Draft amendments to Trust Registration Service regulations

Inheritance Tax and trusts



25 November 2025

The CIOT has identified issues with the draft regulations extending the exclusions from the Trust Registration Service.

The CIOT has commented on the Trust Registration Service aspects of the draft Money Laundering and Terrorist Financing (Amendment and Miscellaneous Provision) Regulations 2025, issued for consultation on 2 September 2025. The regulations include significant extensions to the categories of trusts that are excluded from registration under Schedule 3A.

A key issue relates to public access to trust information. There is currently no requirement to show a legitimate interest when requesting information about a trust where the trustees have a controlling interest in a third-country entity. The CIOT believe that a legitimate interest requirement is an important protection to strike the right balance between transparency and data protection. A legitimate interest requirement to access information about trusts should apply in all cases.

Trusts created by Deed of Variation, and situations where the trustees of an existing trust change following a death, are to have two years from date of death before registration is required. We welcomed the clarity that these amendments bring so that a common two-year rule applies to most situations involving death and trusts.

Whilst the principle of a general de minimis exclusion (for small trusts) is a positive step, the current draft contains several difficulties.

First, the condition that the trust has not held property with a cumulative total value exceeding £10,000 since the date on which it was created is too complicated. Rather than trustees (and HMRC in its regulatory function) having to monitor a cumulative total, we suggested that it would be more practicable to frame the restriction in terms of the trust not having assets worth more than £10,000 at any point since it was created.

Second, the condition that a de minimis excluded trust should be the first trust created by a settlor seemed unnecessarily restrictive: it would mean that something as mundane as a co-ownership trust, insurance trust or commercial trust within one of the other exclusions causes the proposed de minimis exclusion to be unavailable.

CIOT felt that an opportunity had been missed not to include a simpler de minimis exclusion for deceased estates in administration that run for more than two years from the date of death. At the conclusion of the administration process, the personal representatives will be holding on bare trust for the residuary beneficiary a small amount of cash to pay the final income tax bill due for the administration period and final costs. There is often a delay in HMRC supplying the personal representatives with the information necessary to make the final income tax payment under the informal procedure. This can tip the estate beyond the general two-year exclusion for the administration trust. We proposed alternative solutions to address this issue.

The ATT endorsed the CIOT's comments.

The CIOT submission is available here: www.tax.org.uk/ref1564

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