

New measures to tackle corrupt elites and dirty money become law

The new Economic Crime (Transparency and Enforcement) Act received Royal Assent in the early hours of this morning (15 March), following an expedited passage through Parliament.

Introduced following Russia's invasion of Ukraine, the new legislation will mean the government can move more quickly to impose sanctions against oligarchs already designated by our allies, as well as intensifying our sanctions enforcement. The Foreign Secretary will set out further sanctions made possible by our new powers later today.

A new Register of Overseas Entities, requiring those behind foreign companies which own UK property to reveal their identities, will also be created under the act. Entities who refuse to reveal their 'beneficial owner' will face tough restrictions on selling the property and those who break the rules could face a fine of up to £2,500 per day or up to 5 years in prison. This will be a valuable tool for law enforcement agencies in investigating suspicious wealth. Companies House will now begin work to implement the register as quickly as possible, working closely with the UK's 3 land registries. Any foreign company selling properties between 28 February and the full implementation of the register will also be required to submit their details at the point of sale.

Reforms to Unexplained Wealth Orders (UWOs) will remove key barriers to their use, increasing time available to law enforcement to review material provided in response to a UWO and protecting them from incurring substantial legal costs if they act reasonably in a case that is ultimately unsuccessful.

Furthermore, UWOs will be more effective against those who hold property in the UK via trusts and other complex ownership structures. The government has also committed to publishing an annual report on their use.

Home Secretary Priti Patel said:

This government has moved quickly to strengthen our response to Putin's cronies and ensure that corrupt elites have nowhere to hide their dirty money in the UK.

We will continue to work with our international partners to take the strongest possible action against those who enable this unprovoked aggression towards Ukraine.

Business Secretary Kwasi Kwarteng said:

There is absolutely no room for illicit finance in the UK, and by bringing forward this Economic Crime Act at unprecedented speed we've put Putin, and the corrupt elites propping him up, on notice.

Our new Register of Overseas Entities, the first of its kind in the world, will have an immediate dissuasive effect on oligarchs attempting to hide their ill-gotten gains, ensuring that the UK is a place for legitimate business only.

Chancellor of the Exchequer, Rishi Sunak said:

Our Economic Crime Act will enable us to crack down harder and faster on dirty money and those who support Putin and his regime.

We are using all of our financial might to send a clear message to the Kremlin that this criminal venture will end in total failure.

These measures form part of a wider package of legislative proposals to tackle illicit finance which will be introduced in Parliament in the coming months, including reforming Companies House and introducing new powers to seize crypto assets more easily.

The Prime Minister also announced a new 'Kleptocracy Cell' based in the National Crime Agency, which has been created to target sanctions evasion and corrupt Russian assets hidden in the UK.

The Home Secretary will attend the inaugural ministerial Russian Elites Proxies and Oligarchs Task Force on Wednesday. This meeting will bring together finance and justice and home affairs ministers from the G7, EU and Australia responsible for the supervision of sanctions and enforcement work. The task force aims to ensure the effective implementation of financial sanctions on Russian elites and oligarchs to further drive collective efforts to tackle Kremlin-linked illicit finance.