

## Looking through the keyhole on foreign ownership

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Whilst here in the UK we have always sought to protect the right to privacy of our citizens, the right to know who owns land and property in the UK has been the subject of much debate in the last few years. Now, under the guise of combatting economic crime and in order to provide greater transparency on foreign ownership of land in the UK, the Government has introduced a new “Register of Overseas Entities”. This new register will come into force on 1 August 2022 through the new Economic Crime (Transparency and Enforcement) Act 2022. A long time coming, the new register has been expedited in light of Russia’s invasion of Ukraine in order to assist with the identification of Russian assets in the UK. Ultimately however, it affects all foreign entities with property assets in the UK and their beneficial owners or managing officers.

The publicly available register will be kept at Companies House and must be updated annually by any overseas entity owning property in the UK. As well as recording details of the properties which are owned by overseas entities, the register will also list the individuals who effectively own or control such overseas entities.

There will be criminal sanctions for failure to comply. Fines of up to £2,500 a day can be imposed and officers of an overseas entity at fault could face prison sentences of up to five years. HM Land Registry will help compliance by imposing restrictions on dealings of affected properties until the overseas entity can demonstrate that it has met its obligations under the new law.

From 1 August, the new Act will apply to any foreign entity looking to buy or sell UK land in the future. It will also apply retrospectively – any foreign entity that has owned property (freehold or leasehold) since 1 January 1999 in England or Wales (or since 8 December 2014 in Scotland) will have to comply.

Given the civil and criminal penalties for failure to comply with the new law, it is important that anyone with an interest in a foreign entity which owns UK property is properly advised as to their new legal obligations. Lenders



to foreign entities will also want to ensure that the foreign entity has complied with the new law. There is a six-month grace period from the launch date of the new register in which the overseas entities must complete registrations so now is the time to act. If a foreign entity fails to comply with its obligations under the new law then it's very likely that as from 1<sup>st</sup> February 2023 it won't be Keith Lemon knocking on the door!

**We act for a number of landowners with extensive portfolios in the UK and have experience advising lenders on enforcement of charges secured against commercial real estate. For more information, please contact our [real estate team](#).**



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