

The Economic Crime and Corporate Transparency Act: Latest Developments

24/04/2024

Update

On 26 October 2023, the long anticipated Economic Crime and Corporate Transparency Act (the “**Act**”) was granted Royal Assent. The Act is the latest installation in the government’s fight against economic crime. Previously, the government enacted the Economic Crime (Transparency and Enforcement) Act 2022 to combat foreign criminals using UK property to launder money and to strengthen the UK’s unexplained wealth order regime. This time around, the Act provides for reforms to the role of Companies House and grants additional powers to seize and recover suspected criminal cryptoassets all with a view to inspiring confidence in businesses to share information in order to tackle money laundering.

The reform to the role of Companies House is intended to improve transparency over UK companies and other legal entities in order to strengthen the business environment, support national security and combat economic crime, while delivering a more reliable companies register to underpin business activity. The key change is that Companies House will now take a more active role with wider powers to verify and query information on its register.

Changes in the Day to Day Running of UK Companies from 4 March 2024

Challenges

Companies House may now query information submitted to or already on the Companies House register, and challenge filings where it identifies information that is potentially fraudulent, suspicious, incorrect, inconsistent or might otherwise impact the integrity of the corporate register or wider business environment. This includes enhanced powers to reject new filings and to share information with law enforcement agencies and other government departments.

Confirmation Statements and Incorporation of New Companies

Each annual Confirmation Statement and incorporation applications dated after 4 March 2024 will require the inclusion of an appropriate email address for the Company which will become the registered email address. An email address is considered “appropriate” if, in the ordinary course of events, emails sent to it by the registrar would be expected to come to the attention of a person acting on behalf of the company. Companies are only permitted to register one email address. **This email address will not appear on the public register.**

All companies will also be required to provide a statement within their incorporation application and each Confirmation Statement that their intended future activities will be lawful.

Registered Office Address

Companies are no longer permitted to use P.O. Boxes as their registered office address. All companies must have an “appropriate address” which is a physical address within the same country that the company is registered in. For instance, all companies incorporated in Northern Ireland require a physical address within Northern Ireland as their registered office address. The registered office address is available on the public register and cannot be removed. If it is undesirable for the address of the company to be publicly available, another address must be used such as an agent’s address who will manage the company secretarial arrangements of the company.

Future changes to come into effect

Filing Fees

From 1 May 2024, Companies House will increase their registration fees as follows:

- Confirmation Statement CS01 – £34
- Incorporation IN01 (paper) – £71
- Incorporation IN01 (digital) – £50
- Incorporation (digital, same day) – £78
- Change of name (digital) – £20
- Change of name (digital, same day) – £83
- Registration of a charge (digital) – £15
- Voluntary strike off (digital) – £33

Identity Verification

The Act introduces new identity verification requirements for all new and existing company directors, PSCs, individuals who are Authorised Corporate Service Providers, and those delivering documents to the registrar. The purpose of these checks is to make anonymous filings more difficult and to ensure that the information on the register is accurate and reliable.

Statutory Registers

The Act introduces “required information” to accurately complete a company’s register of members. The position has been aligned with the required information for PSCs and directors. As a result, members are required to provide forename, surname and service address for inclusion within the register of members.

The Act also abolishes the requirements imposed on a company to keep its own:

- register of directors;
- register of directors' residential addresses;
- register of secretaries; and
- PSC register.

Instead, new provisions have been inserted into the Companies Act 2006 relating to the information of directors, secretaries and PSCs that must be notified to the registrar.

Conclusion

The Act introduces the largest overhaul of company secretarial obligations since the enactment of the Companies Act 2006 and is a step in the right direction to combating economic crime in the UK. As some of the measures await implementation through secondary legislation or development by Companies House, there will be a transitional period for existing companies to become compliant – and those responsible for corporate governance will need to develop a thorough understanding of how the changes affect their organisation.

If you have any specific queries in relation to the Act or would generally like to discuss the corporate governance laws in the UK, please do not hesitate to contact our company secretarial team.