

The UK Economic Crime and Corporate Transparency Act 2023 - The Proposed Changes to Companies House Explained

On 26th October 2023 the Economic Crime and Corporate Transparency Act 2023 (ECCTA) passed into UK law, marking the most significant change to Companies House since its inception. Its leading principle is that Companies House will be afforded greater powers in a bid to tackle economic and financial crime and address other abuses of the register.

By **Paul Webb**, 25th January 2024

What is the purpose of the Act and who will it affect?

On 26th October 2023 the Economic Crime and Corporate Transparency Act 2023 (ECCTA) passed into UK law, marking the most significant change to Companies House since its inception. Its leading principle is that Companies House will be afforded greater powers in a bid to tackle economic and financial crime and address other abuses of the register.

The changes will bring added responsibilities for new and existing directors, persons of significant control (PSCs) and any agents who file on behalf of a company, as Companies House will be able to impose sanctions for incorrect or misleading information, or if the company fails to comply with the new registration requirements.

Companies House plans to introduce measures from March 2024 onwards affecting the following entities:

- private limited companies

- public limited companies (PLCs)

- limited liability partnerships (LLPs)
- limited partnerships (LPs)
- community interest companies (CICs)
- overseas companies

Companies House published guidance in its blog on 22 January 2024 regarding the first set of changes coming into effect on 4 March 2024: [Get ready for changes to UK company law - Companies House \(blog.gov.uk\)](#)

What are the changes?

1. Confirmation statements and registered office addresses – from March 2024

Every company, including dormant and non-trading companies, will need to file a confirmation statement at least once a year, even if there have been no changes during the review period.

Furthermore, to ensure information on the register is accurate and up-to-date, companies will need to provide an appropriate address for the registered office to which correspondence will be received by a representative of the company. Companies will no longer be able to use a PO box as a registered office address, and Companies House will have powers to query and challenge addresses it believes to be inaccurate and, more widely, information it suspects to be incorrect. The enforcement tools at its disposal include:

- Financial penalties
- An annotation on the company's record
- Prosecution

- Strike companies off the register

2. Statement of lawful purposes – from March 2024

When incorporating or registering a company, subscribers of that company will be asked to provide a statement confirming that the purpose of formation is for a lawful purpose, and that future activities will also be lawful:

3. Identity verification – November 2025

Another significant change is the future introduction of identity verification for all PSCs and directors of a company, including companies already on the register. To deter those setting up companies for illegal purposes, verification will need to be done either directly with Companies House or by using an Authorised Corporate Service Provider (ACSP), such as solicitors or accountants. For LPs, this must be done solely through ACSPs to ensure that information is from a trustworthy source.

Companies House has confirmed there is not yet a date of introduction and more information is to follow. For PSCs and directors of existing companies, there will be a transition period once introduced to allow reasonable time for adjustment to the new requirements.

The Dixcart UK Legal department is an Authorised Corporate Service Provider (ACSP) and can assist with verification.

4. Higher fees – date of introduction TBC

Companies House fees will be increasing in 2024 to cover the costs of the enforcement powers, although we await further guidance on what these fees will be.

4. Software-only filing – date of introduction TBC

Over the next 2 - 3 years, Companies House plans to shift towards a system of filing by software-only, applying to directors who file accounts themselves as well as third party agents like solicitors.

5. “Failure to Prevent Fraud”

Significantly, the ECCTA includes a new criminal offence which makes companies and partnerships liable for failing to prevent fraud by employees or representatives for the benefit of the organisation. Those who hold a position within the organisation of “senior manager” or higher will be liable for conviction if an economic crime is committed.

Further guidance is expected from Companies House as to when we can expect all measures to be implemented and updates will be released accordingly. For additional details see the [gov.uk](https://www.gov.uk) website.

For more information from us, or if you wish to discuss using an ASCP, please use our enquiry form or email us at advice.uk@dixcart.com.

The content of this article is intended to provide a general guide to the subject matter. Specialist advice should be sought about your specific circumstances.