



New identity verification rules for directors and owners of UK registered companies

New laws are now in place which will affect directors and owners of existing and newly formed UK companies, LLPs and Limited Partnerships.

The new rules, in the form of the Economic Crime and Corporate Transparency Act 2023 (the Act), will require directors, members and owners to verify their identity at Companies House, along with a number of other changes to be aware of including [two new offences relating to economic crime](#).

Effective date for compliance?

Limited parts of the Act will come into force immediately, but the provisions that will affect most businesses, including the ID verification requirements, need secondary legislation so we don't yet have a time frame for compliance although we are expecting the new rules for registered office addresses and requirements for a registered email address to come into force in early 2024. [Companies House](#) have more detail on this.

Companies House stresses that nothing needs to be done differently just yet, but it is advisable to be aware of the changes that are coming and put together a plan for compliance for when the new rules do come into force.

Who will the new ID verification rules apply to?

The mandatory identity verification requirements will apply to:

- directors and *owners* of companies incorporated in the UK
- directors and *owners* of overseas companies registered with Companies House (i.e. foreign companies with UK branches)
- both existing companies and newly incorporated companies
- members/partners of LLPs and limited partnerships; and
- anyone else making filings at Companies House (such as lawyers or company secretarial service providers).

Owners for the purposes of these rules means those already required by existing law to register as a Person with Significant Control (PSC). This is usually a person controlling 25% or more of the relevant company.

For *corporate shareholders* who are registered as Relevant Legal Entities (RLE's), the requirement will be to appoint a *Registered Officer*. This will involve providing to Companies House the name of an individual director whose identity has been verified, as well as a statement by the individual themselves that they are a relevant officer, and the need to notify Companies House of any change in the identity of the Registered Officer.

Practicalities – what will directors and owners of UK registered businesses need to do?



ID verification

No verification needs to be (or even can be) carried out at the moment as the required secondary legislation is not yet in force. This also means that we don't yet have precise details of how verification will operate. However we do know that it will be possible to verify either through:

- Companies House; or
- an Authorised Corporate Service Provider.

Verifying directly with Companies House will *involve creating an account and linking an individual with a primary photo identity* document, such as a passport or driving licence. The system will take a photo of the individual's face and compare the two, and may check against government databases.

Companies House expects the process to take only a few minutes, and once a director has a verified account they will obtain credentials which will need to be provided for all existing and new director appointments.

Authorised Corporate Service Providers (ACSPs) will usually be intermediaries like accountants, lawyers and company formation agents.

Non-compliance will be a criminal offence for directors, owners and the Company. New directors cannot be appointed until they are verified.

Are there any other proposed changes potentially requiring attention?

Appropriate Address: companies will need to have their registered office at an 'appropriate address'. This must be a place where:

- a document addressed to the company would be expected to come to the attention of a person acting on behalf of the company; and
- document delivery could be recorded by obtaining an acknowledgement of delivery (cannot be a PO box).

In order to satisfy these requirements, overseas business owners would need to have someone permanently based in their registered office.

All companies must also have an *appropriate email address* where the Registrar can send emails that will come to the attention of someone acting for the company.

The requirements in respect of registered office and email addresses are expected to come in sooner than the ID verification requirements and are expected in early 2024.

Duplicate registers and registers kept at Companies House

The requirement to maintain a separate register of directors, register of directors residential addresses, register of secretaries and PSC register had been abolished.

Any businesses which have chosen to keep their register of members at Companies House instead of at their registered office now no longer have this option and will be required to maintain this themselves.

Shareholder information

Whilst the Government has stopped short of requiring ID verification for all shareholders (only requiring this of PSCs), and has dropped a proposed requirement for companies to identify beneficial owners where shares are



held through trust/nominees, companies will need to provide more information about their shareholders, including:

- the full names of all shareholders (not just initials) and a service address will need to be included in the register of members; and
- a full shareholder list will need to be supplied in the first confirmation statement filed after the requirements come into force.

Companies with large numbers of shareholders should begin looking at their register of members to ensure they have all the information required and if not taking steps to obtain this information.

Corporate directors

The government has announced its plan to use the Act to implement previous legislation which restricts (but does not prohibit) the ability for UK companies to have corporate directors.

Once these rules come into force, only corporate directors which have all natural persons as directors – and those persons themselves having their identity verified with Companies House (no corporate directors of corporate directors will be permitted.)

There is a lack of clarity over whether this will also mean that corporate directors need to be entities registered in the UK, so that no overseas entities will be able to act as a corporate director, as this was originally proposed by the government but has not formed part of its announcements in this area. Read the GOV.UK [factsheet: identity verification and authorised corporate service providers](#) for more information.

There will be a 12 month transitional period for companies to comply with these new requirements, but companies should begin the process of identifying any corporate directors in their group structures and making plans where any will not meet the new rules once in force (and making note of any which are overseas companies).

Context

The Act is the second part of a legislative package aimed at preventing abuse of UK corporate structures and tackling economic crime.

The first part, the Economic Crime (Transparency and Enforcement Act) 2022 which came in on 1 August 2022, brought in the register of overseas entities (ROE), which [requires overseas companies owning property in the UK](#) to give details of their beneficial owners to Companies House.

The changes brought in with the Act, which will be the most significant shake-up of the role and power of Companies House since its formation in 1844, have been in discussion for a number of years and also include extending the powers of Companies House to query information and remove it from the Register well as specific changes in relation to limited partnerships.

What should I be doing now?

Some aspects of the Act require secondary legislation and guidance which is still to be produced, and Companies House will need to ensure its systems are set up, so there may be a short period between the Act coming into force and the requirements becoming live, however it is advisable to prepare now:

- anyone who is a director or owner of a UK registered business should check whether they will be in scope



of the new identity verification requirements and look out for further information on implementation dates and processes.

- check your registered office will satisfy the requirement for it to be an appropriate address and that your business has an appropriate email address. Consider what action may be necessary to ensure compliance.
- those involved with limited partnerships should ensure they understand the detail of the proposed changes and plan for compliance.
- take note of the new rules on economic crime and consider how you will adapt your policies and procedures.

How we can help

Further information about the new identity verification rules is available from the government [Changes to UK company law: a big moment for Companies House](#), where you can also read more about [how the corporate transparency reforms will impact limited liability partnerships](#) and the rules applicable to limited partnerships: [GOV.UK factsheet: limited partnerships](#).

If you'd like to talk more about the new identify verification requirements, or would like to discuss the implications of this legislation, please our [corporate team](#).

If you would like to speak to someone about our company secretarial services or registered office and registered email services please [contact us](#).



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