



Disclosure of Beneficial Owners of Foreign
Companies Holding UK property

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Disclosure of Beneficial Owners of Foreign Companies Holding UK property

The UK Government have published a discussion paper titled “Beneficial Ownership Transparency. Enhancing transparency of beneficial ownership information of foreign companies undertaking certain economic activities in the UK.”

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/505546/bis-16-161-beneficial-ownership-transparency.pdf

The note outlines potential proposals for disclosure of the ownership of foreign companies that hold UK property or participate in public contracting in the UK. This note only considers the UK property aspects.

Whilst the main aim of the proposal is to tackle crime, corruption and money laundering it is quite likely that one of the aims is to collect beneficial ownership information so that the new rules in relation to UK Inheritance Tax for residential properties held through foreign companies and trusts can be enforced.

If the Government decide to proceed there will be a formal consultation. As responses to the discussion paper are required by 1st April 2016 it is likely that any consultation will follow quite shortly.

The required disclosures are likely to be similar to those required under the Persons of Significant Control regime for UK companies. The Government is considering whether or not the register for ownership of foreign companies owning UK property would be public and also how it would tie in with the beneficial ownership registers that will need to be implemented in the EU under the 4th Money Laundering Directive and other central register arrangements that may be implemented in non EU jurisdictions. They are also considering how it would apply to existing companies that already hold UK property.

At this stage it is still a discussion paper, but as the responses to the discussion paper are required very soon it would appear that there is a tight timetable. It is likely that the Government would want the new regime in place prior to 5th April 2017 so that the new Inheritance Tax rules can be fully implemented.

If you have any queries regarding the Disclosure of Beneficial Owners of Foreign Companies Holding UK property or any other tax matters, please contact your usual SMP adviser or one of the contacts below.

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