

Register of Overseas Entities

A new UK reporting obligation

Earlier this year, the UK Parliament passed the Economic Crime (Transparency and Enforcement) Act 2022 (the “Act”).

The Act was followed, in late July 2022, by *The Register of Overseas Entities (Delivery, Protection and Trust Services) Regulations*. These regulations make provisions relating to the register of overseas entities (“ROE”) to be kept by Companies House (in accordance with Part 1 of the Act).

More specifically, the regulations address the:

- electronic delivery of documents
- protection of information
- definition of registrable beneficial owners.

As a result of the above, the ROE opened for registrations by property owners based outside the UK on 1 August, 2022.

WHAT IS THE ACT AND WHAT MIGHT IT MEAN FOR NON-UK PROPERTY OWNERS?

The Act requires non-UK entities that wish to buy, sell or otherwise transfer property or land in the UK must:

- register with Companies House
- identify their registrable beneficial owners or managing officers
- update their records once a year (irrespective of whether there have been any ownership changes).

There will be a £100 charge per registration and the information will be a matter of public record.

DOES THE ACT APPLY TO EXISTING STRUCTURES?

Yes. The rules apply to non-UK entities owning property or land bought on or after:

- 1 January, 1999 in England or Wales
- 8 December, 2014 in Scotland.

Non-UK entities only need to register property or land bought on or after 1 August, 2022 in Northern Ireland.

After registering, the overseas entity will be issued a unique “Overseas Entity ID”. This should then be given to the Land Registry when the non-UK entity buys, sells, transfers, leases or charges UK property or land.

WHEN IS/ARE THE DEADLINE(S)?

The deadline for existing overseas entities to register with Companies House and notify registrable beneficial owners or managing officers is 31 January, 2023.

Entities that disposed of property or land after 28 February, 2022 will also need to register and give details of that disposal.

ARE THERE PENALTIES FOR NON-COMPLIANCE?

Absolutely. Non-compliance will be met with fines of up to £2,500 per day or a prison sentence of up to five years.

Any owners failing to register will also face restrictions when buying, selling, transferring, leasing or charging property or land in the UK.

WHO IS A BENEFICIAL OWNER?

A beneficial owner is any individual or entity that has significant influence or control over the overseas entity. It can be:

- an individual person
- another legal entity, e.g. a company
- a government or public authority
- a trustee
- a member of a firm that is not a legal person.

Any beneficial owner that holds, directly or indirectly, more than 25% of the shares in the entity must register.

HOW CAN WE HELP?

In order to register and before any registration can take place, the information that is to be submitted with Companies House needs to be subject to formal verification by a UK-regulated agent.

The agent must complete verification checks on all beneficial owners or managing officers of an overseas entity (Register of Overseas Entities (Verification and Provision of Information) Regulations 2022).

The UK-regulated agent must be UK-based and supervised under the Money Laundering, Terrorist Financing and Transfer of Funds Regulations 2017, which includes independent legal professionals, financial institutions, trust or company service providers, and external accountants and tax advisors.

Once the information has been verified, the UK-regulated agent will need to confirm to Companies House that it has completed the verification in accordance with the new Act, as well as providing a statement that it complies with the ROE regulations 2022.

Here at Centralis we are set up to assist and advise you on your obligations under the new regulations and aid you in collecting all of the required information. Furthermore, as a UK-regulated agent, we can verify the required information and make the application for registration to Companies House for you.

If you have any questions and/or would like to discuss the UK Public Register of Overseas Entities, please do not hesitate to get in touch.

CONTACT US



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