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Catch me if you can: Gaps in the Register of Overseas Entities

CAGE working paper no. 680

September 2023

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Published by

LSE International Inequalities Institute

CAGE Warwick

lse.ac.uk/International-Inequalities

warwick.ac.uk/cage

This research was funded by ESRC Research Grant “Taxing the Super-Rich” (ES/W012650/1). The authors thank Sebastian Gazmuri-Barker and Bingyang Qiu for excellent research assistance, and Ben Cowdock (TIUK), Stephen Abbott Pugh (Open Ownership), Matt Collin, Jeanne Bomare and several anonymous reviewers for their comments. All errors remain our own. Correspondence to a.d.summers@lse.ac.uk.

Executive summary

The Register of Overseas Entities (ROE) was introduced by the government in Spring 2022 with the commitment that it would **“require anonymous foreign owners of UK property to reveal their real identities”**.¹ We use data released by Companies House and HM Land Registry to assess to what extent the ROE is currently delivering on this aim. We identify and quantify several major ‘gaps’ in the scope and operation of the register and make recommendations for how the register could be improved.

Key findings

- **152,000 properties in England & Wales are currently held by overseas entities. For 71% of these properties (109,000 properties), essential information about their beneficial owners remains missing or publicly inaccessible, despite the ROE.**² This means that we still cannot know whether sanctioned individuals, money-launderers or other corrupt individuals may be benefiting from these properties.
- The government argues that the purpose of the ROE was only ever to reveal the beneficial owners of the overseas entities, not the land that they hold. **But even on this basis, essential information remains publicly inaccessible for 49% of registered entities (relating to 84,000 properties – 55%). For at least 25% of registered entities (relating to 30,000 properties – 20%) it is missing for law enforcement as well.**
- If we are actually concerned about who beneficially owns the land: **essential information remains publicly inaccessible for 62% of properties that are successfully matched to a registered overseas entity (94,000 properties, 87% of properties with missing information), including 26% of properties (39,000) for which it is missing for law enforcement as well.**
- **These problems are due to several major gaps in the legislative scope of the ROE, as well as operational flaws.** A detailed understanding of each of gap is crucial to devising appropriate legislation to close loopholes and align the operation of the register with the government’s public commitments. **We identify five main issues, and quantify their importance:**
 1. **10% of all properties known to be held via an overseas entity (15,000 properties) cannot be matched with any record in the ROE** using available information. This is partly due to poor data quality resulting in failed matches and out-of-date records (2000 to 6000 properties). However, **we also estimate that between 6% (9,000**

¹ UK Government, Policy Paper: Register of Overseas Entities (4th March 2022).

² Our analysis reflects the position as of 1st August 2023.

properties) and 9% (13,000) of properties are owned by companies that have failed to register in breach of current rules.

2. **10% of overseas entities (relating to 11,000 properties) do not report any beneficial owners.** This is most likely because the entity has no shareholders with at least a 25% shareholding or who exercise control. However, these cases could include non-compliant failures to report beneficial owners that should be registrable.
3. **At least 27% of overseas entities (relating to 69,000 properties) are part of a trust structure,** meaning that the beneficial owners of the property are not made public. This includes at least 3% of overseas entities (18,000 properties) where trust information is not reported even to Companies House.
4. **At least 2% of overseas entities (relating to 3,000 properties) are part of a partnership structure.** This allows 'silent partners' – who are members of the partnership but do not actively manage it – to benefit from the overseas entity or the underlying properties without having their identities disclosed.
5. **34% of overseas entities (relating to 69,000 properties) report at least one corporate beneficial owner,** whose individual beneficial owners should be registered elsewhere. However, in 17% of these cases, there appears to be no valid basis for the corporate entity's registration.

These issues do not sum to 100%, both because there are entities/properties that do not have any problem (that we can identify), and because some entities are problematic on more than one ground. The ratio of entities to properties depends on the characteristics of the entity and so varies across issues.

Summary and recommendations

- Although the ROE is a major step forwards in tackling corruption and improving transparency of land ownership in the UK, **there is no point building a dam halfway across a river.** The existence of major gaps is threatening the efficacy of the entire register, whether measured against the government's previous statements or current policy position.
- **In its current form, the Economic Crime and Corporate Transparency Bill (ECCTB) will not be sufficient to close these gaps.** Amendments proposed by Lord Agnew and Lord Vaux would close two important gaps, but the government is currently opposing these amendments. Even if they are adopted, several major gaps will remain.

- We make **ten recommendations**, which could be adopted by the government as part of the ECCTB or implemented in subsequent legislation:
 1. Publish the title numbers of the properties held via registered overseas entities so that they can be more reliably matched.
 2. Increase the frequency with which updates to information are notified to and published by Companies House and HM Land Registry.
 3. Improve enforcement action against overseas entities that have failed to register or that may have supplied insufficient or inaccurate information.
 4. Reduce the shareholding threshold needed to trigger identification of a beneficial owner from 25% to 5%.
 5. Require beneficial owners to report the size of their shareholding, so that it is possible to ascertain how much of the total shareholding is unaccounted for.
 6. Publish the information that Companies House holds about trusts, unless covered by the protection regime for vulnerable individuals (as proposed by Lord Agnew).
 7. Require overseas entities to provide trust information where they are acting as trustees or nominees.
 8. Require overseas entities or registered beneficial owners acting as partners to provide partnership information, including details of the other partners.
 9. Amend the PSC Register to require nominees and trustees to report on whose behalf they are acting, so that UK entities cannot be used to circumvent the ROE (as proposed by Lord Vaux).
 10. Require overseas entities to specify the ground on which a corporate entity is entitled to be registered as a beneficial owner.