

New register to crack down on dirty money and corrupt elites in UK goes live

- New register to flush out corrupt elites laundering money through UK property goes live today
- overseas entities that refuse to reveal the true owner of their property will face sale restrictions and could receive tough fines or up to 5 years in prison
- Business Minister Lord Callanan: "By getting this first of its kind register up and running at breakneck speed, we are lifting the curtain on those criminals attempting to hide their illicitly obtained wealth."

A first of its kind register, designed to root out corrupt oligarchs and elites attempting to hide ill-gotten gains through UK property, has come into force today (Monday 1 August).

The Register of Overseas Entities will require anonymous foreign companies owning or seeking to buy UK land to reveal their true owners, ensuring criminals cannot hide behind secretive chains of shell companies.

The reforms will support government efforts to root out Russian oligarchs and kleptocrats using UK land to hide illicit wealth.

From today, any foreign company wishing to buy UK property will have to identify its beneficial owner and present verified information to Companies House before any application to the UK's land registries can be made. Those overseas entities that already own land in the UK that is in scope will have a 6-month transitional period, starting today, to register their beneficial owners or managing officers.

To ensure criminals are targeted effectively, the register applies retrospectively to property bought since January 1999 in England and Wales, and since December 2014 in Scotland. Those foreign companies that do not comply with the new obligations could face severe criminal sanctions, including fines of up to £2,500 per day or a prison sentence of up to 5 years.

Business Minister Lord Callanan said:

We have been clear that the UK is a place for legitimate business only, and to ensure we are free of corrupt elites with suspicious wealth, we need to know who owns what.

By getting this first of its kind register up and running at breakneck speed, we are lifting the curtain and cracking down on those criminals attempting to hide their illicitly obtained wealth.

In addition, anti-avoidance measures mean that any overseas entity that has disposed of property since 28 February 2022 – when the legislation to create the register was first announced – will be required to provide a statement to Companies House.

Companies House Chief Executive Louise Smyth said:

The launch of this new register is a significant milestone in the history of Companies House and marks a turning point in our transformation as we look to play a much greater role in tackling economic crime. We have worked at great pace with colleagues and stakeholders across government and beyond to make this possible, and we remain committed to supporting these partners as the register is implemented.

The register was announced as part of the Economic Crime (Transparency and Enforcement) Bill in February 2022, as part of the UK's immediate response to Russia's invasion of Ukraine. Since Royal Assent, the government has worked rapidly alongside Companies House and the UK's 3 land registries to get the register up and running.

It forms part of a wider package of legislative proposals to tackle illicit finance and bolster the powers of Companies House, set out in February, and which will be introduced in Parliament over the coming months. Proposals include requiring anyone setting up, running, owning or controlling a company in the UK to verify their identity with Companies House, as well as giving Companies House the power to challenge information that appears suspicious.

Kathryn Westmore, Senior Research Fellow, RUSI:

The launch of the ROE is an important and welcome step forward in the UK's fight against dirty money. The increased transparency that it will bring should help to make the UK's property market a much less appealing destination for stolen and corrupt wealth.

Rebecca Lee, Chief Impact Officer, OpenCorporates:

The ability to hide and spend suspect funds overseas is a large part of what makes serious corruption and organised crime possible. OpenCorporates welcomes the launch of this register as a significant step for corporate transparency and a deterrent to the use of UK property for laundering the proceeds of crime. Importantly, the Register of Overseas Entities will be openly accessible to all – allowing everyone to shine a light on its contents.

Rachel Davies Teka, Advocacy Director, Transparency International:

Transparency over the property sector is vital to help tackle criminals and the corrupt using Britain as a haven for their dirty money. This register should help start to lift the veil of secrecy over offshore companies that own real estate in the UK – a loophole that has been exploited by oligarchs and kleptocrats for too long.

Spokesperson for Spotlight on Corruption:

The launch of the overseas register is a crucial first step toward clamping down on those criminals who have been able to launder their wealth through the UK's property market. If implemented properly and penalties for non-compliance are properly enforced, the register could be the world's most transparent and accurate source of information on foreign ownership of property. We look forward to working with Companies House to help make the register the gold standard for other countries to follow.