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DEBTORS

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TRUSTS

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TIME

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TAX

Trusts Overview

- **Historical Context:**
 - ▶ The concept of trusts dates back to ancient Roman and Greek law and was further developed in 12th Century England.
 - ▶ The first trust in South Africa appeared over 150 years ago.
- **Evolution in South Africa (SA):**
 - ▶ Trusts in SA have evolved to include various types such as inter vivos and testamentary trusts.
 - ▶ Historically, trusts received minimal attention, from the statutory and regulatory bodies to the trustees and TCSP's (Trust and company service providers), including software solution providers.
 - ▶ Trustees only dealt with basic compliance to conditions in the trust's deed.
 - ▶ Trust registration was with the Master's Office, which lacked proper record-keeping.

Trusts Overview (Continued)

- **Recent Developments:**
 - ▶ In recent years, trusts have gained more attention, especially from the South African Revenue Service (SARS).
 - ▶ The IT12 TR form has evolved from a few pages to a detailed 20+ page document.
 - ▶ Trusts now need to provide comprehensive information and calculations, including beneficial ownership registers, organograms, Resolutions and administration accounts as well as supporting documentation in this regard.
 - ▶ The Master's Office and the Companies and Intellectual Property Commission (CIPC) also require beneficial ownership registers.

Trusts Overview (Continued)

- **Legislative Changes and Compliance:**

New legislation aims to improve transparency in beneficial ownership, influenced by greylisting and Financial Action Task Force (FATF) requirements.

Key acts include the

- ▶ Financial Intelligence Centre Act (FICA) and the
- ▶ Trust Property Control Act (TPCA).

▶ **Trust Administration Essentials**

- **Key Activities:**

- Registering with the Master's Office and SARS.
- Maintaining registers of Trustees, Beneficiaries and other connected persons.
- Managing assets/liabilities and maintaining records.
- Keeping beneficial ownership registers.
- Adhering to trust deed conditions.
- Legal compliance and financial administration.
- Submitting tax returns and ensuring accuracy in distributions and tax information.

- **Mandatory Registrations and Submissions:**

- All trusts must register with SARS and submit tax returns, a requirement often neglected.
- Despite a large number of trusts registered with the Master's Office, a smaller fraction registers with SARS, and even fewer comply with tax return submissions.

- **Third-Party Data Provider Role:**

- Trusts are now classified as third-party data providers to SARS,
- Required to submit IT3-T


IT3-T

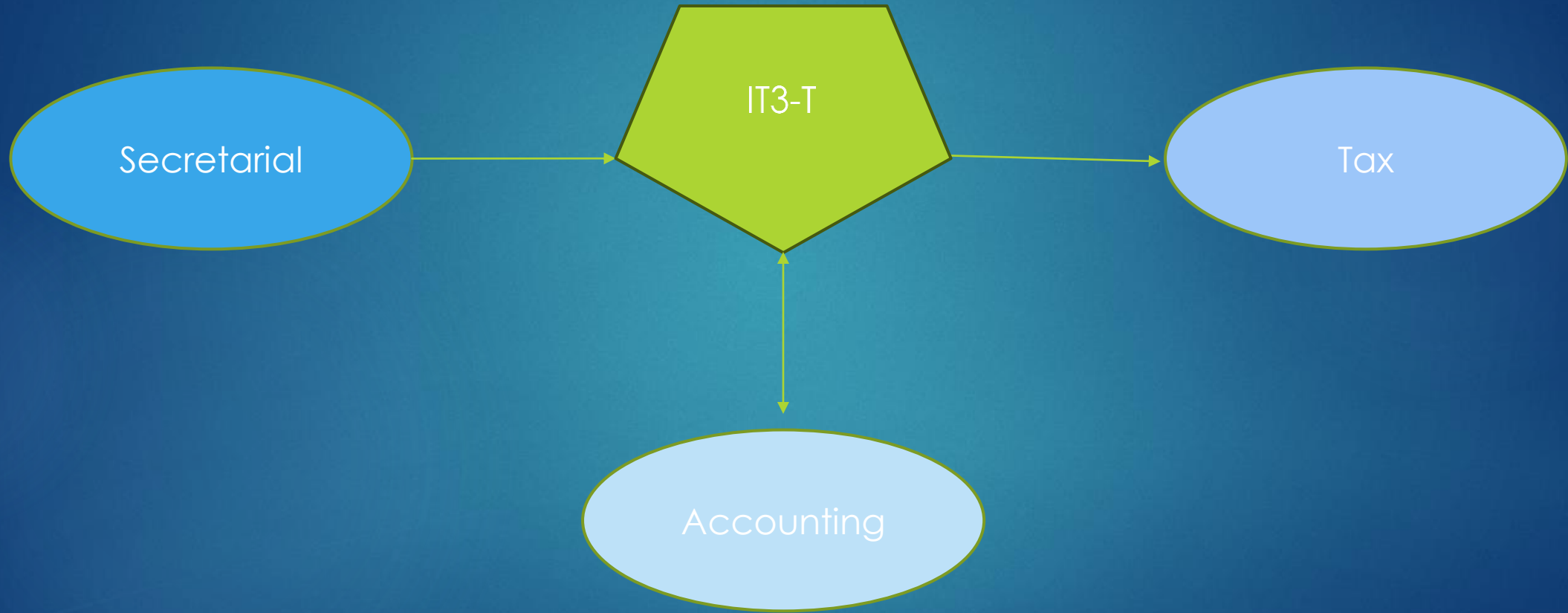
- ▶ Static and Demographic Information of
 - Submitting Entity
 - Contact Person
 - Trust
 - Beneficiaries
 - Other Connected Persons

- ▶ Trust Financial Flows:
 - Income Distributions: by source code
 - Capital Distributions
 - Donations
 - Loans

Accfin Sky Trusts Module

- **Components:**
 - **Sky Trusts Sec:**
 - Manages records for trustees, beneficiaries, and meetings,
 - Generate Resolutions
 - Beneficial Ownership Register and organogram.
 - **Sky Trusts Accounting:**
 - IT3-T input and submissions
 - Handles income, expenses and distributions
 - Asset/Liability registers,
 - Loans,
 - Trust Administration accounts.
 - **Sky Trusts Tax:**
 - Provisional Tax calculations and submissions
 - Facilitates IT12-TR
 - Calculations
 - Tax Pack
 - Submission of Tax return and supporting documents
 - IT34 Assessments
 - SARS correspondence
- ▶ Linking data from all components.

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- ▶ This representation outlines the historical context, evolution, recent focus, and administrative requirements of trusts in South Africa, emphasizing the legal and compliance obligations and the role of Accfin Sky in facilitating these processes.



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Steps to be taken

- ▶ Subscribe for Accfin Sky Trusts
- ▶ Register on SARS as 3rd party data provider
- ▶ Engage your trust clients - inform them of IT3-T requirements and your service to submit for them