

OVERSEAS COMPANIES HOLDING UK PROPERTY

September 2022



The deadline for registration on the Register of Overseas Entities (the “**Register**”) is fast approaching for overseas entities that hold UK property or land.

On 1 August 2022, the Register came into force in the UK pursuant to the Economic Crime (Transparency and Enforcement) Act 2022 (the “**EC Act**”). The Register is maintained by Companies House in the UK and requires overseas entities that own land or property in the UK to file details of their beneficial owners or managing officers (as applicable).

The EC Act also amends the unexplained wealth order regime and the existing legislation on UK sanctions. For the purpose of this LBC Guide we will be considering the Register requirements.

OVERSEAS ENTITIES AND BENEFICIAL OWNERS

An overseas entity includes a company or other organisation which has legal personality and is governed by the law of a country or territory outside the UK.

A beneficial owner is any individual or entity that has significant control or influence over the overseas entity and holds directly or indirectly 25% or more shares in the overseas entity. This can include an individual, another legal entity, a government or public authority, a trustee or a member of a firm which is not a legal person under its governing law.

REGISTER REQUIREMENTS

Each overseas entity which buys, sells or transfers property or land in the UK must register with Companies House and provide details of its beneficial owners and managing officers.

KEY POINTS

OVERSEAS ENTITY

Any company or organization with legal personality and incorporated outside the UK will be caught by the EC Act if it holds UK property.

PRE-REGISTRATION CHECK

UK-regulated agent is required to complete verification checks on the overseas entity, the beneficial owners and the managing officers.

After registering, the overseas entity will be provided with a unique Overseas Entity ID to give to the Land Registry when it buys, sells, transfer, leases or charges UK property or land.

WHAT IS QUALIFYING REAL ESTATE?

The EC Act applies retrospectively to overseas entities who hold property or land which was bought on or after:

- 1 January 1999 in England & Wales.
- 8 December 2014 in Scotland.
- 1 August 2022 in Northern Ireland.

Any overseas entity which disposed of UK land or property after 28 February 2022 will also need to provide the details noted above.

Overseas entities that hold UK land or property will need to register with Companies House and provide the details noted above by 31 January 2023.

FILING TIMESCALES AND REQUIREMENTS

Before an overseas entity can be registered on the Register it must first appoint a UK-based regulated agent to complete verification checks on all beneficial owners and managing officers of the overseas entity. This should be completed no more than three months before the overseas entity is to be registered on the Register.

Once the verification checks are complete, the overseas entity will need to provide details of: (a) the overseas entity; (b) any registrable beneficial owner; and (c) the UK-regulated agent who carried out the verification checks.

If there are no registrable beneficial owners, then the overseas entity will need to provide details of the managing officers of the overseas entity.

ANNUAL UPDATE

The overseas entity is required to file with Companies House an annual update each year from the date of registering (the “**Update**”). The Update must be filed no later than 14 days after the due date.

FINES AND SANCTIONS

Failure to comply with the EC Act can result in significant fines of up to GBP2,500 per day being levied or prison sentences of up to five years. Restrictions will also be placed on the overseas entity when buying, selling, transferring, leasing or charging property or land in the UK.

REVIEWS AND ASSISTANCE

Should you need any assistance with BVI overseas entity filings on the Register, please do not hesitate to contact sharon@littlebayconsulting.com (+1 284 340 6873) and helen@littlebayconsulting.com (+1 284 340 0104).

KEY POINTS

RETROSPECTIVE APPLICATION

The EC Act applies to overseas entities which hold UK land or property and have held it since 1 January 1999 (England) and 8 December 2014 (Scotland).

FILING INFORMATION

Information will need to be filed on the overseas entity, the beneficial owners and where there are no registrable beneficial owners, on the managing officers.

ANNUAL UPDATE

Every overseas entity must file annual updates with Companies House to confirm information held is correct or provide details of any changes.

NON-COMPLIANCE

Fines and prison sentences may be imposed for failing to comply with EC Act. Restrictions may also be enforced to prevent the overseas entity dealing with the property.