Memo to Parishes – December 14, 2023

From Patricia D'Souza, Director of Finance – Diocese of Toronto

Subject: Update on new trust T3 reporting rules

As per the memo dated October 25th, 2023, published on the bulletin board parishes were asked to gather initiation documents of any trust funds that the parish holds such as wills, deeds, estate papers, letters or other such documents that identify how the trust fund was created at the parish, the restrictions on the fund and its beneficiaries.

On November 10, 2023, the CRA made an announcement that it will not require registered charities to file T3, Trust Income Tax and Information Return, for internal trusts held by registered charities (i.e., trusts that are created when a charity "receives property as a gift that is subject to certain legally enforceable terms and conditions; and holds that property as the trustee of the trust").

However, T3 Trust reporting will still be required by charities & NPOs in certain situations. This includes express trusts held by charities for beneficiaries other than the charity itself.

Based on this guidance received from CRA, I urge you to review the terms of your funds. An example of an express trust might be a bequest for the support of a theological student. Parishes that must file T3 trust returns must do so by March 30, 2024.

Here is a link to more detailed information on the trust filing requirement.
New trust reporting requirements for T3 returns filed for tax years ending after December 30, 2023 - Canada.ca

Let me know if you have any questions.