

# Practice Rules Compliance Committee

## Transaction Levy Accounting

### *Law Society Rules Part V - Uniform Trust Account Rules*

#### *Maintenance of records*

*5.02 (1) Every member shall maintain, so as to be clearly distinguishable from the record of money received and disbursed in the member's general account, books, records and accounts to record all trust money and trust property received and disbursed in connection with the member's practice, and as a minimum requirement every member shall maintain*

*(a) a book of original entry or data source showing the date of receipt and source of trust money for each client and identifying the client on whose behalf the trust money is received,*

*(b) a book of original entry or data source showing all disbursements out of trust money for each client and showing each cheque number, the date of each disbursement, the name of each recipient, and identifying the client on whose behalf each disbursement is made out of trust money,*

*(c) a client's trust ledger showing separately for each person on whose behalf trust money has been received all such money received and disbursed and any unexpended balance,  
(Rule 5.02(1):Amended Fall Term Convocation, October, 2004)*

*(d) a record showing all transfers of money between client's trust ledger accounts and explaining the purpose for which each transfer is made,*

*(e) a book of original entry or data source showing the date of receipt and source of all money received other than trust money,*

*(f) a book of original entry or data source showing all disbursements of money other than trust money and showing each cheque or voucher number, the date of each disbursement and the name of each recipient,*

The Practice Rules Compliance Committee provides the following direction concerning the accounting for the Transaction Levy.

When the transaction levy has been charged, the funds may be held in the trust account of the individual client until such time as it is paid to the Law Society, or alternatively it may be transferred from the trust bank account to the general bank account and accounted for as a liability of the member. The Law Society auditors have noted that certain legal software packages have a system in place whereby the levy is transferred to the general account and a report is generated summarizing the remittance. The transaction levy is considered to be a liability of the member and not the client.

A specific trust account entitled Law Society Levy or Transaction Levy cannot be used as it does not comply with the books and records requirement prescribed by the Law Society Rules.

Members are directed to adhere to the practice standard prescribed by the Law Society Rules.  
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