



TaxNewsFlash

Canada

Bare Trusts Get Late-Breaking Reporting Relief

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Bare trusts will no longer have to meet new trust information reporting obligations for their 2023 taxation year, unless they are specifically requested to provide these details. The CRA has announced that it will not require bare trusts to file a “T3 Trust Income Tax and Information Return” as well as Schedule 15, “Beneficial Ownership Information of a Trust” for 2023, unless the CRA directly requests a filing. Before this administrative relief, many bare trusts were preparing to file a T3 return for the first time, and report additional beneficial ownership information on each trustee, beneficiary, settlor and controlling person (e.g., a protector) under new trust reporting requirements that apply for taxation years ending after December 30, 2023, subject to limited exceptions.

The CRA’s announcement, which was made on March 28, 2024, provides some welcome relief for bare trusts. Although this relief is only available for a bare trust’s 2023 taxation year, the CRA advises that it intends to work with Finance to further clarify its public guidance on this filing requirement. Note that affected non-bare trusts, including those that were wound-up in 2023, do not qualify for this relief and will still have to report required trust information in their T3 return for their 2023 taxation year, due April 2, 2024.

Background

Finance first announced enhanced trust reporting measures in the 2018 federal budget that would require more trusts to file an annual T3 return. These rules, which were enacted on December 15, 2022, apply to taxation years ending after December 30, 2023.

Under these broad rules, trusts are required to disclose certain information on each trustee, beneficiary, settlor and controlling person (e.g., a protector) of the trust, subject

to limited exceptions. These rules apply to Canadian-resident express trusts (i.e., generally, trusts created with the settlor's express intent) and certain civil law trusts, as well as non-resident trusts that are currently required to file a T3 return (i.e., deemed resident trusts). Bare trusts are also subject to these trust reporting rules. See *TaxNewsFlash-Canada* 2023-50, "[Trusts — Prepare for Upcoming Reporting Requirements](#)".

The CRA previously announced limited relief for registered charities that are trustees of certain internal trusts on November 10, 2023. For details, see *TaxNewsFlash-Canada* 2023-44, "[Charities — CRA Provides Relief for Some Trust Reporting](#)".

We can help

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

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