



## New Trust Tax Return Reporting Requirements

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New trust reporting requirements will now apply for tax years ending as of December 31, 2023. There are 3 major changes to the requirement to file a trust tax return:

1 – Previously some trusts were exempted from filing a tax return if certain conditions were met. These exemptions are being removed, and **now, even if a trust has no income or did not make any distributions to beneficiaries, and did not dispose of any assets, it will be required to file a return.** There are exceptions to these rules, the most common being graduated rate estate returns, qualified disability trusts, or trusts that have been in existence for less than 3 months.

2 – **“Bare trusts” will be subject to the new reporting requirements.** A bare trust is generally a situation where a person is on title for property legally, although it is someone else who has the use or enjoyment of the property and gives directives to the legal owner. Examples of this are parents who are on title for homes their kids are living in and maintaining, children who are on title for homes their parents are living in, bank or investment accounts that are being held for the benefit of others. It is also used for probate planning and other more formal arrangements such as corporate reorganizations. Even if an arrangement is not documented as such, it may still constitute a bare trust.

3 - Other **significant changes** are the new **requirements to disclose the following information:**

- The names, address, date of birth, jurisdiction of residence, and taxpayer identification number (SIN, BN, foreign TIN) for each:
  - trustee
  - beneficiary
  - settlor
  - any person who can exert influence over trustee decisions

**Since it may take time to collect information for the additional disclosure requirements, you should consider these new changes well before the filing deadline of April 2, 2024.**

