



# TaxNewsFlash

Canada

## Quebec Also Delays Beneficial Ownership Reporting for Trusts

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Trusts will not have to provide additional information on their 2021 Quebec income tax returns under the province's proposed beneficial ownership reporting rules. Under these proposed rules, which were scheduled to be effective for taxation years ending after December 30, 2021, an affected trust must provide additional information on its income tax return about its beneficiaries, trustees, settlors and protectors. Revenu Quebec has announced that it will relax this reporting obligation for 2021 returns, following a similar announcement from the CRA clarifying that affected trusts will not have to meet proposed enhanced beneficial reporting obligations until the federal government officially passes legislation to enact these changes.

Revenu Quebec's announcement provides welcome clarity for affected trusts filing their 2021 tax return, and confirms a consistent federal and provincial approach to the administration of the proposed reporting requirements. However, affected trusts should continue to obtain the required information so that they can meet these requirements if and when the rules are enacted.

### Background

The CRA recently clarified that affected trusts will not have to meet the proposed additional beneficial ownership reporting and filing requirements until the government officially passes legislation to enact these changes. Previously, these rules were scheduled to be effective for tax years that end after December 30, 2021. For full details on the CRA's announcement, requirements, see *TaxNewsFlash-Canada* 2022-02, "[Trusts — CRA Holds Off on Beneficial Ownership Reporting](#)".

Finance released draft legislation on 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.

Quebec announced that it would harmonize with these federal changes in its 2021-22 provincial budget, with a modified provincial penalty for non-compliance.

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.

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