneficiary details

The guidance also provides additional clarification regarding the information required for beneficiaries and potential beneficiaries when registering a trust on the TRS. It specifies that potential beneficiaries may include individuals identified as such in documents from the settlor related to the trust, such as a letter of wishes.

Comment

HMRC is continually updating the TRS Guidance to address emerging situations, ensuring that it remains a crucial component of trust planning. It is essential to stay up to date with these changes as they can significantly impact trust administration and reporting requirements.

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