All registrants are required to maintain trust accounting, pursuant to Section 27 of the Regulation. This means that the registrant must maintain a Travel Industry Act trust bank account and have the bank specifically acknowledge that the trust account is properly designated. All consumer funds must be deposited into this account and all payments to suppliers for which those consumer funds have been collected by the registrant must be paid out of this account. No overhead expenses can be paid from this account, such as rent, payroll, phone etc.

The trust reconciliation is required to be prepared at a minimum when the Registrant wishes to make a transfer of surplus from the Trust Account to the General Account.

If a registrant has been registered and operating continuously for at least one year, the registrant may provide security in lieu of trust accounting, pursuant to section 28 of the Regulation. The amount of security required is 1/6 of the annual "cash sales". Cash sales for the purpose of this section, means the money that the registrant has actually received from the consumer and would otherwise have to be deposited to the trust account. Cash sales would not include those sales where the consumer has paid by credit card directly to the supplier and the registrant does not handle any funds. In order to provide security in lieu of trust accounting, the "cash sales" figure must be disclosed by the accountant in the year end financial statement.

It should also be noted that the calculation of sales received from the consumer is only for the purpose of providing security in lieu of trust accounting under section 28 and not for any other section of the Regulation.

"Trust Accounting" recognizes this purpose by considering that all customer monies received for travel services are deemed to be held in trust to be used only for the purchase of the travel services contracted for by the customer. Monies in a Trust Account do not belong to the travel agent or wholesaler.

For more detailed information, please refer to the following Trust Accounting Guidelines:

[Trust Accounting Guidelines](#)