

# RUMBERGER & FETTIS ACCOUNTING LLP

February 2024 “Special Issue”

## BARE TRUST TIP:

A bare trust arrangement would likely exist whenever a person is on the legal title of a property but is not the true beneficial owner. As such, all of these situations require consideration of whether a T3 return is required.

## IMPORTANT NEW TAX CHANGES

Do you have any of the below:  
(with someone **other than your spouse**)

- |   |  |
|---|--|
| <input type="checkbox"/> Joint Bank Accounts                      | <input type="checkbox"/> Foreign Business Income |
| <input type="checkbox"/> Joint Names on Land                      | <input type="checkbox"/> Foreign Income Tax Paid |
| <input type="checkbox"/> Joint Business Investments               | <input type="checkbox"/> Trust Investments       |
| <input type="checkbox"/> Beneficiary Trusts                       |  |
| <input type="checkbox"/> Joint Names on Property (Houses /Cabins) |  |

**OR:** Are you on someone else's?

**OR:** Your spouse is not on property title.

The Government of Canada has introduced new reporting requirements for bare trusts. These require a T3 Return with a

“Schedule 15 - Beneficial Ownership Information of a Trust” to be filed 90 days after December 31, making this year's deadline **April 2, 2024**.

Affected trusts must disclose the following (for tax years ending December 31, 2023 and going forward):

- Names (trustees, settlors, beneficiaries, controlling persons)
- Dates of Birth & Addresses
- Tax Residences
- Taxpayer identification numbers (social insurance numbers)

## HOW DOES IT AFFECT YOU?

If you have anything that is considered a bare trust and if the T3 is not filed, the bare trust trustee could be liable and face **harsh penalties**, such as a sum equal or greater to the amount of (1) \$2,500; or (2) 5% of the highest fair market value of the trust property, whichever is higher.

## WHY DO YOU HAVE TO DO THIS?

These changes were made as part of Canada's continuous efforts to ensure the effectiveness and integrity of the Canadian tax system by helping to stop money laundering and criminal activity. The changes will help the CRA verify that trusts, their fiduciaries, beneficiaries, and related parties have met their tax and filing obligations under the Income Tax Act.

**Complete information given to us prior to March 15, 2024 will have priority, after this we cannot ensure that the April 2<sup>nd</sup> deadline can be met.**

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