

The UK government has passed a new law so that beneficial owners of non-UK companies that own UK property will be included on a publicly accessible register under provisions included in the Economic Crime (Transparency and Enforcement) Act 2022 (The Act) that received Royal Assent on 15 March 2022.

The register of overseas entities is the UK's latest tool in the worldwide drive towards transparency, in order to prevent money laundering, terrorist-financing and tax evasion.

You can read additional details of this new UK law in my article that was recently published on [Wealthbriefing.com](#) [here](#). In brief, the Act introduces a new register held at Companies House. Any entity that is governed by the law of a country or territory outside the UK (which includes the Channel Islands) and that purchases property in the UK will need to enter onto this register.

The register will also apply retroactively to overseas entities that have purchased properties in the UK since 1 January 1999.

The register will need to detail all individual beneficial owners who have significant influence or control over the entity. The qualifying beneficial owner includes those holding more than 25% of the shares or voting rights (similar to the Persons of Significant Control register for UK companies). Individuals who do not have over 25% of the voting rights or shares but who exercise significant control over the entity (or have the right to do so) are also caught, as are those with the right to remove or appoint a majority of the board of directors.

The register will be available for the public to view free of charge. It must also be updated annually and serious criminal penalties are proposed for those who fail to comply, including custodial sentences (up to two years imprisonment). Failure to register is a fine of £2,500 per day.

In practical terms, the Land Registry will not register overseas entities as owners of UK property unless they have registered the beneficial ownership at Companies House and received the associated ID number. Overseas entities will also be prevented from selling, mortgaging or granting long leases of their properties unless they have complied with the Companies House requirements. Significantly, non-UK Trusts are not within the scope of the new legislation. Please contact me if you need further advice on this.

Therefore, to summarise:

- Within six months of the register going live, owners will need to apply for registration of their beneficial ownership on the new register at Companies House.
- Upon valid registration, Companies House will issue the relevant notice.
- The relevant notice also has to be registered at the Land Registry. Without it, the property cannot be mortgaged or sold, or there cannot be any dealings with the title.

Clients should take this opportunity to begin or accelerate to de-envelope their UK properties and transfer it into their individual names or a UK company or UK Trust that dovetails with the requirement to apply for registration of their beneficial ownership on the new register at Companies House. Any transfers and/or reorganisation of the title should also be subject to tax advice.

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