


Draft Bill published to establish a Register of Overseas Entities

The Government has this week published the Economic Crime (Transparency and Enforcement) Bill as part of its measures to crack down on foreign criminals using property in this country to launder money. The Bill proposes the establishment of a Register of Overseas Entities to be maintained by Companies House.

 04 March 2022

The Government has this week published the Economic Crime (Transparency and Enforcement) Bill as part of its measures to crack down on foreign criminals using property in this country to launder money.

The Bill proposes the establishment of a Register of Overseas Entities to be maintained by Companies House. Any overseas legal entity (e.g. a company) will not be able to register itself as the owner of land in the UK unless it has first registered its beneficial owner details with Companies House and it will then have to update that information annually. In addition, subject to certain exceptions, an overseas entity will not be able to sell, lease (for more than 7 years) or mortgage its land unless it has complied with its beneficial owner registration and updating obligations.

Where an overseas entity already owns land in the UK (acquired in England or Wales after 1 January 1999), the first draft of the Bill originally proposed that there would be an 18 month transitional period in which the overseas entity must register its beneficial owner details. However, the Government has now announced that this transitional period will be shortened to a mere 6 months.

The definition of beneficial owner is modelled on the People with Significant Control regime, which has applied to UK companies since June 2016. Amongst other things, it includes someone holding (directly or indirectly) more than 25% of the shares or voting rights in the overseas entity.

Criminal and civil sanctions will apply for breaches of the obligations imposed.

The Register of Overseas Entities was first proposed 5 years ago. Progress over recent years has been slow, but its establishment has been given fresh impetus by the current tragic events in Ukraine and the indications are that the Bill will be fast-tracked through Parliament and implemented at pace. Overseas entities owning land in the UK (or wishing to buy land in the future) should start to prepare for its implementation immediately. It should be noted that, despite the context in which this new register has been expedited, these requirements are not limited to overseas entities from any particular jurisdiction - they apply to all non-UK entities owning UK land.

Contact



David Harris

Professional Development Lawyer

david.harris@brownejacobson.com

Related expertise

Services

Business crime and fraud

Financial crime

Real estate investment

Criminal compliance and
regulatory

International