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THROUGH ESTATE PLANNING OR HELPING A PARENT, CHILD, OR GRANDCHILD, YOU MAY HAVE CREATED A BARE TRUST WITHOUT KNOWING IT.

PLEASE READ ON TO DETERMINE IF YOU DO HAVE A TRUST AND FALL UNDER THESE NEW RULES

The first questions to ask is;

- **Is the person on title or holding the asset the true beneficial owner?** For example, do they get the benefits of the asset (such as sale proceeds) and bear the costs or risks of the asset (such as property taxes)?

There is likely a bare trust arrangement if there is a mismatch between legal and beneficial ownership, often requiring a trust return.

While there are **countless possibilities of bare trust arrangements**, the following lists **some** common potential **examples**.

Individual Reasons

- a parent is on **title of a child's home** (without the parent having beneficial ownership) to **assist** the child in **obtaining a mortgage**;
- a parent or grandparent holds an **investment or bank account in trust for** a child or grandchild;
- **one spouse** is on **title of a house** or asset although the other spouse is at least a partial beneficial owner;

Estate Planning Reasons

- a child is on **title of a parent's home** (without the child having beneficial ownership) for probate or estate planning purposes only;
- a child is on **parent's financial accounts** (or other assets) to assist with administration after the parent's passing;

The links below are the CRA news releases:

- <https://www.canada.ca/en/revenue-agency/news/newsroom/tax-tips/tax-tips-2023/new-reporting-requirements-trusts-as-december-31-2023.html>
- <https://www.canada.ca/en/revenue-agency/services/tax/trust-administrators/t3-return/new-trust-reporting-requirements-t3-filed-tax-years-ending-december-2023.html>

Possible Exemptions

There are scenarios where Trusts (and Bare Trusts) may be exempt from these new rules and **won't** have to file. Here are some common exemptions:

1. The Trust has been in existence for less than three months at the end of the relevant year.
2. The Trust holds assets with a total fair market value that does not exceed \$50,000 throughout the year (securities and cash). "Throughout" currently defined as "at any point."
3. Is required under the relevant rules of professional conduct or the laws of Canada or a province to hold funds for the purposes of the activity that is regulated under those rules or laws, provided that trust is not maintained as a separate trust for a particular client or clients. Examples of these are lawyers or realtor Trust accounts for multiple clients.
4. Is a registered charity.
5. Is a graduated rate estate. A graduated rate estate is the trust that begins upon an individual's death and lasts for three subsequent years.

I have only listed some of the applicable types of trusts as the list is extensive.

Next Steps

After reviewing this email, related attachments, and the provided links, if you believe you have or are involved in a bare trust arrangement, I ask that you **reply back to this email no later than March 8, 2024 with one of the options listed below. If nothing is provided by March 8, 2024, I understand that you will be proceeding with Option 1 and require no assistance from R Johnson CPA Inc.**

Option 1: Nothing required. Will analyze my situation and arrange to complete any bare trustee filings if applicable.

Option 2: Desire R Johnson CPA Inc's assistance to review for potential bare trust arrangement, determine potential trust filing requirements, **and** for R Johnson CPA Inc to complete and file any required Bare Trust forms. **Fee for this service will be a base of \$500 plus GST per return.** Pending on the complexity of the situation, the fees could exceed the \$500 plus GST amount. If information is not provided by March 8, 2024, we cannot guarantee the filing will be completed for the filing deadline.

If Option 2 is chosen, please request and fill out a **Trust Information Request Form**