

New Economic Crime Act brings sweeping changes to UK Companies House

Christopher Spencer and Henry Laird provide a snapshot overview as to the ramifications of the Economic Crime and Corporate Transparency Act 2023 which received Royal Assent on 26 October 2023.

Introduction

As we [reported last year](#), significant changes are afoot in the fight against economic crime, billed as “one of the most significant moments for Companies House in our long history.”

The Economic Crime and Corporate Transparency Act 2023 (the “**Act**”) received Royal Assent on 26 October 2023. The Act is aimed at addressing the exploitation of corporate structures, tackling economic crime and strengthening the powers of Companies House to move from being relatively passive to having more of an active gatekeeper function.

Many of the provisions in the Act await secondary legislation and Companies House will need to implement new systems to reflect its new statutory objectives. As such, there will be a delay over the coming months for these new requirements to come into play.

We have handpicked some of the key provisions from the Act below:

Companies House

Companies House will be granted a suite of additional powers to fulfil these objectives. These include having authority to reject and scrutinise new submissions that do not align with the existing information on the registry; to require a person to provide additional information as needed to verify the accuracy of submissions; to remove content from the register; and to strike a company's name off the register if it has reasonable cause to believe that any information is false.

Verification

New and existing registered company directors, persons with significant control, LLP members and those delivering documents to the Registrar will need to verify their identity with Companies House. Identity verification can either be done by an individual verifying directly with Companies House, or indirectly through an Authorised Corporate Service Providers (“**ACSP**”) via a verification statement.

Limited Partnership reforms

To tackle the misuse of Limited Partnerships (“**LPs**”) and Scottish LPs, the Act introduces more rigorous registration and transparency requirements. For example, identity verification can only be submitted via an ACSP, LPs must have a registered office in the UK and Companies House will have the power to de-register LPs if they are no longer carrying on business.

Crypto Assets

The Act amends the Proceeds of Crime Act 2002 to enable law enforcement to act more swiftly and efficiently to seize and recover crypto assets.

Offences

If a false statement is delivered to Companies House without a reasonable excuse (this excludes honest mistakes or reasonably relying on information that turns out to be untrue), the individual, or officers of the firm who are in default, are subject to an unlimited fine. An individual, or officers of the firm who are in default, can receive a penalty of up to two years imprisonment if they knowingly deliver a

false or misleading document to Companies House. Companies failing to prevent fraud could also be subject to an unlimited fine.

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