

PROJECT TRUST ACCOUNT CHECKLIST CONTRACTING PARTY

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This checklist summarises the key steps and requirements for a trustee when they are operating a retention trust account. Note—there is a separate [project trust account checklist](#).

All notices and example templates can be found on the [QBCC website](#).

1 Check contract eligibility to determine if a trust account is required

Use the [trust account tool](#) to determine whether a trust is required.

Retention trust account eligibility criteria:

1. You're withholding retention in the form of 'cash'.
2. The withholding contract is related to a project trust account project.
3. You're the contracting party as per the relevant phase.

If all of the eligibility criteria is met, you must keep the retention amount in a retention trust account.

2 Open retention trust account

Open the account for the retention trust at an [approved financial institution](#) before withholding the retention amount from payment.

Ensure account name includes the words 'trust' and the trustee's name.

Reminder: Only one retention trust account is required per contracting party.

3 Notify parties of the trust account

Send notices to the QBCC within 5 business days of opening the account—submit an [online notice of trust account opening](#) OR manually using the **TA1 - Notice of opening project trust account and/or retention trust account**

Send notices to the contracted party before the retention amount is withheld from payment—use the PDF provided after online notification to the QBCC, the template [Notice to subcontractor—project trust account opened or changed \(s23-s18c\)](#), or [create your own](#).

4 Administration of the account

If the trustee will not be responsible for administering the retention trust account, the trustee must nominate a person to be the account administrator.

Ensure a notice is given to the QBCC informing of the nominated account administrator—submit an [online notice of account administrator](#) or manually using the form **TA7 - Notice of retention trust account administrator**.

Reminder: [set up permissions in myQBCC](#) so that they can lodge forms on your behalf.

You can withdraw an amount equal to the interest earned on the account only once every 12 months and/or upon closure of the trust account.

You may transfer the trust account to another [approved financial institution](#). You must ensure you notify the QBCC and all contracted party beneficiaries of the updated trust account information after doing so.

5 Withholding retention amounts from payment

Respond to a payment claim with a payment schedule advising the retention amount to be withheld.

Ensure all cash retention amounts are deposited into the retention trust account at the time they are withheld.

Give notice of the deposit of the retention amount into the retention trust account (e.g. remittance advice) to the contracted party within 5 business days. You can use the template notice [Payment advice to beneficiary—deposit into retention trust account](#) or you can create your own that includes the required information.

Record the retention deposit in the trust account ledger.

6 Releasing retention amounts to contracted parties (beneficiaries)

Ensure all eligible retention amounts are released and paid to the contracted party only from the retention trust account.

Give a notice of payment (e.g. remittance advice) to the contracted party within 5 business days of making the payment. You can use the template notice **Payment advice to beneficiary—paid from retention trust account** or you can create your own that includes the required information.

Record the payment withdrawal in the trust account ledger

7 Releasing retention amounts to someone else from the account

You may pay another person (other than the beneficiary) to correct defects or omissions in the work carried out by a beneficiary.

Give a notice of payment made to another person to the contracted party within 5 business days of making the payment. You can use the template notice **Payment advice to beneficiary—payment to other party** from retention trust account or you can create your own that includes the required information.

Record the payment withdrawal in trust account ledger.

8 Releasing retention amounts to yourself as trustee

You may pay yourself as trustee to correct defects or omissions in the work carried out by a beneficiary —BUT ONLY after the end of the defects liability period.

Give a notice of payment made to yourself as trustee to the contracted party within 5 business days of making the payment. You can use the template notice **Payment advice to beneficiary—payment to other party** from retention trust account or you can create your own that includes the required information.

Record the payment withdrawal in the trust account ledger.

9 Monthly reconciliations and recordkeeping

Ensure you conduct a monthly reconciliation of the trust account, within 15 business days of the end of each month, to balance trust records and rectify any anomalies.

To complete a reconciliation: Reconcile the bank statement to the trust ledger trial balance statement.

Ensure copies of all project, payment and trust documentation is kept as part of the trust records, and for a minimum of 7 years.

10 Close the account

Ensure the account is only closed when there are no amounts left to be paid to beneficiaries.

Remember: a retention trust account can be used to hold retentions across multiple contracts and need not be closed at the end of a project.

Send a notice to the QBCC confirming the account has been closed within 5 business days of closing the account —Submit an [online notice of trust account changing or closing](#) OR manually via the **TA2 - Notice of trust account changing or closing a trust account**

Engage an independent auditor to carry out a review of the account within 20 business days of closing the trust account.

Disclaimer: This is a summary of the retention trust account requirements only. For more detailed information on your requirements as a trustee—refer to the [Trustee guide - retention trusts](#).