



Are you ready for the register of People with Significant Control (PSC)?

On 6 April 2016 regulation will come into force whereby **all** UK companies (other than publicly traded companies) and limited liability partnerships (LLPs) will be required to identify and record relevant persons who ultimately have significant control of the company/LLP.

Companies/LLPs will need to keep a register of people with significant control ('PSC register') in preparation for the need to file this information at Companies House from 30 June 2016.

How to identify a person with significant control

In respect of a Company, the person must meet one of the following conditions:

- holds, directly or indirectly, more than 25% of the shares in the company;
- holds, directly or indirectly, more than 25% of the voting rights in the company;
- has, directly or indirectly, the power to appoint or remove the majority of the board of directors of the company;
- otherwise has the right to exercise or actually exercises significant influence or control over the company; and
- has the right to exercise or actually exercises significant influence or control over a trust or firm that is not a legal entity, which in turn satisfies any of the first four conditions over the company.

In respect of an LLP, the person must meet one of the following conditions:

- holds, directly or indirectly, the right to share in more than 25% of any surplus assets of the LLP on a winding up;
- holds, directly or indirectly, more than 25% of the rights to vote on those matters which are to be decided upon by a vote of the members of the LLP;

- holds, directly or indirectly, the right to appoint or remove the majority of the persons who are entitled to take part in the management of the LLP;
- has the right to exercise, or actually exercises, significant influence or control over the LLP;
- has the right to exercise, or actually exercises, significant influence or control over the activities of a trust or firm that, under the law by which it is governed, is not a legal person but would meet any of the other specified conditions in relation to the LLP, or would do so if it were an individual.

Where you have identified that any of these criteria are met, you are then obliged to write to the relevant person for confirmation. The recipient of such letters is legally obliged to respond to the letter.

Confirmation statement

Unlike the Annual Return, there will be no set date on which the confirmation statement needs to be made and it can be made at anytime provided no more than 12 months elapse between two confirmation statements. The initial confirmation statement date will be the annual return date, unless it has been changed by the early submission of a confirmation statement.

The information that will be confirmed covers broadly the same as the existing Annual Return, except that it will also cover the information on people with significant control.

Penalties for non-compliance

The aim of these new regulations is to provide greater transparency as to the ultimate ownership of companies and prevent UK companies from being used to shelter funds obtained through nefarious means. As such, there are serious penalties for non-compliance, with failure to comply being a criminal act by both the company and its directors.

Please click on this link for the summary guidance
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/496738/PSC_register_summary_guidance.pdf

Please click on this link for the full guidance
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/502114/Non-statutory_guidance_for_companies_SEs_and_LPS_V6_.pdf

How can we help?

Companies and LLPs need to take action **NOW** to identify those individuals that will be affected and put procedures in place to ensure they can meet their record keeping and filing obligations.

McBrides will be happy to assist you in this process so either contact your normal McBrides contact or email info@mcbridesllp.com

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