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TRUST REGISTER AND ANTI MONEY LAUNDERING FROM MARCH 2020



Nunn Hayward provide various services in relation to Trusts and since the Government brought in the fourth anti-money laundering directive we have assisted a number of clients in registering their Trust on the Trust & Estates Register.

The Treasury is consulting on steps the Government proposes to take to transpose the EU fifth anti-money laundering directive into UK law by January 2020, including broadening the requirement to register trusts with HMRC.

The directive requires regulated businesses with a duty to review their customers' beneficial ownership information during customer due diligence procedures. The Government intends to require customer due diligence where a business has a legal duty in a calendar year to contact customers for the purposes of reviewing their beneficial ownership information or a duty under the International Tax Compliance Regulations SI 2015/878 to identify new and pre-existing reportable offshore financial accounts for annual reporting.

The directive extends the scope of the trust registration service to:

- all UK-resident express trusts;
- non-EU resident express trusts that acquire UK land or property on or after 10 March 2020; and
- non-EU resident express trusts entering into a new business relationship with a regulated business on or after 10 March 2020.

The Government does not expect to specify a full list of types of express trust, but those likely to fall within the definition are discretionary, interest in possession, charitable, employee ownership and many types of bare trusts.

Currently all trusts with UK tax consequences must register on its trust registration service, even if they are not express trusts or are non-EU resident express trusts without UK trustees.

The 31 January registration deadline will change because the Government no longer considers having one linked to submitting a tax return to be appropriate in the money laundering context. **Unregistered trusts in existence on 10 March 2020 will have to register by 31 March 2021 and trusts created on or after 1 April 2020 must do so within 30 days of their creation.**

The Government will consult on a replacement penalty framework for late registration. This is because the current one, based on the self-assessment penalty regime, is no longer suitable because the directive extends registration to non-taxpaying trusts.

What does this means for you?

From from March 2020 all Trusts will need registering on the Trust Register even if there is no tax liability.

If you need any further information or assistance with this, please give Glen Reed, Taxation Manager and Head of Trusts & Estates, a call on **01753 888211** or email **greed@nhllp.com** to discuss further.