

PROPERTY OWNERSHIP IN THE UK - RAISING THE REGISTRATION REQUIREMENTS

05 May 2022 | Insight
Legal Briefings

A renewed clampdown on economic crime will reveal the identity of the beneficial owners of overseas entities holding property in the UK

Tens of thousands of properties in the UK are owned by overseas entities and largely there are legitimate corporate structuring reasons for these property ownership arrangements being in place. But there are those who acquire property in the UK using offshore entities for nefarious purposes, such as money laundering. It is against this backdrop the idea of creating a register of overseas entities owning property in the UK was first floated by the government in 2016, with a draft bill to govern the creation of such a register being issued in 2018. Progress then stalled and proposed timelines slipped as other issues took priority over Government resources.

However, Russia's recent military action in Ukraine has brought the rationale for increasing transparency around property ownership back to the fore, resulting in the passing of the Economic Crime (Transparency and Enforcement) Act 2022 (the Act).

The intention of the register is to identify the ultimate beneficial owners of the entity that owns the property in the UK. Broadly speaking, a beneficial owner is a person who directly or indirectly holds 25% or more of the shares or voting rights of the overseas entity or who otherwise has the right to exercise significant influence and control over it. Accordingly, the Act requires any overseas entity owning UK property to identify its beneficial owners and submit these details to Companies House as part of their registration. A failure to register by an overseas entity already owning property in the UK will constitute a criminal offence punishable by fine or imprisonment for the directors of the defaulting entity.

In a parallel measure, the Land Registry will place a restriction on the title of the property owned by the entity, preventing the entity from dealing with the property (for example, selling or leasing the property or granting a legal charge over it). This restriction will be in place until the entity has registered and provided the Land Registry with satisfactory evidence of its registered status.

Given the common use of overseas companies to acquire and hold UK property, many of our clients will need to familiarise themselves with the new registration regime if their property interests are owned by overseas entities, or if they intend to acquire any such property-owning entities. In this briefing, we examine the impact that the new registration regime is likely to have on transactions involving real estate, be it the acquisition or disposal of real assets or the financing of any such transactions.

While questions need to be answered by the Government on how and when this new register will operate in practice, steps can be taken now to start identifying assets or entities likely to be caught by the regime and for information gathering to begin.

For further information see [here](#).

SHARE

[Share to Facebook](#) [Share to Twitter](#) [Share to LinkedIn](#) [Email](#) [Print](#)

Show Share Links

FEATURED INSIGHTS

FEATURED INSIGHTS

HELPING YOU STAY AHEAD OF THE BIG ISSUES

BROWSE BY:



-

TECH, DIGITAL & DATA



-

GEOPOLITICS AND BUSINESS



NEW BUSINESS LANDSCAPE

RELATED ARTICLES



Tax in M&A in the UK and Europe - What you need to know



Crypto winter is here - what does it mean for insolvency practitioners?



Deal or no deal? Bring disputes lawyers in early to close that deal

KEY CONTACTS

If you have any questions, or would like to know how this might affect your business, phone, or email these key contacts.



NICHOLAS TURNER
PARTNER, LONDON

+44 20 7466 2640
Nicholas.Turner@hsf.com



SIMON CHADNEY
PARTNER, LONDON

+44 20 7466 2993
Simon.Chadney@hsf.com



SARAH HAWES
HEAD OF CORPORATE
KNOWLEDGE, UK,
LONDON
+44 20 7466 2953
Sarah.Hawes@hsf.com



LAURA KENDRICK
ASSOCIATE, LONDON

+44 20 7466 7511
laura.kendrick@hsf.com



KATE WILSON
PROFESSIONAL
SUPPORT LAWYER,
LONDON

+44 20 7466 2650
Kate.Wilson@hsf.com



RACHAEL MACKAY
PROFESSIONAL
SUPPORT
CONSULTANT,
LONDON

+44 20 7466 2836
Rachael.MacKay@hsf.com