

# The Economic Crime (Transparency and Enforcement) Act 2022: the Jersey impact

Insights - 16/03/2022

On 15 March 2022, the UK Government fast-tracked the Economic Crime (Transparency and Enforcement) Act 2022 (the **Act**) which will require many foreign beneficial owners of UK real estate to be placed on a register of beneficial owners maintained by the Registrar of Companies in England. In this briefing, we highlight some of the key aspects of the Act which will affect Jersey.

## Registration

Certain overseas entities will be required to register and provide details of their beneficial owners to UK Companies House before they can be registered to hold land in the UK. The register will be publicly accessible, although it is likely that some information provided will not be published (for example, for data protection reasons).

Information to be provided for registration purposes will include details of the overseas entity or its beneficial owners. Beneficial owners will be those persons who are considered to have significant influence or control over the overseas entity, this includes:

- persons directly or indirectly owning more than 25% of the shares or voting rights in the overseas entity
- persons having the right to exercise, or who actually exercise, significant influence or control over the overseas entity
- in relation to trusts, the corporate trustees of that trust and any registrable entity who has the right to exercise, or actually exercises, significant influence or control over the activities of that trust

The overseas entity and its officers will be responsible for providing information for registration purposes and annual updates or confirmations that no reportable changes will be required.

## **What overseas entities will be required to register?**

A legal entity that is governed by the law of a non-UK country or territory will be required to register. So, non-UK incorporated companies, partnerships (that have or elect to have legal personality) or any other entity that has legal personality will be caught.

Jersey and Guernsey trusts (such as Jersey and Guernsey property unit trusts) that own UK land directly are not required to register (as they do not have legal personality). However, any corporate trustee holding UK land on a trust's behalf will be required to register (along with any registrable entity that exercises significant influences and control over the trust). When registering, they must include information about the trust such as the name of the trust or, if it doesn't have a name, a description of the trust, the date of its creation and details of the settlor, grantor, beneficiaries and other interested persons.

Where an overseas entity has made relevant disposals of land since 28 February 2022, it must provide information about its beneficial ownership immediately before the disposal.

There will be a short transition period of six months from the commencement of the Act to allow overseas entities who already own UK property to register.

## **Consequences of failing to register**

Unless it is an exempt overseas entity (which will only apply in very limited circumstances), failure to register or provide the required information on beneficial owners will prevent an overseas entity from being registered as the legal owner of any qualifying estate and will affect that entity's ability to buy and sell UK land or to create a charge over that land.

It will be a criminal offence (for the overseas entity and each of its officers) to deliver, or cause to be delivered, misleading, false or deceptive information to the registrar, to fail to provide an annual update on information provided to the register or to dispose of land that is restricted. Penalties will range from fines of £2,500 a day to unlimited fines (likely to be applied, for example, for making material false statements) and custodial sentences.

## **Next Steps**

We would recommend that clients start to:

- identify any overseas entities that may be required to register
- identify any registrable beneficial owners
- gather registration information in relation to registrable beneficial owners, and
- identify any contractual arrangements that may be impacted by registration requirements

If you have any queries or need any assistance in relation to the registration process, please contact a member of the team.

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