

Company ownership and control – PSC register

Your business will need to keep a record of people with significant control and file details with Companies House. The legislation impacts incorporated companies limited by shares, companies limited by guarantee, unlimited companies, Societas Europaea companies and limited liability partnerships, which will be required to keep a people with significant control (PSC) register from 6 April 2016 and file relevant details at Companies House from 30 June 2016. Failure to comply is a criminal offence, and may result in a fine and or a prison sentence of up to two years.

This guide provides basic information to help you understand the new requirements.

Basic obligations

The basic obligations on directors or partners are that they:

- must take reasonable steps to find out if there are people who have significant control over the company
- should contact these people, or others who might know them, to confirm whether they meet one or more of the identification conditions and, if they do, get the relevant information to go on the company's PSC register
- must put the information and progress updates on the company's own PSC register
- must extract PSC information and file certain information at Companies House to be made available on the central public register
- must keep the information up to date.

Identification of a PSC

A PSC is an individual who meets one or more of the following conditions:

1. directly or indirectly holds more than 25% of the shares
2. directly or indirectly holds more than 25% of the voting rights
3. directly or indirectly holds the right to appoint or remove a majority of directors
4. otherwise has the right to exercise, or actually exercises, significant influence or control
5. has the right to exercise, or actually exercises, significant influence or control over the activities of a trust or firm that is not a legal entity, but would itself satisfy any of the first four conditions if it were an individual.

Notes to the above conditions:

- If one of the first three points is met you do not have to consider the others.
- The fourth point is open to interpretation and is an area that may be confusing for some.

Examples are within the statutory guidance and include:

- where a person has absolute decision rights over decisions related to the running of the business of the company, for example relating to:
 - a) adopting or amending the company's business plan
 - b) changing the nature of the company's business
 - c) making any additional borrowing from lenders
 - d) appointment or removal of the CEO
 - e) establishing or amending any profit-sharing, bonus or other incentive scheme of any nature for directors or employees
 - f) the grant of options under a share option or other share-based incentive scheme.

Information required for the register

The details required are:

- name
- date of birth
- nationality
- country, state or part of the UK where the PSC usually lives
- service address
- usual residential address
- date he or she became a PSC in relation to the company (for existing companies, 6 April 2016 should be used)
- which conditions for being a PSC are met.

It is important to note the requirement that the wording on the progress of obtaining the required PSC details must be recorded in the company's PSC register as well as when filing with Companies House. This includes entries where the company has no PSCs or registrable persons, unidentified PSC, unconfirmed particulars and taken and is taking reasonable steps identifying registrable persons.

The guidance states that 'You should date all entries on your company's PSC register.' It also states that 'where any of the above statements are no longer applicable, you must enter that on your company's PSC register along with the date on which the statement ceased to be true'.

This information is provided for general guidance only. Please contact us if you require advice on any specific part thereon.