

EXPLANATORY MEMORANDUM TO
THE REGISTRAR OF COMPANIES (FEES) (REGISTER OF OVERSEAS
ENTITIES) REGULATIONS 2024

2024 No. 153

1. Introduction

- 1.1 This explanatory memorandum has been prepared by the Department for Business and Trade and is laid before Parliament by Command of His Majesty.
- 1.2 This memorandum contains information for the Joint Committee on Statutory Instruments.

2. Purpose of the instrument

- 2.1 These Regulations makes provision for the fees charged in respect of the Register of Overseas Entities to be increased. These fees were previously set administratively by the Registrar of Companies.

3. Matters of special interest to Parliament

Matters of special interest to the Joint Committee on Statutory Instruments

- 3.1 These regulations will result in the fees associated with the Register of Overseas Entities increasing by more than the rate of inflation. This is as a result of the expansion of the scope of the fees via the Economic Crime and Corporate Transparency Act 2023 to include costs relating to enforcement activities to be included.

4. Extent and Territorial Application

- 4.1 The extent of this instrument (that is, the jurisdiction(s) which the instrument forms part of the law of) is the United Kingdom.
- 4.2 The territorial application of this instrument (that is, where the instrument produces a practical effect) is the United Kingdom.

5. European Convention on Human Rights

- 5.1 As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

6. Legislative Context

- 6.1 Section 1063 of the Companies Act 2006 was amended by the Economic Crime and Corporate Transparency Act 2023, expanding the range of functions which can be funded through fees. This instrument sets the fees charged in respect of the Register of Overseas Entities. By bringing these fees into regulations, the cost of enforcement activities may be included.

7. Policy background

What is being done and why?

- 7.1 The Economic Crime (Transparency and Enforcement) Act 2002 created the Register of Overseas Entities. Fees associated with this legislation were set administratively by the Registrar of Companies. The Economic Crime and Corporate Transparency Act 2023 increased the scope of activities whose costs can be included when determining the fees charged by the Registrar of Companies. The government considers that the costs of maintaining the integrity register should be borne by those that benefit from being on the register rather than by the taxpayer. These regulations amend the existing fees associated with the Register of Overseas Entities so that the costs of enforcement action can be included.

8. European Union Withdrawal and Future Relationship

- 8.1 This instrument does not relate to withdrawal from the European Union or trigger the statement requirements under the European Union (Withdrawal) Act.

9. Consolidation

- 9.1 No consolidation is performed by this instrument.

10. Consultation outcome

- 10.1 A consultation has not been held. These regulations increase fees to cover the costs of activities undertaken to support new activities enabled by the primary legislation. During development of the policy that underpins the primary legislation there was widespread support among stakeholder groups for the principle of increasing Companies House fees to fund enhanced capabilities to tackle economic crime.

11. Guidance

- 11.1 Companies House will, following the laying of these regulations, undertake a communications exercise across multiple channels to inform those affected of the changes to the fees.

12. Impact

- 12.1 There is no, or no significant, impact on business, charities or voluntary bodies.
- 12.2 There is no, or no significant, impact on the public sector.
- 12.3 A full Impact Assessment has not been prepared for this instrument because tax, duties, levies or other charges are out of scope of the definition of Regulatory Provisions. Following Better Regulation guidance, an analytical paper has been published alongside this Explanatory Memorandum to support Parliamentary scrutiny of the changes to the fee regulations.

13. Regulating small business

- 13.1 The legislation applies to activities that are undertaken by small businesses.
- 13.2 No specific action is proposed to minimise regulatory burdens on small businesses.

14. Monitoring & review

- 14.1 The approach to monitoring of this legislation is to perform a light-touch review annually to ensure that income generated from the fees is sufficient to continue to meet costs, with a more strategic review to take place at least every three years to consider whether the funding provided by the fees is at the appropriate level to support the Registrar to make use of her powers to help combat economic crime.
- 14.2 The instrument does not include a statutory review clause as it is exempt under section 28(3)(a) of the Small Business, Enterprise and Employment Act 2015.

15. Contact

- 15.1 Ged McMahon at the Department for Business and Trade Telephone: 07919 696 464 or email: Gerard.mcmahon@businessandtrade.gov.uk can be contacted with any queries regarding the instrument.
- 15.2 Matt Ray, Deputy Director for Company Law and Governance at the Department for Business and Trade can confirm that this Explanatory Memorandum meets the required standard.
- 15.3 Kevin Hollinrake MP, Minister for Enterprise, Markets and Small Business at the Department for Business and Trade can confirm that this Explanatory Memorandum meets the required standard.