



FAMILY WEALTH PLANNERS  
PERSONAL TAX ADVISORS  
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## Trust Tax Return Checklist

(Prepared for clients and business colleagues of Personal Wealth Strategies)

*This Checklist is designed to help you assemble information for the trust tax return. Hopefully it may also identify ways to reduce trust income taxes and taxes of beneficiaries. Please do not hesitate to call if you have any questions.*

Trust Name \_\_\_\_\_ Tax ID # \_\_\_\_\_

Trust Address \_\_\_\_\_

Executors Names \_\_\_\_\_

Contact Email address \_\_\_\_\_ Telephone \_\_\_\_\_

*Information (if not applicable report as N/A)*

- ☐ Copy of trust document
- ☐ Trust tax returns and financial statements of previous years
- ☐ Type of trust
  - Inter vivos \_\_\_\_\_
  - Testamentary \_\_\_\_\_
- ☐ Name, date of birth, address and social insurance number of beneficiaries:

Name	Date of Birth	Address	SIN#

- ☐ Details of any trustee remuneration either as an employee or contractor to the trust
- ☐ Bank statements for all accounts
- ☐ Brokerage statements and transaction slips for the year

- ☐ Copies of T5, reported capital gains and other slips received by the trust from CRA
- ☐ Income tax assessments for prior years
- ☐ Details of cash deposits
  - Name of depositor
  - Amount and description of deposits
- ☐ Details of payments from the trust other than normal commercial transactions
  - Name of payee
  - Amount and description of disbursements
- ☐ Invoices for legal fees and other unusual transactions during the year
- ☐ Investment information not contained in bank/broker statements i.e. stock splits, stock dividends etc.
- ☐ Legal documents
  - Minutes of Executor/Trustee meetings
  - Changes to the trust agreement
  - Other
- ☐ Details on distributions to beneficiaries
  - Identification of whether distributions were income or capital
  - Details of cash or other assets distributed
  - Documentation for amounts paid as accounts payable
- ☐ Details on gifts, loans or property transfers made to or from the trust during the year
- ☐ Details of any elections made in the past or to be made under the Income Tax Act with the T3 filing
- ☐ Identification of any nonresident beneficiaries

***Other Matters or Issues Relating to the T3 Return***

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## ***TRUST TAX RETURNS – A NEW FILING REGIME***

Many people have established family trusts for the benefit of children and other family members. Such trusts established during the life time of the donor are known as inter vivos trusts and must have a December 31 yearend. Trusts are often also established in wills which can last for many years and they are called testamentary trusts. Their yearend can be any time in the year.

The entire area of trust reporting has expanded considerably in recent years – especially with new enforcement rules for trusts not resident in Canada or for trusts established by or for individuals living outside of Canada.

CRA has set out a list of circumstances under which trust returns must be filed.

- ☐ The trust has tax payable
- ☐ The trust has either disposed of or is deemed to have disposed of a capital property or has taxable capital gains
- ☐ The trust is a non-resident but has a taxable capital gain and/or has disposed of taxable Canadian property
- ☐ The trust is deemed to be resident of Canada
- ☐ The trust holds property which the settlor of the trust can control or can control the distribution of trust income or assets
- ☐ The trust has provided a benefit of more than \$100 to a beneficiary for upkeep, maintenance, or taxes for property maintained for the beneficiary's use
- ☐ The trust receives income, gain, or profit that is allocated to one or more beneficiaries and the trust has
  - Total income from all sources of more than \$500
  - Income of more than \$100 is allocated to any single beneficiary
  - Allocated any portion of the income to a non-resident beneficiary

### ***Clearance Certificate***

If a trustee distributes any property of the trust without a clearance certificate from CRA and there are unpaid income taxes trustees are personally liable for the income taxes. This was always the case but is more heavily emphasized in the latest CRA T3 trust guide.

### ***Filing Returns***

If you, or a member of your family, have set up a family trust (or maybe even an informal trust) or trusts have been established in wills of family members who are now deceased, you are probably required to file an annual trust tax return and financial statement, it has been easier to avoid this in the past because it wasn't policed that well. With CRA's new vigilance and changes in tax laws, the stakes have definitely gone up. Significant penalties apply if returns are not filed and on time. The deadline is three months after the trust's fiscal year end.