

Alert

Beneficial Ownership Registration for BVI Entities Owning UK Property

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Following the passing of the UK Economic Crime (Transparency and Enforcement) Act 2022 (the “ECA”), new beneficial owner registration requirements apply to all non-UK entities which own, sell, buy or grant security over UK real estate (including leases of more than seven years) where such overseas entity acquired property in England since 1 January 1999 (or 8 December 2014 in Scotland) and still held such property on or after 28 February 2022. Once the necessary regulations bringing the register into force are enacted, overseas entities will have a six-month transitional period in which to register their beneficial owners.

The new requirements apply to all overseas entities, which are defined broadly as a “legal entity governed by the law of a country or territory outside the United Kingdom”, and will include British Virgin Islands (BVI) business companies and partnerships. The register will be held by UK Companies House with support from the UK Land Registries.

Conyers can assist you to ensure that all relevant filings, updates and confirmations are made to ensure compliance with the ECA.

What information must be disclosed?

A BVI legal entity holding qualifying UK property will be required to disclose, among other things, its:

1. name, legal form and registered number;
2. jurisdiction of incorporation or formation;
3. registered office address;
4. email address; and
5. the name, date of birth, nationality and residential address of any natural person:
 - a. holding, directly or indirectly, more than 25% of the votes or shares in the entity;
 - b. having the right, directly or indirectly, to appoint or remove a majority of the entity's board; and/or
 - c. having the right to exercise, or actually exercising, significant influence or control over the entity.

Once an overseas entity has registered under the ECA it will be required to update the information provided annually (or confirm that there are no updates). Where an overseas entity disposes of its UK property, it can apply to be removed from the Register and its ongoing obligations under the ECA will cease.

Consequences of failure to register

Any overseas entities which do not properly register their beneficial ownership information will face restrictions on the sale (or the grant of security over) of their UK property, and overseas entities acquiring UK property will not be able to register as the owner of the property at the Land Registry until the necessary filing has been made at UK Companies House. In addition, failure to comply with the requirements of the ECA is a criminal offence and carries the risk of a criminal conviction against both the overseas entity and its directors and officers, and is punishable by fines and/or imprisonment for a term of up to two years (or five years for the most serious offences under the ECA).

If an overseas entity fails to provide the required annual updates in respect of the filed information, then it and its directors and officers are liable to a fine. There is also a general offence if a person submits any information which is false or misleading, and which could lead to a fine or imprisonment. It is therefore very important that the filing and update obligations under the ECA are undertaken with due care and attention.

For further information regarding registering beneficial ownership of overseas entities owning UK property, or regulatory requirements applicable to British Virgin Islands entities more generally, please contact your usual Conyers contact or one of our lawyers listed below.

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For further information please contact: media@conyers.com