

Insights

REGISTER OF OVERSEAS ENTITIES – DUTY TO FILE UPDATE REGARDLESS OF ANY CHANGE – PROCESS AND IMPLICATIONS

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SUMMARY

The Register of Overseas Entities launched nearly a year ago on 1 August 2022. The Register was established as a measure to increase transparency in the ownership of overseas entities that own UK land. Not only do overseas entities have to register with Companies House, the information that is held on the Register must be reviewed and updated annually. And now there is draft legislation passing through Parliament which may further extend the obligation to file updates on the occurrence of certain trigger events. In this blog, we discuss the duty to update as imposed by the Economic Crime (Transparency and Enforcement) Act 2022, and the associated consequences for those entities that fail to file their update with Companies House.

It has been nearly a year since the Register of Overseas Entities was launched on 1 August 2022. The underpinning legislation requires overseas entities that own UK property (either a freehold interest or a leasehold interest of over 7 years) to register with Companies House by providing details of their beneficial owners or managing officers. Once registered, Companies House issue an Overseas Entity ID number which must be supplied to the Land Registry in the event that the overseas entity transacts its UK property. Accordingly, overseas entities cannot buy, sell, transfer, lease, mortgage or charge property in the UK unless they have registered. There are currently over 28,000 entities on the Register. The Register is publicly available and can be searched using [the advanced search](#) function on the [“Find and Update Company Information”](#) service at Companies House.

Not only do overseas entities have to register, the information that is held on the Register must be updated annually. An annual update statement is required to be completed even where there has been no change to the information last filed. From the beginning of August 2023, overseas entities or their agents will be able to file their update statement online, unless there are any trusts involved

in the overseas entity (in which case they will need to make a paper return). The update statement must be filed no later than 14 days after the date on which it is due.

How to submit the annual update?

An authentication code is required in order to submit the annual update statement online. The code must be requested via Companies House online and will be sent to the email address held on record for that overseas entity. As is required for the initial registration process, overseas entities will need to serve an information notice on each of the beneficial owners that it has identified requiring them to confirm or correct the information held about them. The beneficial owners will have to respond to the notice within one month of it being given to them. Companies House guidance states that verification checks (by UK regulated agents who need an agent assurance code) will only be required if the information has changed during the update period, so where the response to a notice is that there is no change to the information, the overseas entity can file its update statement without needing to undertake the verification exercise. Where verification is needed that must be done within a three month window before the date of the update statement. These timings should be borne in mind to avoid delays in making the update statement.

ONLINE FILING REQUIREMENTS

You will need:

- to sign in to or create a Companies House account
- the Overseas Entity ID
- the overseas entity's authentication code
- the name and email address of someone Companies House can contact about the update
- details of the UK-regulated agent that completed verification checks, if relevant
- an agent assurance code for the UK-regulated agent who carried out the verification checks
- a credit or debit card to pay the £120 fee - for now, you cannot pay with a Companies House payment account

Updating early?

The Register is generally only required to be updated annually. An entity can choose to update its information outside the annual update statement. However, this is not a straightforward process. The overseas entity will be required to write to Companies House to change the date of the annual

update. If accepted by Companies House, the clock will be re-set and the next statement will be due 12 months later.

The Economic Crime and Corporate Transparency Bill, which is currently making its way through UK Parliament, may change the updating requirements so that updates to the Register become “event driven”. Changes being considered by Parliament include:

- the requirement for an overseas entity to update the Register within 14 days of any change to the information that has been previously provided (such as a change in registrable beneficial owners);
- the requirement for an overseas entity to confirm no change in registrable information, in the 14 day period prior to an overseas entity entering into a UK property transaction involving a freehold or a leasehold interest of over 7 years.

What are the implications of breach?

It is a legal requirement to file an annual update statement even if nothing has changed. It is also a criminal offence not to file the annual update statement. The overseas entity and every officer of the entity in default may face prosecution or a financial penalty (of up to £50,000) for failing to comply. Overseas Entity IDs will not be valid if the entity does not file the update statement in time (14 days from the statement date (which is visible on the register)).

Where an overseas entity is registered but has not filed its update statement, Companies House will add a note to the public record to that effect. For more information on the enforcement regime please refer to [this guidance](#).

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