

The Register of Overseas Entities

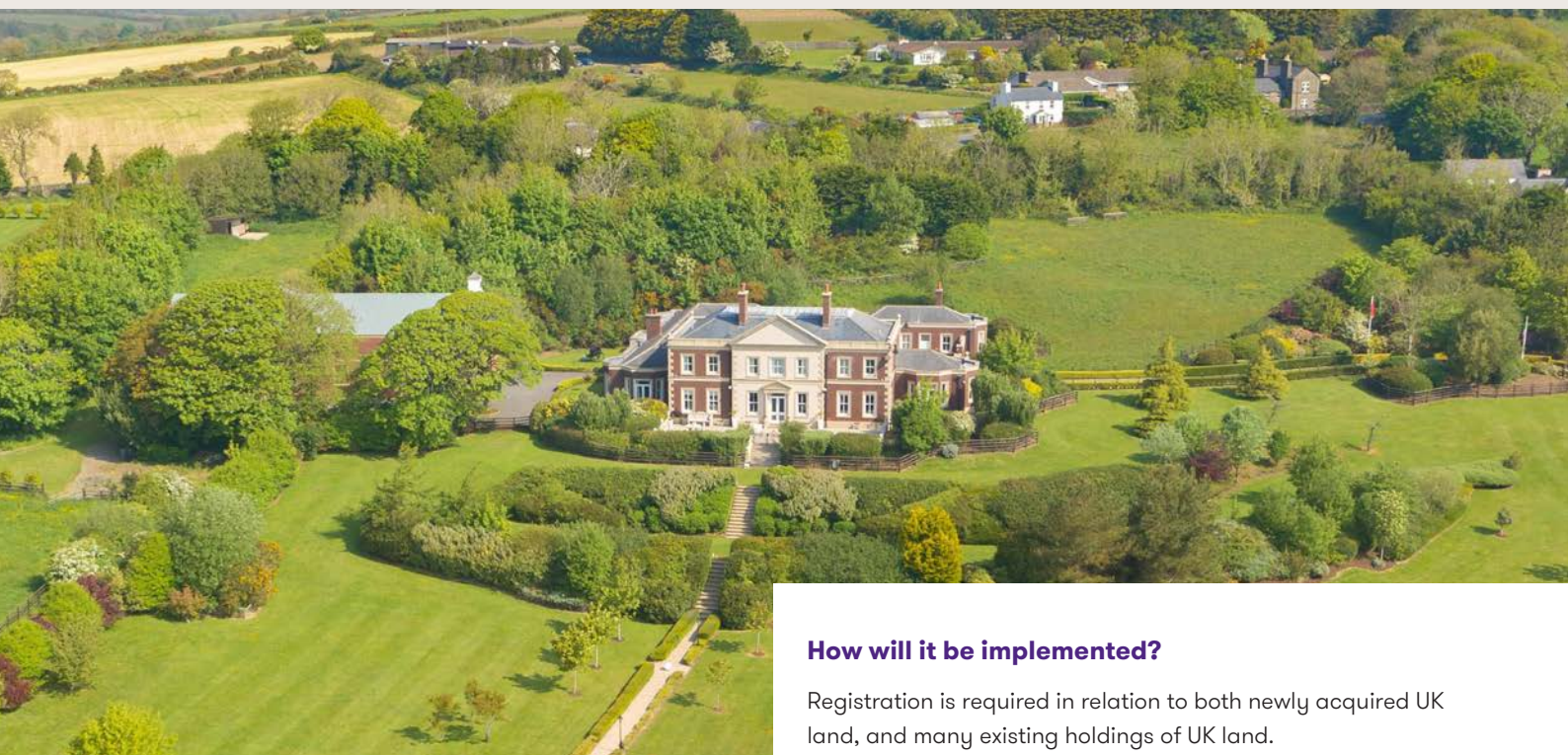
January 2023



Overseas legal entities are required to register details of themselves and their beneficial owners by 31 January 2023 on the Register of Overseas Entities.

This applies to:

- Non UK Legal entities, principally companies and certain partnerships. All Jersey and Guernsey incorporated companies and partnerships will be included;
 - Such entities which own UK land and property, and acquired this after 1 January 1999 (8 December 2014 in Scotland and 1 August 2022 in Northern Ireland); and
 - Such entities which no longer own such UK land and property, but sold UK land and property on or after 28 February 2022.
- Failure to make the necessary registrations can have financial penalties together with affecting the ability to buy and sell UK property in the future. In such cases, failure can also be a criminal offence.



The Register of Overseas Entities - What is it?

A new and publicly accessible register of overseas legal entities and their beneficial owners which own UK land and property.

Overseas legal entities include companies, partnerships and also any other entity that is a 'legal person' under the relevant governing law.

Whilst trusts will generally not be covered, there is a separate reporting regime that applies to trusts in some circumstances. Failure to comply with the new requirements can have serious consequences, including affecting the ability of the legal entity to buy and sell, and to create charges over, UK land.

How will it be implemented?

Registration is required in relation to both newly acquired UK land, and many existing holdings of UK land.

The register went live on 1 August 2022, and overseas legal entities have until 31 January 2023 in order to make the necessary registrations and submit the required information.

The requirement to comply exists where land was acquired in England and Wales on or after 1 January 1999, in Scotland on or after 8 December 2014, and after 1 August 2022 in Northern Ireland.

There are specific rules covering what constitutes 'owned' for these purposes – a leasehold in England and Wales of at least 7 years will be sufficient.

Disposals of UK land made by overseas legal entities after 28 February 2022 will also need to be notified in the register.

What information needs to be provided?

Registrations from overseas legal entities must include the following:

- A statement concerning the information provided about the registrable beneficial owners;
- A further statement that the overseas entity has complied with its duty to take steps to identify beneficial owners, together with details as to why this may not be possible;
- Any further information required under separate regulations which may be issued in the future; and
- The name and contact details of a person who may be contacted about the registration.

Certain specified information about the entity must also be provided such as its address, country of incorporation/formation, legal form etc.

Individuals and legal entities will be registrable beneficial owners if they meet one or more of the following conditions, and are not exempt for any other reasons:

- They directly or indirectly own 25% of the shares in the overseas entity;
- They directly or indirectly own more than 25% of the voting rights of the entity;
- They hold the right to appoint or remove the majority of the Board;
- They have the right to exercise, or do exercise, significant influence or control over the entity.

There are also specific provisions to include bodies which are not themselves legal entities (e.g. trustees of a trust) as registrable beneficial owners where they meet the above listed conditions.

The information that requires to be disclosed for individuals will be certain personal details such as date of birth, residential address, nationality and whether the individual is affected by any sanctions.

There is also a specific list of information which requires to be disclosed for other legal entities and trusts which may be registrable beneficial owners. The information required in relation for trusts can be particularly onerous, as there can be a requirement to provide details of all settlors, grantors, beneficiaries, trustees, and other persons who hold certain powers over the trust, which can also include protectors.

Are there annual obligations to be met?

Annual updates or confirmation that there are no reportable changes will be required. The deadline for this is 14 days from the end of each year, based on the anniversary date of the overseas entity first registering. The annual update must either:

- Confirm it has no reasonable cause to believe that any registrable beneficial owner has become or ceased to be such during the update period; or
- Provide details and relevant dates of each person who became or ceased to be a registrable beneficial owner during the update period.

Are there penalties for non-compliance?

Where there is a failure to comply with the registration requirements, it will affect an overseas entity's ability to buy and sell UK land, and can affect the ability to create a charge (e.g. mortgage) over owned land. Daily penalties of up to £2,500 can be applied for non-compliance.

Failure to update the register or provide required information on an annual basis will constitute a criminal offence which may result in financial penalties and in serious cases, imprisonment.

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