

UK Register of Overseas Entities holding UK property*September 2022***What is it**

The Register of Overseas Entities ("the Register") came into force in the UK on 1st August 2022, following the enactment of the UK's Economic Crime (Transparency and Enforcement) Act 2022. It requires all overseas entities ("OE"s) owning land or property in the UK to declare/ register certain details regarding their beneficial owners with UK's Companies House.

An OE is defined as a legal entity, such as a company or other organisation, which has legal personality and is governed by the law of a country or territory outside the UK.

Who is affected

The Act provides that the following OEs must register with Companies House and provide certain information **by 31st January 2023** regarding the entity itself and its beneficial owners. In case where there are no beneficial owners, or if any of the beneficial owners have not been identified, information must be provided about the OE's managing officers (directors, managers, company secretary).

- Any OE that owns land or property in England and Wales that was acquired on or after 1st January 1999 (8th December 2014 if in Scotland and 1st August 2022 if in Northern Ireland).
- OEs that have disposed of UK land or property after 28th February 2022 also need to provide details of those dispositions.
- Any OE wishing to acquire, sell or transfer UK land or property.

For clarification purposes, the term "UK property" includes both freehold property, as well as leases granted for a term of at least seven years.

Who is a beneficial owner

A beneficial owner is anyone (individuals, legal entities, the trustee of a trust etc.) with "significant influence or control" over the OE.

Significant influence or control is defined as the holding (directly or indirectly) of more than 25% of the OE's shares or voting rights, or having the right to appoint or remove a majority of the Board of Directors of the OE, or otherwise having the right to exercise or actually exercising significant influence or control over the OE.

What information needs to be submitted

Information to be provided about the OE mainly includes the entity's name, country of incorporation, registered office address, correspondence address and email address.

Information about the beneficial owners includes their name, date of birth, nationality, correspondence address, home address, the date of becoming beneficial owners, and nature of control. It is also necessary to disclose whether they are on the UK Sanctions List, and also if they have their personal information protected at Companies House.

In case of disposals made after 28th February 2022, certain information regarding the disposed property will need to be provided, including the title deed number, date of disposal, as well as details of any additional beneficial owners or managing officers at the time of disposal.

What information will be publicly available

Most of the information given to Companies House will be publicly available on the Register for anyone to inspect and obtain copies. However, certain information will not be available to the public, including home addresses, full dates of birth (only the month and year will be disclosed), agent assurance code, date of completion of verification checks, email addresses.

Where the beneficial owner is a trustee, details of the Trust, the settlor and the beneficiaries will not be available for public inspection (but may be disclosed to the HMRC and other authorities under certain circumstances).

Procedure

Prior to registration, a UK-regulated agent must carry out verification checks on all beneficial owners (or managing officers) and must provide an agent assurance code and an OE verification checks statement to Companies House to confirm that the verification check has been performed. This needs to be done no more than 3 months prior to the OE's registration.

The agent must be based in the UK and be supervised under the Money Laundering, Terrorist Financing and Transfer of Funds Regulations 2017. They can be individuals or corporate entities, and include financial institutions, auditors, external accountants, tax advisers and legal professionals.

Once the verification check is performed, the OE will be required to register with the Companies House and submit the relevant information. A registration fee of £100 is payable to Companies House.

Once registered, the OE will be provided with a unique Overseas Entity ID, which it will need to provide to the Land Registry whenever it acquires, disposes, transfers, leases or charges UK property.

Update of information (annually)

The OE must file annual updates and confirm to Companies House whether the information held is correct or whether there have been any changes.

Consequences of non-compliance/ penalties

Failure to comply with the Act would result in the UK Land Registry placing a restriction on the UK properties owned by the OE, thus preventing the OE from acquiring, disposing, transferring, leasing or charging land or property in the UK.

In addition, the OE and its officers would be committing an offence and may be liable to a fine of **up to £2,500 per day**, imprisonment of up to five years, or both.

NOTES

The above is intended to provide a brief guide only. It is essential that appropriate professional advice is obtained. Totalserve Management Ltd will be glad to assist you in this respect. Please do not hesitate to contact us.