

Press release: Up to 5 years in prison for criminals who use UK property market for money laundering

- 5 years in jail for criminals who illegally profit from owning British property
- new public information will make it easier for law enforcement agencies to tackle money laundering while reducing opportunities for criminals to hide
- new data reveals nearly 75% of UK property industry agree new register will lead to increase in transparency and reduce potential for illegal activity

Criminals who illegally profit from some of the UK's most exclusive properties through the illegal use of overseas shell companies face up to 5 years in jail for concealing the true identity of their owners, under new draft laws laid in Parliament today (Monday 23 July).

For the first time, foreign companies owning UK properties will be required to reveal their ultimate owners on the world's first public register of overseas entities' beneficial ownership.

The register forms part of a wider crackdown on criminals laundering their dirty money in the UK and the new information it reveals will make it easier for law enforcement agencies to seize criminal funds. The penalties include:

- a ban on any foreign entity selling or leasing property without first publicly declaring its beneficial owner; an individual found to have committed this offence could face up to 5 years in jail and an unlimited fine
- individuals who fail to register overseas entities when instructed face up to two years in jail and an unlimited fine
- individuals who knowingly try and deceive the register by providing false information face up to 2 years in jail and an unlimited fine

New data also released today shows nearly three-quarters of those surveyed in the UK property market agree that this new register will lead to an increase in transparency and will reduce the potential for illegal activity.

Business Secretary Greg Clark said:

The UK is known around the world for its open and dependable business environment and this reputation is maintained by keeping under review our required high standards.

That is why we are introducing the world's first public register which will expose the ultimate owners of overseas shell companies, giving authorities the information, they need to come down on

criminals who launder their dirty money through the UK's property market and to seize the proceeds of crime.

While the vast majority of foreign companies which buy property in the UK do so legitimately, this world-leading register will help ensure the UK remains a great dependable place to work, invest and do business.

Under the new draft laws, companies will also be required to provide annual updates to Companies House to ensure the information on the register is up-to-date.

UK government minister for Scotland Lord Duncan said:

For too long criminals have been able to use the property industry as a front for investing dodgy funds, hiding dirty money and evading the law. This stops now.

Most people who invest in property across the UK do so fairly, and legitimately, but the UK government is clear that there is no longer any room for those that seek to exploit the system to hide.

The register follows the introduction of the Criminal Finances Act 2017, part of the government's Anti-Corruption Strategy, which provides new powers such as Unexplained Wealth Orders to law enforcement agencies to help them seize the proceeds of crime.

The UK has taken a leading role in the fight against money laundering and this world-leading register, which will go live by 2021, will reduce opportunities for criminals to hide.

More than £2 billion of criminal assets have been recovered under the Proceeds of Crime Act, while the government has recovered more than £3 billion extra since 2010 through recovery under additional powers.

1. A link to the legislation will be available shortly.
2. A shell corporation is a corporation without active business operations or significant assets. These types of corporations are not illegal, but they are sometimes used illegitimately, such as vehicles for tax evasion and money laundering.
3. The requirements for frontmen in complying with the overseas entities register are similar to those under the People with Significant Control regime, as set out in the draft legislation.
4. Research also published today about the potential impacts of this new register can be found here which surveyed industry stakeholders. This link will be available shortly.
5. According to recent research by Transparency International, over £4.2 billion worth of London properties are bought with suspicious wealth.