



The UK Register of Overseas Entities

## The UK's 'Register of Overseas Entities', which originally launched on 1 August 2022, requires overseas entities that own UK real estate to declare their beneficial owners and/or managing officers.

Entities caught by the legislation must update the register each year, or they will be unable to dispose of, lease out or charge their UK real estate. Entities wishing to acquire UK real estate will need to complete the register beforehand. Failure to comply is a criminal offence with significant fines and up to five years' imprisonment. Civil penalties of between £10,000 and £50,000 for each property have also been introduced.

### Background

Originally proposed in 2016, the introduction of a beneficial ownership register for overseas entities owning UK property was accelerated in response to the Russian invasion of Ukraine. This is the third beneficial ownership register in the UK, following the People with Significant Control (PSC) register and the Trust Register.

The Register of Overseas Entities was intended to mirror the way that UK companies currently provide information to Companies House on the PSC register. It was introduced as part of the Economic Crime (Transparency and Enforcement) Act 2022, which also reformed and strengthened the UK's Unexplained Wealth Order (UWO) regime as well as changing the UK sanctions regime, which facilitated the UK's response to the Ukraine situation.

The Economic Crime and Corporate Transparency Act 2023 widened the previous reporting requirements, notably where the beneficial ownership structure involves a trust.

### Which entities does this apply to?

The register applies to overseas entities holding (or intending to hold) a relevant interest in UK real estate, as well as those who have disposed of such an interest since 28 February 2022. A relevant interest is broadly a freehold interest, or a leasehold (of over 7 years in England and Wales, over 20 years in Scotland or over 21 years in Northern Ireland), acquired since 1 January 1999 in England and Wales or since 8 December 2014 in Scotland, although the legislation is not retrospective for property transactions in Northern Ireland. For Scottish properties, note that Scotland introduced a Register of Controlling Interests in Scottish Land (RCI) in 2022 which needs to be considered also; this has criminal sanctions and fines of up to £5,000 for non-compliance.

An 'overseas entity' is defined as a legal entity, governed by a jurisdiction outside the UK, which has a separate legal personality under the law in which it is governed. This includes overseas companies, partnerships and foundations, even if they are tax resident in the UK. Whilst a trust is not typically a separate legal person, a corporate trustee is, hence trustees will be caught where UK real estate is owned via a company or via corporate trustees/nominees.

As a result, it may be necessary for corporate trustees to register on both the Trust Register and the Register of Overseas Entities.

### What needs to be reported on the register?

Entities caught by the regulations must identify their 'registrable beneficial owners' and provide certain information about them, as well as the entity itself, to Companies House.

A beneficial owner includes anyone who has 'significant influence or control' over the entity, either directly or indirectly, which includes anyone holding more than 25% of the shares or voting rights and anyone who has the right to remove or appoint the majority of the board of directors, again either directly or indirectly. This is similar to the PSC regime already in place for UK companies and could include the trustees of a trust or the members of a partnership, unincorporated association or other entity, even where they do not have separate legal personality under their governing law.

Persons for whom overseas entities hold a relevant interest in UK land as nominee now qualify as registrable beneficial owners, as do trustees meeting the beneficial ownership conditions. The previous exemption for beneficial owners holding their interests via corporate trustees has been removed. Where a trustee is a registrable beneficial owner, information about the beneficiaries need to be disclosed (there is an exception for pension scheme trusts), as well as the settlors and any other persons meeting the definition of 'interested persons', such as protectors.

For individuals, the information to be declared on the register includes their name, date of birth, nationality and address. For entities, this includes their name, principal office address (rather than the registered office address and a correspondence address as was previously the case), type and jurisdiction.

Overseas entities unable to identify any registrable beneficial owners must instead provide Companies House with details of their managing officers, including their directors, managers or secretary.

### What are the consequences of not complying?

Overseas entities caught by the regulations which fail to register, submit false information or fail to meet the updating requirements commit a criminal offence, punishable by strict fines or up to five years' imprisonment for the responsible officers, there are also civil penalties of up to £50,000 per property.

Restrictions registered at the Land Registry prevent overseas entities from being able to sell, lease or mortgage UK real estate without completing or updating the register. On acquisition, an overseas entity ID (issued on completion of the register) is required for the entity to be registered at the Land Registry as the registered owner of the property.

### How often does the register need to be updated?

Overseas entities continuing to hold UK property are required to keep the information on the register up to date, with annual updates being due within 14 days of the 'statement date' (the date the entity was registered, or the date of the last update statement). Companies House should also be notified when a beneficial owner or managing officer is required to be removed from the register. The entity can apply to be removed from the live register if it no longer holds UK real estate.

## Who can access the Register of Overseas Entities?

Like the PSC register, it is publicly searchable and administered by Companies House, although certain information is not available to the public, including dates of birth and residential addresses.

Whilst information relating to trusts is not publicly searchable, members of the public will be able to apply to Companies House to request disclosure of trust information, although there will be an application process, during which the applicant must state how they will use the information. If an applicant requests information on more than one trust, they will have to provide evidence that they have a legitimate interest in accessing the information.

Individuals will be able to apply to protect their information from public disclosure under certain circumstances, including where there is a serious risk of violence or intimidation.

## What is the registration process?

Registration should be regarded as company administration; it is not related to UK tax matters.

### > Identification

Overseas entities caught by the regulations, including those intending to acquire UK real estate, need to analyse their ownership structure and collate the required information.

### > Verification

Before an overseas entity can be registered, or if there are any changes to the information previously reported in the case

of an update, verification checks must first be carried out by a UK-regulated agent who is supervised under the UK Money Laundering Regulations 2017 (MLRs), known as a 'relevant person'. These relevant persons are defined by the MLRs and include UK-regulated accountants, tax advisers, trust or corporate service providers, financial institutions and estate agents.

### > Registration/Updating the register

This is completed online with a registration fee for initial registration and for each update. Whilst entities can complete this themselves, the advice from Companies House is that the 'relevant person' who verified the information should also complete the registration, stating that it may take longer to process if the entity completes the registration themselves. Increased fees are charged when applying to remove an overseas entity from the register; the entity must no longer be named as the legal owner of the UK real estate on the relevant land register before applying.

## Summary

Overseas entities holding UK real estate, or those intending to acquire it, must ensure they comply with the Register of Overseas Entities regulations, including annual updates, to avoid fines and penalties.

For overseas entities whose beneficial ownership structure involves a trust or nominee arrangement, the increased measures under the 2023 Act need to be considered, as well as the potential for members of the public to be able to apply to Companies House to request disclosure of trust information.



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