

Analytical Paper

The Registrar of Companies (Fees) (Amendment) Regulations 2024

The Registrar of Companies (Fees) (Register of Overseas Entities) Regulations 2024

This note provides analysis to support the Statutory Instruments on amending Companies House fees. There are two separate Statutory Instruments being laid to give effect to these changes:

- The Registrar of Companies (Fees) (Amendment) Regulations 2024
- The Registrar of Companies (Fees) (Register of Overseas Entities) Regulation 2024

This analysis covers both Statutory Instruments.

Tax, duties, levies or other charges are not in scope of the definition of Regulatory Provisions, and therefore a full Impact Assessment has not been produced.¹ Following Better Regulation guidance, this note provides proportionate analysis to support Parliamentary scrutiny of the changes to the fee regulations. The regulatory costs and benefits of the legislative changes impacting Companies House were assessed within a comprehensive Impact Assessment published at the Act's introduction to Parliament in September 2022.²

¹ 'Provisions and their impacts are out of scope from the definition of Regulatory Provisions where they are in connection with: imposing, abolishing, varying or in connection with any tax, duty, levy or other charge' See: <https://www.gov.uk/government/publications/better-regulation-framework>

² See: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1105777/1. Impact Assessment from Department for Business Energy and Industrial Strategy.pdf

Contents

Background	3
Fees Modelling and Assumptions	9
Total Cost of Companies House Service Provision	10
Benefits of Fee Change to Business	11
Risks	12
Monitoring and Evaluation	15
Statutory Equality Duties	16

Background

Role of Companies House

1. Companies House - an Executive Agency of the Department of Business and Trade (DBT) - is the public registry for UK limited liability company information. Its main function is to support the UK's Registrars of Companies to:³
 - Incorporate and dissolve limited companies in the UK;
 - Examine and store company information delivered under the Companies Act 2006 and related legislation; and
 - Make this information available to the public.
2. In 2022/23, Companies House incorporated over 800,000 companies and the register included 4.6 million active companies.⁴ While direct international comparisons are difficult to perform due to the different requirements in each jurisdiction (e.g. notary and legal fees, capital requirements), the UK is one of the cheapest countries in the world in which to start a company, with Companies House incorporation fees being among the lowest in the world.⁵ 99% of incorporation applications are processed within 24 hours.
3. Companies House is funded almost exclusively from the fees that it charges. Fees are charged when a company is incorporated and then annually with the filing of the confirmation statement. Fees are also charged for other services such as registering a change of company name or requesting a hardcopy of a document.
4. Fees must be set according to the principle of 'cost recovery' and must align with the costs incurred in providing these services. This is in line with HM Treasury's guidance for government departments 'Managing Public Money' (MPM).⁶ This approach is to ensure that the government neither profits at the expense of service users nor makes a loss for taxpayers to subsidise.
5. The last Companies House fees amendment took place in 2016, where a small number of fees were amended. Within this fees review, Companies House are amending a total of seventy fees to align the fees to cost recovery, following external inflationary pressures. In addition, the Economic Crime and Corporate Transparency Act has expanded the fee raising powers to recover a wider range of costs through Companies House fees. This Act has also expanded the roles and functions carried

³ For more information see: <https://www.gov.uk/government/organisations/companies-house/about>

⁴ See <https://www.gov.uk/government/statistics/companies-register-activities-statistical-release-2022-to-2023/companies-register-activities-2022-to-2023>

⁵ See, for example: <https://businessfinancing.co.uk/cost-of-starting-a-business-in-every-country/>

⁶ See:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1174979/Managing_Public_Money_-_May_2023_.pdf: Chapter 6, page 49

out by Companies House, resulting in increased costs which need to be met by increases in fees.

Economic Crime and Corporate Transparency Act 2023

6. Following the Corporate Transparency and Register Reform White Paper published in February 2022, and building on the recently enacted Economic Crime (Transparency and Enforcement) Act (ECTEA) 2022, the Economic Crime and Corporate Transparency Act (ECCTA) 2023 received Royal Assent in October 2023.⁷
7. The ECCTA aims to reform the role of Companies House and improve transparency over UK companies and other legal entities to strengthen our business environment, support our national security and combat economic crime, whilst delivering a more reliable companies register to underpin business activity.⁸
8. Prior to the ECCTA, Companies House performed some intelligence and enforcement activities within scope of the Companies Act 2006, which were funded through Spending Review settlements. Part 1 of the ECCTA gives the Registrars the expanded powers necessary to tackle organised crime and money laundering and improve the quality and reliability of the information on the register.
9. To deliver the policy objectives of the ECCTA, it is therefore necessary to amend some of the existing fees Companies House charges users, as the cost of service provision has changed. Without amendments to Companies House fees, there would not be sufficient funding to implement the reforms outlined within the ECCTA and ECTEA.
10. The biggest driver to the increase in fees is the funding of the new functions enabled by the ECCTA. These costs are to be met by the fees that are charged at incorporation and then annually to remain on the register. This will include increasing funding for intelligence, investigation and enforcement activities undertaken by both Companies House and the Insolvency Service, and also to enable Companies House to make use of the Registrars' new powers within the ECCTA. These include, but are not limited to, the following policy objectives:⁹
 - Broadening the Registrar's powers so that the Registrar becomes a more active gatekeeper over company creation and custodian of more reliable data concerning companies and other UK registered entities;

⁷ One of the objectives of the Economic Crime (Transparency and Enforcement) Act 2022 is to prevent and combat the use of land in the UK for money laundering purposes by increasing the transparency of beneficial ownership information relating to overseas entities that own land in the UK. The Act therefore creates a register of the beneficial owners of such entities. The register is held by Companies House and made public. For further details on the Register of Overseas Entities, see: <https://www.gov.uk/government/collections/register-of-overseas-entities>

⁸ See: <https://www.gov.uk/government/publications/economic-crime-and-corporate-transparency-bill-2022-factsheets/fact-sheet-economic-crime-and-corporate-transparency-bill-overarching>

⁹ See: <https://publications.parliament.uk/pa/bills/cbill/58-03/0154/en/220154en.pdf>

- Introducing identity verification requirements for all new and existing registered company directors, People with Significant Control, and those delivering documents to the Registrar;
 - Providing the Registrar with more effective investigation and enforcement powers and introducing better cross-checking of data with other public and private sector bodies;
 - Amending the Register of Overseas Entities to maintain consistency with changes made to the Companies Act 2006.
11. The remainder of the fee increases are to meet the increased costs of delivering a range of specific services (see paragraphs 14 and 21 below for further details).
12. The fees that are charged in respect of the Register of Overseas Entities are currently set administratively. As such, the cost of enforcement activity cannot be included. By placing these fees into regulations, and enabling Parliamentary scrutiny, these fees will in future be able to be used to fund enforcement.

Fees Amendments

13. All fees that are, and will be, set in regulations, have been reviewed through this fees review. The table below outlines the fees that are subject to change.

14. The services highlighted in bold show the fees which contain costs in relation to the detection, investigation or prosecution of offences, or the recovery of the proceeds of crime, following the new fee raising powers within the ECCTA.

Figure 1: Summary of fee changes

Service	Who will be affected?	How is the fee being changed?
Incorporation (digital)	Limited Companies	Amended
Incorporation/Registration (software)	Limited Companies, Limited Liability Partnerships (LLPs),	Amended
Incorporation/Registration (software same day)	Limited Companies, Limited Liability Partnerships (LLPs)	Amended
Incorporation/Registration (paper)	Limited Companies, Unlimited Companies, Limited Liability Partnerships (LLPs), Limited Partnerships (LPs), Scottish Limited Partnerships (SLPs), S1040 Companies, Overseas Companies	Amended
Incorporation/Registration (paper)	Scottish Qualifying Partnerships (SQPs)	Fee added to regulations
Registration in Welsh language (paper)	Limited Liability Partnerships (LLPs)	Fee removed from regulations
Incorporation when also registering as community interest company (paper)	Community Interest Companies	Fee removed from regulations
Incorporation of unlimited company	Unlimited Companies	Fee removed from regulations
Incorporation/Registration (paper same day)	Limited Companies, Limited Liability Partnerships (LLPs), Limited Partnerships (LPs), Overseas Companies	Fee removed from regulations
Confirmation statement (digital and software)	Limited Companies, Limited Liability Partnerships (LLPs)	Amended
Confirmation statement (paper)	Limited Companies, Limited Liability Partnerships (LLPs)	Amended
Confirmation statement (paper)	Scottish Limited Partnerships (SLPs), Scottish Qualifying Partnerships (SQPs)	Fee added to regulations

Service	Who will be affected?	How is the fee being changed?
Confirmation statement (digital)	Scottish Limited Partnerships (SLPs), Scottish Qualifying Partnerships (SQPs)	Fee added to regulations
Registration of annual accounts (paper)	Overseas Companies	Amended
Registration of annual accounts (digital)	Overseas Companies	Fee added to regulations.
Register of overseas entities registration (digital and paper)	Overseas Entities	Fee added to regulations
Register of overseas entities update (digital and paper)	Overseas Entities	Fee added to regulations
Register of overseas entities deregistration (digital and paper)	Overseas Entities	Fee added to regulations
Registration of charge (digital)	Limited Companies, Limited Liability Partnerships (LLPs)	Amended
Registration of charge (paper)	Limited Companies, Limited Liability Partnerships (LLPs), UKEIG	Amended
Administrative restoration (paper)	Limited Companies, Limited Liability Partnerships (LLPs)	Fee added to regulations
Change of name (digital)	Limited Companies	Amended
Change of name (digital same day)	Limited Companies	Amended
Change of name (paper)	Limited Companies, Limited Liability Partnerships (LLPs), Overseas Companies, UKEIGs	Amended
Change of name (paper same day)	Limited Companies, Limited Liability Partnerships (LLPs), Overseas Companies	Fee removed from regulations
Voluntary strike off (digital)	Limited Companies, Limited Liability Partnerships (LLPs)	Fee amended and added to regulations
Voluntary strike off (paper)	Limited Companies, Limited Liability Partnerships (LLPs)	Amended
Reduction of capital (paper)	Limited Companies	Amended
Reduction of capital (paper same day)	Limited Companies	Amended
Reduction of capital (digital)	Limited Companies	Fee added to regulations
Reduction of capital (digital same day)	Limited Companies	Fee added to regulations

Service	Who will be affected?	How is the fee being changed?
Re-registration (paper)	Limited Companies	Amended
Re-registration (paper same day)	Limited Companies	Fee removed from regulations
Registration of a UK establishment of an EEIG (paper)	EEIGs	Amended
Registration of a public company by conversion of a UK Societas (paper)	UK Societas	Amended

Fees Modelling and Assumptions

15. In line with HM Treasury's guidance for government departments 'Managing Public Money', Companies House's fees for each product are determined by calculating the total cost of each service and then dividing this by the expected product volumes for each service.¹⁰
16. The Companies House fees have been modelled using a 2024/25 pricing year and therefore, the fees reflect the expected cost recovery in 2024/25. The direct costs of each service are the forecast costs for delivering existing and new services, formally agreed through robust internal and external governance processes.
17. Existing services are impacted by increasing prices, as a result of current inflationary pressures. The latest Office of Budget Responsibility (OBR) inflationary forecasts have been used to model the increase in costs of our existing services.¹¹
18. The fee raising power within the ECCTA allows Companies House and the Insolvency Service to fund existing and new service costs in relation to the detection, investigation or prosecution of offences, or the recovery of the proceeds of crime. The specific fees which contain these new service costs have been broken down in the 'Fee Amendments' section. This introduces an element of discretion to the fees, as the costs arising from these activities are a function of the amount of work that Ministers wish to be performed. Following extensive modelling by Companies House, the Government has set the incorporation fee at £50. The annual fee, paid alongside the filing of the first confirmation statement, has been determined through the remaining net funding required for Companies House and the Insolvency Service to carry out the additional volume of work set.
19. Existing Companies House fees, in scope of this fees review, have also been updated to reflect underlying process changes, impacts of transformation programme and changes to customer behaviour (e.g. greater digital uptake) as a result of the ECCTA implementation.
20. The indirect costs, such as office accommodation expenditure, to Companies House and the Insolvency Service are apportioned using activity-based costing methodology. This ensures that the fee attached to each product equals the actual cost of delivering the service, in line with Managing Public Money principles.

¹⁰ See:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1174979/Managing_Public_Money_-_May_2023_.pdf

¹¹ See:

https://view.officeapps.live.com/op/view.aspx?src=https%3A%2F%2Fobr.uk%2Fdocs%2Fdml_upload_s%2FEconomy_supplementary_tables_March_2023.xlsx&wdOrigin=BROWSELINK

Total Cost of Companies House Service Provision

21. The estimated changes in costs recovered by fees in 2024/25 are outlined in the table below.

Figure 2: Changes in costs recovered by fees

Service	Change in fee recovery of existing services	Change in fee recovery of reforms within ECCTA	Total change in fee recovery
Intelligence and Enforcement	£0m	£111m	£111m
Identity Verification	£0m	£13m	£13m
Filing	£7m	£0m	£7m
Get Company Information	£3m	£0m	£3m
Grand Total	£10m	£124m	£134m

22. The estimated changes in overall fee recovery in 2024/25, when compared to existing fee recovery is outlined in the table below.

Figure 3: Changes in overall fee recovery

	2024/25
	£m
Proposed fee recovery under this Statutory Instrument	214
Current fee recovery	(80)
Increase in fee recovery	134

Benefits of Fee Change to Business

23. The most significant benefits that will arise from the new fee raising powers delivered as part of the ECCTA, are not quantified. This is primarily due to a lack of available evidence on the costs of economic crime to society. These benefits include:

- **Support legitimate enterprise and the UK’s reputation as a secure place to do business**, including through improving the trustworthiness and accuracy of companies register, which businesses use for due diligence and credit reference decisions. BEIS research, ‘valuing the user benefits of Companies House data’, conducted in 2019, estimated that the willingness of users to pay for Companies House data is around £2,000 per user a year, with higher values enjoyed by those that use it most (around £3,200 a year).¹² Aggregated, this is valued in excess of £1-3 billion a year. It is anticipated through these reforms, the value of this data will improve through more accurate information on the register and better business decisions from access to it.

- **Reduce the societal costs associated with crime, particularly economic crime.** It is widely known that there are significant costs associated with crime. Given its nature, it is challenging to quantify the tangible (e.g costs of stolen good) and intangible (e.g trauma) costs of crime to society. Estimates have been produced suggesting the scale of the cost. For example, the National Crime Agency assess there is a realistic possibility that the scale of money laundering impacting on the UK – including through UK corporate structures or financial institutions – is in the hundreds of billions of pounds annually.¹³ While Companies House is one player in a broader ecosystem geared towards tackling economic crime (including both public sector and private organisations, including in the banking sector), the delivery of the new powers are expected to reduce the costs associated with economic crime in two broad ways:
 - i. Better supporting law enforcement organisations in their direct role deterring, detecting, and preventing crime, through proactive sharing of valuable data and analysis.
 - ii. An increased ability to disrupt, deter and prevent the use of corporate vehicles in the UK to facilitate economic crime, and deterrence against doing so.

¹² See: <https://www.gov.uk/government/publications/companies-house-data-valuing-the-user-benefits>

¹³ See: <https://www.nationalcrimeagency.gov.uk/who-we-are/publications/533-national-strategic-assessment-of-serious-and-organised-crime-2021/file>

Risks

24. The size of the register is relatively stable and generally predictable where there are no substantial macroeconomic events. However, behaviour is more difficult to determine where wide-reaching events occur (e.g. Covid-19).
25. As outlined in the Act's Impact Assessment, there is a risk that uplifting fees or measures to deliver increased transparency and accountability over who owns and controls UK business, will deter legitimate businesses trying to incorporate, as well as impacting the illegitimate business we are seeking to deter.
26. The impact of the ECCTA on Companies House's register size and therefore, transaction volumes, is difficult to forecast given the unprecedented reforms to the Registrars' powers. The reforms introduced within the ECCTA apply additional barriers for entities to maintain status on the register and historical events on the register size have been assessed to identify the potential impact.
27. BEIS research found that small company owners – those most likely to dissolve - place a high value on incorporation, a study from 2020 found the value of company incorporation overall ranges from approximately £4,000 per business per year for companies with zero employees to approximately £8,000 per business per year for companies with 5-9 employees.¹⁴
28. This research also found an annual fee of £50 (2021 prices, £54 in 2023 prices) per year would reduce the total number of businesses operating as companies by about 1%. We therefore expect the impact of a fee in this range on the number of legitimate businesses to be limited, especially as many of those businesses that might dissolve would continue to operate as sole traders:

¹⁴ See:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1023725/understanding-reasons-for-incorporation-policy-summary.pdf

Figure 4: Estimated number of small limited liability companies at various fee prices ('000s of limited liability companies)

Annual fee for business registration	LLCs (0 employees)	Compared to "current" demand (%)	LLCs (1-9 employees)	Compared to "current" demand (%)	Total LLCs (0-9 employees)	Total Compared to "current" demand (%)
£0	951	101%	854	100%	1,805 [+10]	101%
£15	944	100%	850	100%	1,794 [-]	100%
£50	929	98%	841	99%	1,770 [-24]	99%
£100	908	96%	829	98%	1,737 [-57]	97%
£500	755	80%	737	87%	1,492 [-303]	83%
£1,000	599	63%	636	75%	1,235 [-559]	69%
£2,500	299	32%	409	48%	709 [-1,086]	39%
£5,000	94	10%	196	23%	291 [-1,504]	16%

Source: Understanding the Reasons for Incorporation, BEIS, October 2021

29. Whilst the research indicates that the cost of incorporating will have a small impact on the demand for incorporation, little research has been performed which robustly outlines the impact of the new requirement introduced by the ECCTA for all company officers to have their identity verified and the implementation of the Registrars' powers through legislative reform. Furthermore, there is a specific policy intent to remove erroneous filings from the register, and to prevent erroneous filings in the future. This means that the register size might fall by more than our research predicts, so the impact of the legislation on Companies House's register size and therefore, transaction volumes, is difficult to forecast.
30. It is necessary to consider the future impact of incorporation levels and the total active register following legislation, given the bearing on Companies House's transaction volumes and ability to recover the cost base of delivering services. DBT and Companies House will monitor this as the reforms are implemented.
31. As Companies House fees are materially sensitive to the size of the register, fees have been adjusted to reflect the estimated impact on the register as a result of the legislation. There is limited research on the impacts on the register size following legislative reform and therefore, the unusual growth in the register seen during Covid-19 has been used a proxy for the estimated decline. This proxy is considered to represent the portion of businesses who will likely dissolve as a result of the additional administrative requirements.

32. The period between March 2020 and March 2023 has seen a 7.5% year-on-year growth rate when compared to the 3-3.5% annual growth in the register which would typically be expected. Therefore, an annualised 7.5% cumulative monthly decline has been applied over the 12-month period to 31st March 2025. This gives a total forecast register size of 4.7m entities at 31st March 2025 (compared to 5.1m entities at 1st April 2024) which reduces the costs needed to run the associated services by £7.5m. The estimated decline in fee income and subsequent resource requirements has been calculated in the overall fee values presented. The uncertainty of the register size is further mitigated by the next fees review to be conducted by 1st April 2025, which will confirm or amend the fee levels to ensure continued compliance with cost recovery principles.

Monitoring and Evaluation

33. DBT and Companies House have developed an approach to monitoring and evaluating the reforms. This includes setting up data processes, identifying key metrics, and research to assess the longer-term success of the reforms.
34. Companies House and DBT will monitor the impacts of the reforms being made to Companies House a) as these reforms are introduced and b) on an ongoing basis to help understand the impact of the changes being made at Companies House. Some of these metrics will be relevant to the fee change, such as enforcement and investigation activity metrics, which will likely include:
 - Number of times Companies House intelligence hub has shared data with other organisations;
 - Number of times other organisations have shared data with Companies House through the intelligence hub;
 - Number of times the new querying power is used (and type of query)
 - Number (and type) of financial penalties imposed by the Registrar.
35. Companies House and DBT are also scoping projects to evaluate the long-term success of the reforms, which again may be relevant to the fee change. This includes repeating the externally commissioned research valuing the data on the company data, which was valued in excess of £1-3 billion a year. This would test whether the value of the data has increased and include whether identity verification had increased the value of the data.
36. The evidence collected through monitoring and evaluation for the reform package as a whole will be presented in different outputs. These include Companies House implementation reports to Parliament and relevant Post Implementation Reviews.

Statutory Equality Duties

37. The Equality Act 2010 protects against unlawful discrimination based on the following protected characteristics:

- Age
- Disability
- Gender reassignment
- Marriage and civil partnership
- Pregnancy and maternity
- Race
- Religion or belief
- Sex and sexual orientation

38. The Department for Business and Trade is subject to the public sector equality duty set out in the Equality Act 2010. It requires public bodies to have due regard to the need to:

- Eliminate unlawful discrimination, harassment, victimisation and any other conduct prohibited by the Act
- Advance equality of opportunity between people who share a protected characteristic and those who do not, and
- Foster good relations between people who share a protected characteristic and those who do not

39. An equality analysis is an important mechanism for ensuring that we gather data to enable us to identify the likely positive and negative impacts that policy proposals may have on certain groups and to estimate whether such impacts disproportionately affect such groups. We will continue to have regard to the aims of the public sector equality duties and, at this stage, make the following assessment of the proposals against each of the three aims.

40. We considered potential and likely impacts of the proposal on the three aims of the public sector equality duty. Our findings are provided below.

Aim one: eliminate unlawful discrimination, harassment, victimisation and any other conduct prohibited by the Act

41. The proposal in question relate to fees paid by corporate bodies. They thus apply to legal entities and limited burdens are placed on individuals directly. Individuals can be affected indirectly in their role, for example, as a company director (or aspiring company director). As outlined under the risks section, we expect the impact of a fee in this range on the number of legitimate businesses to be limited. Thus we do not foresee any clear negative impacts on the individual level, and no reason to expect any disproportionate negative impact on those protected by the Equality Act 2010.

Aim 1 Assessment

Protected Characteristic	Expected Impact
Disability	None
Race	None
Age	None
Gender reassignment	None
Religion or belief	None
Pregnancy & Maternity	None
Sexual orientation	None
Sex	None

Aim two: advance equality of opportunity between people who share a protected characteristic and those who do not

42. Our assessment for aim one largely applies here as well. We have not identified any existing barriers to individuals within the framework, and the proposals assessed here do not impose any new barriers on the individual level that would affect individuals or groups with protected characteristics disproportionately. Indeed, 2021 BEIS research found the value of incorporation for owners of limited liability companies and sole traders to be between £4,010-£7,950 and £1,180-£2,960 respectively (depending on size). These values are relatively consistent when disaggregating by gender and ethnicity.

Aim 2 Assessment

Protected Characteristic	Expected Impact
Disability	None
Race	None
Age	None
Gender reassignment	None
Religion or belief	None
Pregnancy & Maternity	None
Sexual orientation	None
Sex	None

Aim three: foster good relations between people who share a protected characteristic and those who do not

43. Again, our assessment for aim one also applies here.

Aim 3 Assessment

Protected Characteristic	Expected Impact
Disability	None
Race	None
Age	None
Gender reassignment	None
Religion or belief	None
Pregnancy & Maternity	None
Sexual orientation	None
Sex	None

Conclusion

44. We conclude that the measure should have no adverse or disproportionate negative impact on persons or groups with a protected characteristic and no steps need to be taken to advance equality of opportunity and foster good relations because of or in relation to them.

45. The measures under this proposal are not expected to give rise to discrimination, harassment, victimisation, or any other conduct prohibited by or under the Equality Act 2010. Further, they do not make specific or direct provision in respect of any of the protected characteristics, and they are not expected to result in outcomes where people who share particular protected characteristics are treated differently from people who do not. They are not expected to give rise to a direct or indirect impact on individuals because of any protected characteristic they may have.
46. On this basis, we do not consider it is necessary or proportionate to seek further evidence to support this assessment, or to recommend any changes to our existing plans. The department does not intend to monitor in relation to Public Sector Equality Duty specifically.