



## **Note Verbale No. A175/22**

Protocol Directorate of the Foreign, Commonwealth & Development Office presents its compliments to all diplomatic missions and international organisations and, on behalf of the Department of Business, Energy & Industrial Strategy (BEIS), wishes to bring to their attention new regulations which may affect foreign governments owning land or property in the UK.

A new Register of Overseas Entities was brought into force on 1 August 2022 and may apply to foreign governments which currently own land or property in England, Wales and Scotland. Land held in Northern Ireland will come into scope on 5 September 2022. Where a foreign government or international organisation is a beneficial owner of an overseas entity that owns land or property in the UK (for example, a government-backed investment fund), the overseas entity will be required to register information about the government with Companies House by 31 January 2023.

BEIS wishes to circulate the factsheet below in order to raise awareness of these new requirements. Diplomatic missions and international organisations are advised to establish whether their government might own land or property in the UK that is in scope of these requirements so that any action necessary can be taken.

This factsheet provides more information about the Register of Overseas Entities. Further information and all enquiries about the Register, or the requirements, are available from BEIS at [transparencyandtrust@beis.gov.uk](mailto:transparencyandtrust@beis.gov.uk).

## **FACTSHEET**

The Economic Crime (Transparency and Enforcement) Act 2022 (“the Act”) was expedited through the Parliamentary process earlier this year. A Register of Overseas Entities (“the Register”) has been created by the Act, which came into force on 1 August 2022.

The two main objectives of the Register are to help combat money laundering and achieve greater transparency in the UK property market. This measure forms part of the government’s strategy to combat economic crime, while ensuring legitimate businesses continue to see the UK as a great place to invest.

Overseas companies owning UK property will be required to provide information about their beneficial owners and there are a number of sanctions that could be imposed for non-compliance, including restrictions relating to registration of titles with the UK’s land registries.

The measures apply to overseas entities which currently own, lease or purchase UK property. Specifically, they apply:

- Retrospectively to any company or similar legal entity that is governed by the law of a country or territory outside the UK, and bought property from 1 January 1999 in England and Wales or 8 December 2014 in Scotland. The measures do not apply retrospectively to overseas entities which own property in Northern Ireland;
- To all overseas entities which purchase property in the UK on or after 1 August 2022;
- To individuals, legal entities, governments, other public authorities, trusts and trust-like arrangements that have significant influence or control over the overseas entity, e.g. they hold 25% or more of the shares or voting rights (referred to as “beneficial owners”).

Overseas entities must identify their beneficial owners, have the information verified, and register this information with Companies House. Once registered, an overseas entity ID will be provided and the entity will be required to update its information annually, until such time as it successfully applies to be removed from the Register.

An entity can only be removed from the Register if it no longer owns or leases any land in the UK.

To register title to property, an overseas entity will have to demonstrate it is registered and must comply with the duty to update information.

Overseas entities that purchased property in England and Wales from 1 January 1999, and in Scotland from 8 December 2014, must register with Companies House by 31 January 2023, which is the end of the six-month transitional period. Overseas entities that have sold or otherwise disposed of property in England, Wales and Scotland between 28 February 2022 and the end of the transitional period must provide details about the disposals to Companies House.

Technical guidance about the Register and the requirements is available on GOV.UK: <https://www.gov.uk/government/publications/register-of-overseas-entities-guidance-on-registration-and-verification> .

The land transaction provisions will come into force on 5 September 2022. HM Land Registry for England and Wales will begin to insert ‘restrictions’ in the registers of titles currently owned by overseas entities in scope. Foreign governments with land interests in England and Wales may receive a notification from HM Land Registry telling them that a ‘restriction’ has been placed on their title.

Where an overseas entity does not currently own land in the UK but wishes to make a purchase or engage in another relevant transaction, it must be registered with Companies House before it can make an application to any of the land registries to register its title or lease.

For the purposes of the Act, non-UK governments may qualify as overseas entities. If they do qualify and currently own land in England and Wales, and Scotland, they will need to register with Companies House by 31 January 2023. Where a foreign government is a beneficial owner of an overseas entity that owns land in the UK (for example, a government-backed investment fund), the overseas entity will be required to register information about the government with Companies House by 31 January 2023.

Protocol Directorate of the Foreign, Commonwealth & Development Office avails itself of this opportunity to renew to all diplomatic missions and international organisations the assurances of its highest consideration.

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