

The Small Business, Enterprise and Employment Act 2015

Company

Summary

The Act makes important changes to the law applying to UK companies. It is aimed at deterring illegal activity such as money-laundering and tax evasion. It is designed to improve transparency and trust around who owns and controls UK businesses and to deter and sanction those who hide their interests. It will also simplify company filing requirements, reducing duplication and improving flexibility in dealings with Companies House.

Changes and dates

People with Significant Control

UK companies will be required to maintain a register of persons with significant control (“PSCs”). This will be separate to the register of members which currently records the company’s shareholders.

The aim is to ensure that individuals with significant beneficial interests, or other controlling rights in a company, are easily identifiable. A PSC is a person who:

- Holds more than 25% of the company’s shares.
- Holds more than 25% of the company’s voting rights.
- Has the right to appoint or remove a majority of the board of directors.
- Has significant influence or control over the company.

- Has significant influence or control over a trust or partnership.

The government has issued [guidance](#) on what is meant by ‘significant influence or control’.

UK companies will have the responsibility of identifying PSCs and keeping an up-to-date PSC register at its registered office. PSCs will also be obliged to notify companies of their identities and relevant interest in the company. The PSC register must be provided to Companies House annually and will be accessible to the public (see ‘Annual Returns’).

Both companies and individuals will be subject to criminal penalties for failing to provide, or deliberately providing false, information. A company can also impose sanctions if its PSCs do not comply with their disclosure obligations.

The requirement to keep a PSC register came into force on **6 April 2016**. Unquoted companies have been under such obligations since **January 2016**.

Annual Returns

Companies will no longer be required to file an annual return. Instead, there will be a requirement to ‘check and confirm’ the company information by filing a ‘confirmation statement’ and notifying Companies House of any changes if necessary at least once every 12 months.

The confirmation statement must be provided within 14 days of the end of the relevant review period i.e. the

period of 12 months beginning on the day of the company's incorporation and each period of 12 months beginning the day after the end of the previous review period (the due date).

Subject to this requirement, the company can choose to provide a confirmation statement at any point prior to the due date, in which case the next 12-month period will run from the day after the confirmation date (being the date specified in the confirmation statement).

PSC information must be submitted on the 'confirmation statement' similar to providing director's details.

These changes, and the requirement to send PSC information to Companies House, are due to come into force in **June 2016**.

Ban on Corporate Directors

UK Companies will not be permitted to appoint companies and other corporate entities as directors, i.e. all directors must be natural persons. The aim is to restrict the use of corporate structures to hide illegal activity.

Companies affected have a one year transitional period to appoint replacement directors and existing corporate directors will automatically cease to be directors one year after this prohibition has come into effect.

The company will need to make the necessary PSC register alterations and notifications at Companies House.

Having said that, following a public consultation undertaken by the Department for Business, Innovation and Skills in April 2016, certain exceptions are being considered to the proposed rule outlined above.

Indeed, the government has recognised that corporate directors are often appointed for legitimate reasons and are considering the introduction of certain exceptions to the general ban. An exception that has been considered is that corporate directors will be allowed where the following two conditions are met:

- All directors of the corporate director are individuals.
- The law under which the corporate director is established (if not UK registered) requires details of the individual officer of the corporate director to be accessible through a public register.

These provisions are due to come into force in October 2016.

Optional information

Companies will be able to deliver certain categories of optional information to Companies House. A consultation period will establish which types of information are to be held at Companies House. These might include:

- Company trading addresses.
- Number of employees.
- An email address.
- A phone number.

The criteria is yet to be decided, but any optional information would be sent to Companies House on a voluntary basis.

These changes are due to come into force late 2016/early 2017.

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