



## Latest updates to the Economic Crime and Corporate Transparency Act

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22 November 2024

The Economic Crime and Corporate Transparency Act (ECCTA) is a key legislative reform, designed to strengthen the UK's response to economic crime and prevent abuse of UK companies and other corporate entities. Our briefings last October shared [an overview of the key reforms applicable to limited companies](#) and [limited partnerships](#) as the Act received Royal Assent, and we subsequently gave [an update on provisions that came into force in March 2024](#). The implementation of the Act now sees further provisions take effect and additional guidance provided.

In this update, we summarise the key elements of the ECCTA (the Act) currently in force and update on developments relating to financial penalties for offences under the Act, the new failure to prevent fraud offence and requirements in terms of identity verification and filing. We also look at what other elements will come on board in the coming months and consider steps you can take now to ensure you are well prepared for the Act's reforms.

### What is already in force under the ECCTA?

- Extension to Companies House role and powers, including the ability to remove inaccurate information from the register.
- Extension to corporate criminal liability laws for certain economic crimes (the [Government policy paper on the identification principle for economic crime offences](#) provides further guidance on what this entails).
- Additional considerations for company names (the Government [factsheet on company names](#) outlines further details).
- Requirement for companies/LLPs to provide an appropriate email address for use by the Registrar to communicate with the company. Existing companies can supply the address with the next confirmation statement filed after 4 March 2024.
- Requirement for companies/LLPs to have an appropriate registered address.
- Requirement to confirm in the annual confirmation statement that the intended future activities of the company/LLP are lawful.

### Financial penalties under the Act

Since May 2024, Companies House has had the ability to impose civil financial penalties for offences under the Companies Act 2006, such as late filing of confirmation statements. It has published [guidance](#)

[on its approach to financial penalties](#), detailing the basis on which financial penalties will be set and the level of penalties. These penalties range from £250 to £2,000 in accordance with the seriousness and the frequency of the offence. It is not yet clear when Companies House intends to start imposing them.

## The new failure to prevent fraud offence

As outlined in [our briefing in July about the new offence](#), ECCTA introduces a new offence of failure to prevent fraud. The Government recently published [guidance on the failure to prevent fraud offence](#), and the necessary secondary legislation that will bring the offence into force on 1 September 2025. With this guidance now in place, organisations will have nine months to get their affairs in order to ensure they comply with the legislation.

Importantly, the offence only applies to large organisations, and will impose liability where a specified fraud offence (including offences under the Fraud Act and fraudulent trading) is committed by an employee or agent for the organisation's benefit, and the organisation did not have reasonable fraud prevention procedures in place.

## Identity verification

Identity verification is a significant component of the reforms under the Act, although, as yet, detailed technical guidance as to how this will happen does not extend beyond a draft [statutory instrument](#) and draft [registrar's rules](#).

In broad terms, verification can be done in two ways: individuals can directly verify their identity via Companies House (either online or through the Post Office), or verification can be done by an Authorised Corporate Service Provider (ACSP). In either case, the individual will need to provide a valid email address, their current residential address, and one or two pieces of evidence from approved lists of documents.

Generally, where biometric information (e.g. a passport with a biometric chip) or a UK-issued document containing a photograph (e.g. a UK photocard driving license) is provided then only one piece of evidence is required. Applicants who reside outside of the UK must provide government-issued evidence as their primary evidence. Where an individual's identity has been verified by an ACSP, the ACSP will need to deliver a verification statement about the individual to the Registrar. In general, verification will be a one-off process and once a person is verified, they will obtain verified status and have a unique identification number.

In October, Companies House published a [transition plan](#) making the timing of the changes clearer. This schedule is still subject to review, however, as some changes require secondary legislation which is dependent on the Parliamentary timetable.

- From Spring 2025, service providers who are registered for anti-money laundering purposes (such as accountants, lawyers and company formation agents) will be able to register as ACSPs.
- Also, from Spring 2025, individuals (new directors, LLP members, persons with significant control (PSCs) and relevant officers of relevant legal entities) will be able to verify their identity on a voluntary basis.

- By Autumn 2025 identity verification will be compulsory as part of the incorporation process, as well as for all new directors and PSCs. Where a new director is appointed, the company is required to ensure that the director does not act until the verification has been completed, and new directors will have to confirm that they are not disqualified directors.
- After Autumn 2025, there will be a 12-month transition period for existing directors and PSCs to comply with the verification requirements, as part of the annual confirmation statement filing. Verified status will need to be confirmed to the Registrar for each appointment or status that an individual holds.

All existing (and new) relevant legal entities (RLEs) will need to provide the Registrar with the name of a "relevant officer" (a director where the RLE is a company or member in respect of an LLP) whose identity is verified, and a statement provided by that individual confirming that they are the relevant officer. The transition plan does not specifically refer to relevant officers, but we anticipate that the timing of the identity verification requirements for them will be the same as for PSCs.

## Filing

From Spring 2026, an individual will need to have had their identity verified in order to file any document at Companies House. Similarly, if filing on behalf of another person, the presenter will need to have had their identity verified, or be an ACSP (or employee of an ACSP), and the document must be accompanied by a statement confirming their verified status and that they have the person's authority to deliver the document. It is intended that Gowling WLG UK LLP will apply for registration as an ACSP for this purpose.

### Commencement dates are yet to be announced for the following:

- **Statement of members:** As a one-time requirement, the first confirmation statement filed after a date yet to be appointed must be accompanied by a statement containing the names of each member, and the number of shares of each class held by them.
- **Register of members:** Private companies and LLPs will have to maintain their own register of members and will no longer be able to keep that information on the Companies House central register. The full name of each of their members will be required (rather than just using an initial letter, for example).
- **Other registers:** The obligation to maintain a register of directors, register of directors' (or members' in the case of an LLP) residential addresses and a PSC register will be abolished. Instead, these registers will be held centrally at Companies House, and companies and LLPs will be required to ensure that the information is kept up to date.
- **Corporate directors:** Although no commencement date has been announced, Companies House has confirmed that corporate directors of companies will be restricted so that, although a corporate entity may be a director, that entity must have an all-natural person board.
- **Accounts reform:** Specific filing obligations for micro-entities are added, meaning that micro-entities are required to file a balance sheet, a profit and loss and may choose to file a directors' report. Small companies that are not micro-entities are no longer able to prepare abridged accounts, but must file annual accounts and a directors' report.

- **Limited partnership reforms:** The necessary legislation is not expected to come into force until 2026.

## What should you do now in light of the changes under the Act?

- Establish who is going to be responsible for filing documents on behalf of the company. If that person is an individual within the company, make sure they are aware of the requirement for identity verification.
- Make sure the company's registered email address is correct and that emails are monitored so that important communications from Companies House are picked up.
- Establish who will require identity verification - directors, individual LLP members, PSCs and relevant officers of RLEs. Make sure they are aware of the requirements and have the necessary documentation ready (for example, containing an up-to-date residential address).
- If you are a large organisation, read the guidance on the procedures to be put in place in relation to the failure to prevent fraud offence and take appropriate steps to establish a fraud prevention framework.

If you would like to discuss these changes and how they will impact your business, please contact [Jeremy Millington](#), [Sharon Ayres](#) or your usual Gowling WLG contact.

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