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A Register of Beneficial Owners of Foreign Companies Holding Real Estate in the UK

The UK government has issued a consultation paper in April 2017 and ended in May 2017 on the proposed requirement to set up a register of beneficial owners of foreign companies holding properties in the UK. The register is open for public inspection.

From the enactment of the new legislation, probably within 2017, **foreign companies which do not keep a register of beneficial owners with the Companies House will not be allowed to buy or sell properties in the UK.** Existing property owners will be given a transitional period of 1 year to comply with the requirements.

Beneficial owner is defined to be a person directly or indirectly holding more than 25% of the shares or voting rights in the company, or can exercise significant control over the entity or its board of directors, and where the owner is a trust, including a foreign trust, the person who has the right to exercise or actually exercises significant control over the activities of the trust ("PSC").

This could include, the settlor, protector, beneficiaries, trustee, directors/shareholders of an offshore corporate trustee, or an individual who has the right to exercise or actually exercises significant control over the activities of the trust.

Details of the beneficial owners to be disclosed would include:

- Name
- Date of birth
- Nationality
- Country of residence
- Residential address (not available for public inspection)
- Nature of control
- Address for serving notice
- Date on which he became a PSC of the company/trust.

Providing false information knowingly or recklessly is a criminal offence.

Where the beneficial owner is a discretionary trust, careful attention has to be paid as to who is the PSC, which would not only have impact on the possible tax liabilities of the trust but possibly the validity of the trust.

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