

# The CRA's Reporting Requirements for Trusts and Revenu Québec's Guide to Filing The Trust Income Tax Return

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In the 2018 federal budget, the Department of Finance (Finance Canada) proposed a new T3 Trust Income Tax and Information Return filing requirements for trusts which will come into effect for taxation years that end after December 30, 2021.

The 2021-2022 Quebec budget announced the introduction of similar rules with respect to the obligation to file a tax return and provide certain information on trusts in Quebec.

## Highlight of the Federal Budget Proposals

**Trusts (other than those that are exempted) will be required to report the identity such as the name, address, date of birth (in the case of an individual), jurisdiction of resident and taxpayer identification number (TIN) for each of the trustees, beneficiaries and settlors as well as any person who has the ability to exert control over certain trustee decisions.**

### Trusts that are exempted from the requirements include:

- Mutual fund trusts, segregated funds and master trusts
- Trusts that qualify as non-profit organizations or registered charities
- Employee life and health trusts
- Certain government funded trusts
- Trusts governed by registered pension plans, registered retirement savings plans and tax-free savings accounts, and
- Cemetery care trusts and trusts governed by eligible funeral arrangements.

Penalties for failure to file the T3 Return, including the new information schedule, will be \$25 per day (minimum \$100) up to a maximum penalty of \$2,500. Gross negligence penalties of 5% of the maximum fair market value of property held in the trust in the year (minimum penalty of \$2,500) may also apply.

# Canada Revenue Agency on Reporting Requirements for Trusts

The [Canada Revenue Agency](#) (CRA) posted the following message on its website on January 14, 2022:

“The legislation to support this proposed measure is pending. The CRA will administer the new reporting and filing requirements once there is supporting legislation that receives Royal Assent. The CRA will continue to administer the existing rules for trusts, under enacted legislation. The proposed beneficial ownership reporting requirements will not be part of the published 2021 T3 income tax return. This note will be updated when more information is available. You should not delay filing your 2021 T3 tax return.”

## Revenu Québec’s Guide to Filing The Trust Income Tax Return

Revenu Québec has released its [Guide To Filing The Trust Income Tax Return for 2021](#). The Guide states the following requirements:

**“For taxation years ending after December 30, 2021, a trust that is resident in Canada (other than a trust created by law or by a judgment) must provide additional information about each person who, over the course of the year, is:**

**A Trustee**

**A Beneficiary**

**A Settlor**

**A person who can exercise control over the decisions made by the trustee with respect to the allocation of income or capital from the trust under the terms of the trust deed or a related agreement...”**

## If You Have Further Questions

We encourage all of our trust clients to review the requirements and to consult with their tax advisors.

If you determine that your trust is required to file the report with Revenu Québec, please provide us with direction and the information that is required to be filed by March 4, 2022 in order to engage CIBC Mellon to file such a report for the trust.

If you have questions regarding CIBC Mellon's role as an asset servicing provider, please do not hesitate to reach out to your relationship manager.

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