

Farming Partnerships Caught up in Trust Registration Service

- There has been debate for many months as to whether farming partnerships should register with the Trust Registration Service set up by HMRC
- Based on recent confirmation from HMRC many will now have to register
- We shall be contacting our clients individually to advise them of any action
- Our Tax Team detailed below, are available to advise farming businesses

The full details:

The original deadline for registering express trusts with HMRC was 1 September 2022, however the guidance regarding partnerships was provided after this deadline had already passed. There is no need for alarm however, as HMRC are operating a “soft landing” approach, which should mean that there are no penalties as a result of late registration.

We are awaiting further guidance from HMRC with regards to the need to register partnerships without express written partnership agreements, and we expect a response from HMRC towards the end of March 2023.

Where land is held in a partnership, it is deemed to be held in trust for the benefit of all partners, even if it is credited to the capital account of an individual partner. Initially HMRC had confirmed to us that there would be no requirement for partnerships registered under Self-Assessment to also register as a trust. Further guidance issued by the TRS confirms that where an express trust has been created by a partnership agreement, or a declaration of trust and land is held on the balance sheet of the partnership under a Partner’s land capital account, the partnership is required to register.

The TRS is a register of the beneficial ownership of trusts and initially only trusts that were subject to UK tax were required to register. The requirement to register has now been extended to include most UK trusts regardless of whether they have a UK tax liability.

The Trust Registration Service (TRS) was introduced as a result of the EU’s Fourth and Fifth Money Laundering Directives to provide more transparency around the ownership of trust assets and to prevent trusts being used for money laundering or terrorist activities.

We will therefore be contacting all our client partnerships individually, where we are aware of a written partnership agreement or declaration of trust, so that we can start the trust registration process.

If you would like to discuss this in greater detail, please contact one of the tax team:

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