

The Economic Crime and Corporate Transparency Act Changes at Companies House



For almost 180 years, Companies House has been the government agency that maintains the register of legal entities within the UK (the Registrar). Due in part to a wave of increasingly sophisticated fraudulent and corrupt dealings within the market, the Government has been working on a new Bill to protect legitimate businesses and provide more robust processes for company registrations. On 26 October 2023, the Economic Crime and Corporate Transparency Bill achieved royal assent and become law.

Economic Crime and Corporate Transparency Act (the Act)

The Act will drive changes to public beneficial ownership registers and help close the loopholes that criminals use to move and hide money via opaque companies. It provides Companies House with a wider scope to prevent fraud, query the information submitted, carry out more robust checks and share data with other government departments and law enforcement agencies. The changes are intended to enable greater cooperation between the public and private sectors in dealing with suspicious activity.

Key changes

The key changes for Companies House and those filing documents with them that are introduced by the Act include:

- new identity verification requirements and increased checks on all new and existing registered directors, persons of significant control (PSCs) and those filing on behalf of companies, including Authorised Corporate Service Providers (ACSPs) that have been awarded authorised status by the Registrar. The intention behind this change is to ensure criminals do not

register companies under false names for the purposes of money laundering or other nefarious purposes. There will be a transition period for existing directors and PSCs to verify their identity, whereas new directors will be required to verify their identity before their application is delivered to the Registrar. Individuals failing to verify their identity could be prohibited from acting as a director altogether;

- a requirement for confirmation that companies are being formed for lawful purposes, with the declaration then repeated annually as part of the confirmation statement filing process. Companies will be required to have an appropriate office address and PO boxes will not be permitted. Invalid registered office addresses, such as those used fraudulently to set up companies, will be removed from the register. This will provide businesses with greater clarity on who they are working with and will help to make trading in the UK a fairer process, helping to provide an environment in which legitimate businesses can thrive;
- a significant increase in the amount of information, including residential addresses and dates of birth, that must be notified to Companies House for directors of UK limited partnerships in corporate structures. For these entities, documents such as applications for registration and changes to registered office address and officers of the general partner, will only be able to be delivered to Companies House by an ACSP.

Next steps

The Act will be implemented in stages, as some of the measures, such as identity verification, will require development of associated systems and secondary legislation. Other changes will be introduced from early 2024, including more robust checks on company names, new rules around registered office addresses, more detailed declarations, and the sharing of data with other government departments and law enforcement agencies.

Here at Indigo Governance, we take our responsibilities to help prevent economic crime very seriously and welcome the Act. We already have robust processes in place to verify the identity of the companies, directors and PSCs we work with, something we are required to do for anti-money laundering purposes. We will be registering as an ACSP in order to be able to support our clients to the maximum extent with the new requirements and to ensure that we can continue to make filings on their behalf.

Please get in touch if you would like further help in understanding the impact of the Act, or to explore the support we could offer to your organisation.

You can view the full text of the Act [here](#).

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