

# Register of Overseas Entities (“ROE”)



## Is this formal legislation?

The ROE is linked to The Economic Crime (Transparency and Enforcement) Act 2022 which was passed by the UK Parliament in March 2022.

## What is an overseas entity?

It is a legal entity which is governed by the law of a country or territory that is outside the UK. This covers companies, partnerships, corporations sole, governments and public authorities. Although a trust does not have a legal personality, it can in some instances be within the requirement to take action. Where however there is a nominee company, that can usually be ignored for the purposes of the legislation.

## What are the requirements?

The overseas entity must take reasonable steps to:

- Identify their registrable owners,
- Provide certain information about those registrable beneficial owners so that they can be registered with UK Companies House
- It is felt that reasonable steps would include sending information notices to all registered beneficial owners or to third parties who may know the identity of such persons.

Where an information notice is received, it must be replied to within one month or risk criminal or financial penalties.

If an overseas entity is unable to provide information about the registrable beneficial owners either because there are none or they have been unable to identify them, they must provide Companies House with the details of the company directors, managers or secretary.

## What is a registrable beneficial owner?

1. A person who directly, or indirectly holds more than 25% of the shares or voting rights in the overseas entity.

2. A person who holds the right directly or indirectly to appoint or remove a majority of the directors of the overseas entity.
3. A person who has the right to exercise, or actually exercises, significant influence or control over the overseas entity.
4. Where the trustees of a trust, or members of a partnership, unincorporated association or other entity, that is not a legal person under the law by which it is governed meet any of the above conditions and; a person has the right to exercise, or actually exercises, significant influence over that trust or entity.

## Exemptions from registration

There are exemptions from needing to register the beneficial owners. However, these normally apply where another overseas entity that holds shares has already registered with Companies House. If that is the case, then there is no need to register other entities under common control.

## Registration with Companies House

Once the relevant information has been provided to Companies House and they have undertaken any verification that they may require to do, then the company will be issued with a notice confirming the date of registration and the ID number allocated to the overseas entity. This will also need to be added to the relevant records on the Land Registry.

## Authorised Verifier

Reviewing the technical guidance, there will be a need for a UK supervised “relevant person” will need to verify the information that the overseas entity is intending to share with Companies House. This is something that Andersen can assist with.

# Registering an Overseas Entities

## Implications of not registering under ROE

The new legislation applies to land acquired in England & Wales on or after 1 January 1999 (for Scotland the relevant date is on or after 8 December 2014 and Northern Ireland from 1 August 2022). Equally where an overseas entity has sold an interest in UK land between 28 February 2022 until 31 January 2023 will need to be registered with Companies House. If no transaction has occurred during this period, a statement to that effect needs to be made.

There may also be cases where following a disposition of UK land there is no need for the overseas entity to register with Companies House. However, if that occurred on or after 28 February 2022, then the information will still need to be provided about the land involved.

The ROE opened on 1 August 2022 and from 5 September 2022 it will not be possible for new purchasers to register their interest in the land with the relevant land registry until such time as they have an Overseas Entity ID number from Companies House.

Failure to comply with the legislation can have practical, financial and personal implications. From a practical perspective, the transfer of a freehold or leasehold estate or granting a new lease for more than 7 years or the grant of a charge. Equally the Land Registry will not register the overseas entity as an owner unless they have evidence of compliance with the Act.

Financially there can be daily penalties up to £2,500 or a prison sentence of up to 5 years.

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## How we can help

Andersen LLP can act as an independent verifier prior to your submission to Companies House. However, prior to that Andersen can provide assistance in the following:

- Assessing your current and historic corporate structures and the recommended disclosure requirements that you will need to take;
- Support in the disbursement of information requests to the necessary parties;
- Drafting of the declaration to be made to Companies House;
- An ongoing monitoring plan for future transactions; and
- Verification of information to be presented to Companies House, both an initial registration on through on-going compliance.

The information provided is for general guidance and highlights what we consider are the relevant issues. This does not constitute professional advice. For more information, please feel free to contact our Head of Financial Accounting and Reporting.

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