

“Overseas Entities”, Are You Ready?

The Register of Beneficial Ownership of UK Property Is Live: If You Are an Overseas Entity Buying, Selling, Owning or Charging Property in the UK, You Need to Be on It!

EMEA/Global

In May, we answered many of your [questions](#) around the beneficial ownership of UK property registration requirements provided for by the Economic Crime (Transparency and Enforcement) Act 2022 (Act). Very briefly, this legislation creates a new register, the Register of Overseas Entities (ROE), maintained by Companies House, which documents the beneficial ownership of overseas entities (OEs) owning or leasing¹ property in the UK.

At that time, the significant unknown was when the ROE would be available. With remarkable speed, we saw this go live on 1 August. You might already have received a [letter from Companies House](#) explaining the importance of registering beneficial ownership of an OE that holds an interest in UK property. Following registration, OEs will receive an identification number (OE ID), without which an OE will be unable to register an acquisition, sell or charge UK property.

For a detailed reminder of the background and FAQs relating to the property implications of the Act, please see [our earlier update](#).

What do recent developments mean for OEs? Below, we:

- Highlight key dates, addressing the practical implications for property transactions
- Consider the verification process



Key Dates

1 August 2022

The ROE at Companies House became live. This date also represents the start of a six-month transitional period (ending on 31 January 2023) by the end of which OEs must register beneficial ownership information in relation to qualifying estates (a freehold estate in land, or a leasehold granted for a term of more than seven years) in UK land and property.

This information must be registered in relation to properties/land bought on or after:

- 1 January 1999 (England and Wales)
- 8 December 2014 (Scotland)
- 1 August 2022 (Northern Ireland)

Following registration, Companies House will issue an OE ID, enabling you to sell or charge existing titles.

¹ Where the lease is for a term of more than seven years.

Key Dates

5 September 2022	<p>From this date:</p> <ul style="list-style-type: none">• HM Land Registry cannot register an OE as proprietor of a qualifying estate unless that entity is (a) registered with Companies House; or (b) exempt.• An entity is only exempt if there are national security interests or for the purposes of preventing or detecting serious crime. The clear messaging is that exemptions will be few and far between.• A restriction will be entered in the register of a qualifying estate. This restriction will provide that after 31 January 2023, no sale, purchase, lease of more than seven years, or charge will be completed by registration without an OE ID (unless one of the other statutory exemptions applies). <p>During the transitional period, overseas entities may dispose of their property without an OE ID. However, OEs that have disposed of property since 28 February 2022 must still register and give details of the disposal, so OEs cannot avoid the requirements by disposing of property before the end of the transitional period.</p> <p>If you are an OE buying a qualifying estate or creating a charge, as of 5 September 2022 you will not be able to register title (or register the charge) without an OE ID.</p>
31 January 2023	End of transition period and deadline for registering with Companies House
1 February 2023	Restrictions against disposal or charge without an OE ID (or other statutory exemption) take effect.

Verification

OEs will need to have beneficial ownership verified by a UK-regulated agent, who is also likely to file the relevant information on behalf of the OE. However, once the information has been verified, the OE may file the information if it chooses. It is important that any OE relying on the services of a regulated agent ensures that the agent has an assurance code, as evidence that it is authorised to carry out the verification process on the OE's behalf.

If there are no beneficial owners, an OE must still provide information about its managing officers, including directors, managers or company secretary.



Why Register?

Failure to comply with the registration requirements could lead to a fine of up to £2,500 per day, or a prison sentence of up to five years.

The financial and criminal sanctions highlight the gravity of failing to comply with the Act. In addition, failure to register will seriously curtail an OE's ability to transact in the UK property market.

If you are an overseas entity with concerns about the implications of this new legislation, please speak to one of our named partners, below.

Contacts



Matthew Dalzell

Partner, Leeds
T +44 113 284 7644
E matthew.dalzell@squirepb.com



Nick Green

Partner, Birmingham
T +44 121 222 3519
E nick.green@squirepb.com



Mark Barker

Partner, Manchester
T +44 161 830 5082
E mark.barker@squirepb.com



Andrew Sprake

Partner, London
T +44 20 7655 1343
E andrew.sprake@squirepb.com

Author



Sally Coleman

Professional Support Lawyer,
Birmingham
T +44 121 222 3136
E sally.coleman@squirepb.com