



# TaxNewsFlash

Canada

## Trusts — CRA Holds Off on Beneficial Ownership Reporting

January 14, 2022

No. 2022-02

Trusts preparing to meet enhanced beneficial ownership reporting requirements should continue filing their returns as usual for now, according to the CRA. In a new statement, the CRA clarifies that affected trusts will not have to meet the proposed additional reporting and filing requirements until the government officially passes legislation to enact these changes. Under these requirements, which were scheduled to be effective for tax years that end after December 30, 2021, an affected trust must provide additional information on its income tax return about its beneficiaries, trustees, settlors and protectors. As a result of these new reporting requirements, more trusts will also be required to file a tax return.

The CRA's announcement provides some welcome clarity for trusts filing their 2021 tax return now. Specifically, these trusts should file their returns under the existing legislation, consistent with the CRA's stated approach to "continue to administer the existing rules for trusts, under enacted legislation". However, affected trusts should also continue to obtain the required information so that they can meet these requirements if and when the bill that includes the legislation receives Royal Assent. Although the CRA has delayed administration of these reporting requirements, Revenue Quebec currently requires affected trusts to report under the proposed rules. Quebec has not yet indicated whether it will also consider a delay.

### Background

Finance released draft legislation for the new enhanced trust reporting requirements in 2018, following an announcement in the 2018 federal budget. These proposed rules generally require more trusts to file an income tax return, subject to limited exceptions.

The new rules will also require certain trusts to report information for each person who is a trustee, beneficiary, settlor, or protector, including:

- Name
- Address
- Date of birth
- Jurisdiction of residence
- Taxpayer identification number (e.g., social insurance number, business number, trust account number, or a taxpayer identification number used in a foreign jurisdiction).

Trusts that fail to report required information may face significant penalties of up to 5% of the highest total fair market value of all property held within the trust during the year.

For full details on the proposed trust reporting requirements, see *TaxNewsFlash-Canada* 2020-81, "[Prepare for Upcoming Trust Reporting Rules](#)".

### We can help

Your KPMG or KPMG Law adviser can help you assess the effect of the new trust reporting rules on your tax situation. For more details on your obligations under these rules, contact your KPMG or KPMG Law adviser.

---

[kpmg.ca](https://kpmg.ca)



[Contact Us](#) | [KPMG in Canada Privacy Policy](#) | [KPMG On-Line Privacy Policy](#) | [Legal](#)

Information is current to January 14, 2022. The information contained in this *TaxNewsFlash-Canada* is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation.

© 2022 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.