

## Important information for associations

Dear Member Association,

New rules were introduced on 6 October 2020, as part of the UK's implementation of the Fifth Money Laundering Directive. There has been a delay in the rollout of HMRC's upgrade of the TRS register. Now the Money Laundering and Terrorist Financing (Amendment) Regulations 2022 have extended the scope of the TRS to cover (almost) all UK express trusts and some non-UK express trusts, in existence on or after 6 October 2020.

If you operate as an unincorporated association (not a limited company) read sections A, B, and D. If your Association is incorporated, operate as Co-operative, Community Benefit Association, Private Ltd Company by Guarantee read section C.

### Section A - What does this mean for Allotment Associations?

If your association is unincorporated (not a limited company), then this will apply to you.

Where you have a lease or management agreement with the local council or a private landowner under the above legislation you will need to register with HMRC

### Section B - Why does this apply?

As an unincorporated allotment association, you have no legal identity, you are a group of individuals, with a common purpose of allotment gardening. Therefore, the association cannot enter into contracts, leases etc, Trustees have to be appointed to do this on behalf of the association. Anyone who signs an agreement on behalf of the association even if not named as Trustees, they are in fact 'Holding Trustees' and need to register under the scheme.

Constitutions in place do have to reflect that you can appoint, remove, and replace Trustees. When Trustees are replaced, the association will have to amend the registration within 90 days. There are no charges for this registration service. However, there are quite severe penalties for not registering, with an up to £5000 fine.

Where an allotment association owns the site themselves and this has been conducted with Trustees, rather than the association becoming incorporated, this will also have to be registered under the TRS.

### Section C

Incorporated associations who are registered with their relevant body, as a Co-operative, Community Benefit Society, Company Limited by Guarantee etc. These models should already have registered with HMRC for Corporation Tax and would not be appointing Holding Trustees.

#### Section D - What action should be taken next?

The National Allotment Society has taken further advice via our accountants, and we have been provided with the following information to assist with this process, which have been attached to this email:

HMRC's Register a Trust

HMRC's Claim a Trust

Mha Bakertilly Checklist

If you require further advice regarding your Association's Constitution or advice regarding your lease. Please email [natsoc@nsalg.org.uk](mailto:natsoc@nsalg.org.uk) for further assistance. Regarding continuity of this registration the Association will need to ensure that this information is passed on to future committees. Including the details, you have used to register on the Government Gateway.