Registration of Overseas Entities - Client Guide

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'Beneficial Owners'

There are complex provisions which define whether you control any Overseas Entity, and in general terms you will be held to be a 'beneficial owner' of the company if you hold more than 25% of the shares in the company, directly or indirectly, or if you have the right to appoint or remove a majority of the board of directors, by reason of your voting rights on all meetings, or you otherwise have the right to exercise significant influence or control over the Overseas Entity.

There are also complex definitions that might apply to trusts, partnerships, unincorporated associations or other entities that you may be involved with which can exercise similar control.

You must tell us whether this may apply to the transaction we are dealing with for you and if so supply us with the fullest information and background to the transaction.

We may have to increase any fee quoted to deal with the extra work needed to see whether you are affected by this legislation, and we may need to refer you to specialist advisers to deal with this.

Trusts & Bare Trusts

If any trustees of a trust are registrable beneficial owners, you will need to give us information about that trust. This includes details about people or entities that are current or past beneficial owners, beneficiaries, settlors, grantors, or interested persons.

You must tell us if you are buying a property in your name but in actual fact the property is being bought using someone else's money and in reality it is being bought for them, so that they control what happens to the property. If so this may be held to be a 'bare trust'.

What is an 'Overseas Entity'?

An 'Overseas entity' is a company or overseas limited liability partnership (LLP) and certain other legal entities which are incorporated outside the UK. This includes companies incorporated in one of the Channel Islands, the Isle of Man and the Republic of Ireland (Eire), but companies incorporated in Northern Ireland are UK companies.

Why has this been introduced?

The Economic Crime (Transparency and Enforcement) Act 2022 (ECTEA 2022) introduced the Overseas Entities register from 1st August 2022. The Act requires many Overseas Entities that own UK property (or are intending to acquire property in the UK) to register with Companies House and also to provide information about their 'beneficial owners' or 'managing officers', such as directors and so on.

This information must be updated annually. On registration, Companies House allocates a unique Overseas Entity ID (the OE ID) for each Overseas Entity. The intention underpinning the creation of the Register is firstly to prevent and combat the use of land in the UK for money laundering purposes and secondly to increase transparency and public trust in overseas entities that own land in the UK.

Does it affect me?

If you are buying a freehold or taking a lease for a term of more than 7 years in the UK through an 'Overseas Entity' that you directly or indirectly control then you may have to register the 'entity' at Companies House on the 'Register of Overseas Entities'. Failure to do this is a criminal offence with fines of up to £2,500 a day or up to 5 years in prison. The directors and officers of the Overseas Entity can also be prosecuted. Also, we will not be able to register any purchase or lease at Land Registry without proof of registration on the Register of Overseas Entities. We have to certify to Land Registry whether the transaction involves an Overseas Entity, or alternatively we may well want proof from you that the company or LLP is not an Overseas Entity.

Registration at Companies House

On application for registration at Companies House, the required information in relation to an Overseas Entity includes its name, country of incorporation or formation, registered or principal office, service address, email address, legal form,

Transitional provisions

There are two sets of transitional provisions that may affect land you already own through an Overseas Entity. If they apply you will have to register the Overseas Entity.

Failing to do this is also a criminal offence. If you think this may apply to you then you should should seek professional advice.

Firstly, registration will be needed where an Overseas Entity you control already owns property which was registered at the Land Registry as a result of an application made to the Land Registry on or after 1 January 1999, but before 1 August 2022.

Secondly, registration will be needed where an Overseas Entity made or make certain dispositions of land made between 28 February 2022 to 31 January 2023.

If you think either of these provisions might apply to your company or entity you must tell us.

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governing law, any public register on which it is entered and, if applicable, its registration number in that register.

What information must be provided?

In relation to any individual who is a registrable 'beneficial owner' the information includes the date on which they became a registrable beneficial owner, which of the specified conditions is met in relation to them and a statement of why that condition is met (and, other than in the case of governments and public authorities, whether the owner meets that condition by virtue of being a trustee), what their role and responsibility is in relation to the Overseas Entity and whether the person is a designated person under section 9(2) of the Sanctions and Anti-Money Laundering Act 2018 (where that information is publicly available).

For individuals, we will also need to know their name (first and surname), date of birth, nationality, usual residential address and a service address. You will need to confirm whether any beneficial owners have their personal information protected or are awaiting the results of an application for protection as a result of the risk of serious violence or intimidation as a result of your company's activities.

Land Registry requirements

The Land Registry will register a restriction on the title of any land bought by an Overseas Entity which in general terms will prevent any disposal of the land unless certain requirements are fulfilled.

Need to update Register annually

Note that any registration needs to be reconsidered annually to make sure that any changes in control of the company or LLP are reflected on the Register. We will not remind you of this and you need to take steps to ensure the information registered is up to date.

Implications for your conveyancing

If you think that any conveyancing transaction we are dealing with for you may be affected by this new requirement you must tell us immediately. We may need to ask you for detailed information on the arrangements that exist between you and any company or LPP or other legal entity that you are using to carry out the transaction.

If we consider that any transaction may be affected by this we may require you to seek the advice of other legal or accounting specialist experts to see whether registration is necessary.

We may not be able to deal with any required registration for you and may need you to seek other professional advice on the issue.

We may not be able to deal with the transaction until your professional adviser can confirm to you and to us whether registration is necessary. If registration is necessary and they deal with the registration then we will need them to supply us with any resulting ID number or certificate.

Any fee quote we may have given you will not include the extra work that this legislation may require and we may have to increase our fees to deal with it. We will give you an estimate of any increased fee as soon as we are in a position to assess it.

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