

Law Society of Alberta
Guide to Transitional Year-End
Reporting
July 2017

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Introduction

1. For trust account reporting purposes, the year-end date of a law firm has implications on the due date for filing the law firm annual reports pursuant to Rule 119.30.
2. Pursuant to *The Rules of the Law Society of Alberta*, law firms that operate trust accounts are required to comply with filing requirements of annual reports. In June 2017, the Benchers approved amendments to the Rules, specifically regarding rules about trust account reporting.
3. This Guide provides guidance to the Responsible Lawyers of these law firms on the new rules and the new filing requirements of annual reports.

Definitions

4. The following defined terms are used in this Guide:

“annual report” includes:

- the “Law Firm Self-Report” prepared by the law firm in accordance with subrule 119.30(3);
- the “Accountant’s Report” prepared by the law firm’s accountant in accordance with subrule 119.30(4);
- the “Electronic Data Upload” prepared by the law firm in accordance with subrule 119.30(5) or (6);

“calendar year” means the 12-month period between 1 January and 31 December;

“Designated Filing Date” means the fiscal year end date of December 31 (Rule 119.30(1));

“Due Date” means March 31 (Rule 119.30(1));

“Effective Date” means September 1, 2017.

Trust Safety Rule Amendments

5. In June 2017, the Benchers approved amendments to the Rules regarding the reporting requirements for law firms that operate trust accounts. Prior to these amendments, law firms had the option to choose the 12-month calendar year or any 12-month period as their trust account reporting period.
6. In accordance with the rule amendments, the following changes have been made to the trust account reporting requirements:
 - a. All law firms have a uniform calendar year reporting period of 1 January – 31 December;
 - b. All law firms have a Designated Filing Date, which is the fiscal year end date of December 31;
 - c. All law firms must file their required annual reports by the Due Date, which is March 31.
7. The year-end date for trust account reporting purposes is not to be confused with the fiscal corporate year-end date for income tax or financial reporting purposes. The fiscal year-end date is a date that has been set by the Law Society and may or may not coincide with the other filing dates for the law firm.

Transitional Reporting Period

8. As a result of the rule amendments, law firms that currently have a reporting period other than the calendar year reporting period of 1 January – 31 December must now adopt the calendar year reporting period, in order to have a December 31 fiscal year end date.
9. These law firms must do so by **September 1, 2017**.
10. A law firm that must change its current reporting period to comply with a fiscal year end date of December 31, as prescribed in the Rules, will have a transitional reporting period. Law firms must file their annual reports for the transition period before the new calendar year reporting period commences for those firms.
11. The transitional reporting period will provide firms with flexibility and adequate time to adjust their internal processes to the new report filing requirements. The length of the transitional reporting period will depend on a law firm's reporting period before the rule amendments.

Transitional Reporting Period Timetable

12. To determine your law firm's transitional reporting period:
- Identify your current year-end date on the transition timeline in Appendix A
 - Find the corresponding reporting period and
 - File your annual reports by the new due-date

Transitional reporting period examples

Example 1: Transitional reporting period before the effective date

Law firm A has a current year-end date of July 31st and a current reporting period of 1 August 2016 – 31 July 2017. All law firm reporting periods will be aligned with the calendar year in 2017. Therefore:

- Your firm must file its Annual Report for **August 1, 2016 to July 31, 2017** by **August 31, 2017**.
- To move to the new designated reporting period, the transitional reporting period is **August 1, 2017 to December 31, 2017** and must be filed by **March 31, 2018**.
- Law firms that have year-end dates before the September 1 effective date will a **shorter** reporting period and will be required to file annual reports for the transitional period to cover the remaining months in 2017 up to December 31, per the transitional reporting timeline in Appendix A.
- After the transitional reporting period, your firm moves to the new designated reporting period of **January 1 to December 31** so January 1 to December 31, 2018 must be filed by March 31, 2019.

Example 2: Transitional reporting period after the effective date

Law Firm B has a current year-end date of 30 September and a current reporting period of 1 October 2016 – 30 September 2017. All law firm reporting periods will be aligned with the calendar year in 2017. Therefore:

- The reporting period of 1 October 2016 – 31 December 2017 (15 months) will be considered a transitional reporting period.

- Your firm must file its Annual Report for **October 1, 2016 to December 31, 2017** by **March 31, 2018**.
- Law firms that have year-end dates after the September 1 effective date will have a **longer** reporting period and will be required to file annual reports for the 12-month period plus the number of months in 2017 up to December 31, per the transitional reporting timeline in Appendix A.
- After the transitional reporting period, your firm moves to the new designated reporting period of **January 1 to December 31** so January 1 to December 31, 2018 must be filed by March 31, 2019.

Relevant Rules

13. The authority for the information in this Guide is provided by rules 119(1), 119.3 and 119.30.

Contact Us

14. For further information or for assistance, please contact the Trust Safety Department by:
 - phone: 403-228-5632
 - email: AskTrustSafety@lawsociety.ab.ca.

Appendix A: Transition Timeline at a Glance

