



1



2



3

JSPenny
+ Consulting

The ECCTA 2023

The Economic Crime and Corporate Transparency Act 2023



4

4

JSPenny
+ Consulting

ECCTA

The Economic Crime and Corporate Transparency Act 2023, has been on the horizon for quite a while
It follows on from the Economic Crime (Transparency and Enforcement) Act 2022
In part it is a response to the Russian invasion of Ukraine and the realisation that rather than Britain being a "good place to do business in" it had also become a good place for criminal activity, including money laundering



5

5

JSPenny
+ Consulting

The ECCTA

The Act received royal assent on 26 October 2023
It is statutory instrument number 2023/56
Much of the Act took effect 2 months after this date
Significant exceptions include many of the points most relevant to accountants



6

6

JSPenny
+Company

ECCTA

The Act has three key objectives

- Prevent organised criminals, fraudsters, kleptocrats and terrorists from using companies and other corporate entities to abuse the UK's open economy
- Strengthen the UK's broader response to economic crime, in particular giving law enforcement new powers to seize crypto assets and enabling businesses in the financial sector to share information more effectively to prevent and detect economic crime
- Support enterprise by enabling Companies House to deliver a better service for over four million UK companies and to improve the reliability of its data to inform business transactions and lending decisions

7

7

JSPenny
+Company

Areas of change

The Act impacts several areas relevant for accountants including:

- The Companies Act
- Companies House reform, including digitisation
- Company and LLP name requirements
- Identification verification requirements for relevant individuals
- More stringent requirements for limited partnerships (LPs)
- Changes to some law enforcement and regulators' powers

8

8

JSPenny
+Company

Companies House changes

New Objectives

- To ensure that any person required to deliver documents to the registrar does so
- To ensure information in the register is accurate and complete
- To ensure records are not false or misleading
- To prevent companies etc carrying out or facilitating unlawful activities



9

9

JS Penny
Companies

Companies House changes

Stop Press - IDV may be H 1 2025!

Key changes	When	Comments
ID verification will be required for all Directors, PSCs, Members of LLPs, those filing information at Companies House	Needs systems development and secondary legislation, may take 2-3 years	Companies house will be able to verify identity or Authorised Corporate Service Providers (ACSPs) such as accountants or lawyers will be able to do this
Company accounts filing will need to be online	Needs systems development and secondary legislation, may take 2-3 years	Online filing is possible now for most entities, but capability needed for some
Small and micro companies will not have filing or abridging options for their accounts	Needs systems development and secondary legislation, may take 2-3 years	Possibility that small/micro P/L won't be publicly available, but needs secondary legislation

10

10

JS Penny
Companies

Companies House changes

Key changes	When	Comments
Tighter rules on company names - Companies House can change the name itself if company does not do so within 28 days if required	4/3/24	Must not imply: illegality or intent to facilitate fraud, association with a country/state or regulator when this is not the case, contain computer code, or be likely to cause offence
New registered office requirements - no PO boxes and must supply email address	4/3/24	For existing companies they will supply an email address on their next confirmation statement
New powers for Companies House to allow them to check, remove or decline information submitted	4/3/24	Penalties also created for not supplying required information

11

11

JS Penny
Companies

Companies House changes

Key changes	When	Comments
New statement required on incorporation and annually that company formed and run for lawful purpose	4/3/24	This will make it easier to prosecute if not run for lawful purpose and will serve as a reminder
New fees	1/5/24	Higher fees, but as before online cheaper than paper
More stringent Limited partnership rules	Needs secondary legislation (now expected 2024)	Details of partners required and a UK registered office necessary

12

12

JSPenny Consulting

Comparison of Companies House charges

Transaction for company (LLPs have equivalent fees)	Channel	New fee from 1 May 2024 £	Old fee
Incorporation	Software	50	10
Incorporation	Digital/web	50	12
Incorporation	Paper	71	40
Incorporation (same day)	Software	78	30
Confirmation statement	Digital/software	34	13
Confirmation statement	Paper	62	40

13

13

JSPenny Consulting

ID verification changes

14

14

JSPenny Consulting

Identity verification (IDV) – once required



This will apply to:

- All new and existing company directors
- All members of an LLP
- All PSCs (persons of significant control)
- All those delivering documents to the registrar unless ACSPs

It will be done either:

- Directly by Companies House using software or
- By an ACSP (Authorised Corporate Service Provider)

15

15

 

ID verification changes

Whilst the primary legislation is in place, the required changes cannot happen until secondary legislation and guidance has been issued and the necessary systems changes at Companies House have been made

As we get closer to that consider:

- Telling clients that these changes are coming
- Reviewing your own client identity procedures
- Considering whether you might want to become an Authorised Corporate Service Provider and provide an identity verification service

16

16

 

ACSPs

Only Authorised Corporate Service Providers (ACSP) will be able to submit documents to Companies House on behalf of clients.

To become an ACSP your firm will need:

- to be registered with an AML supervisory body (required for accountants in any case)
- be authorised by the Registrar

ACSPs will also be able to undertake the ID verification requirements, but these will need to achieve the same level of assurance of the claimed identity as those undertaken directly by Companies House.

ACSPs will have to declare that they have completed all necessary ID checks when they interact with the Registrar

17

17

 

Preparing for changes

You can use this time to consider your current policies and procedures and how easy it might be to offer an ID verification service

As the detailed guidance on what will be required for ACSPs providing ID verification have not been issued yet, at this stage you will just need to consider the broad issues involved, for example:

- Do I have a dedicated team to deal with ID?
- What volume of new clients do I have and could existing teams deal with more stringent identity checks?
- Do my existing policies ensure I can easily check that I have verified the identity of each relevant individual (ie it is clearly documented and accessible)?
- Do I currently use electronic or biometric check?

18

18

+ JSPenny
+ Consulting

Failure to prevent fraud offence for large companies



19

19

+ JSPenny
+ Consulting

Failure to prevent fraud offence for large corporates

New offence which applies to large companies per standard definition ie meeting 2 out of 3 of:

- More than 250 employees
- More than £36m turnover
- More than £18m total assets

Responsibilities will be similar to requirements to prevent criminal facilitation of tax evasion, so:

- Reasonable procedures to prevent fraud
- Applies across group where the thresholds met, either via parent or subsidiary
- Guidance required on what reasonable procedures are and offence only active once issued

20

20

+ JSPenny
+ Consulting

Changes to accounts filing



21

21

JS Penny
+ COMPANY

Accounts filing

Changes are to what is filed, not the underlying standards which are as before (albeit revised FRS 102 when issued will take effect for APC on or after 1/1/26)

Companies Act will require small and micro entities to deliver accounts in accordance with s396 which in effect requires filing a P/L

Small companies will also need to deliver a directors' report (but not micros)

No more abridged accounts

Statement regarding the relevant audit exemption criteria required

Digital filing will be required, and encouraged now where possible

22

22

JS Penny
+ COMPANY

Filing requirements – once secondary regulations issued

	Small	Micro
Balance Sheet	Yes	Yes
Profit and loss	Yes	Yes
Directors' report	Yes	No (optional)
Statement regarding criteria for audit exemption (if no audit)	Yes	Yes
Digital filing required (may be implemented later than above)	Yes	Yes
P/L available to view publicly?	Not yet known	Not yet known

23

23

JS Penny
+ COMPANY

Size limits and planned changes –summer 2024

Current limits	Small – not more than	Proposed small limits	Micro – not more than	Proposed micro limits
Turnover	£10.2m	£15m	£632,000	£1m
Balance Sheet Total	£5.1m	£7.5m	£316,000	£500,000
Employees	50	50	10	10

24

24

JPenny
+ COMPANY

Implications of changes

The ECCTA included an option for the Secretary of State to make Regulations that would mean that the P/L of small and/or micro entities shouldn't be publicly visible

Companies House have not commented on this in any of their blogs and it could be that no such Regulations are made

This means the privacy of information for small companies in terms of their profitability might be significantly impacted, if P/L publicly available

In future, filing is expected to be required to be fully digital, so it might be helpful to start moving clients to digital accounts filing where possible well before this

25

25

JPenny
+ COMPANY

Software providers – questions to ask

When will software be updated for the changes?
BrightCoSec already updated

Is your software company providing training where needed?
Remember it is only filing that will change, not the accounts in a wider sense.



26

26

JPenny
+ COMPANY

Software implications

Do you have clients who currently file in paper format?
Can you switch them to online filing now?
Consider changes to your practice workflows that may be desirable or required for digital only filing
What tools might you want/need?
If clients continue to want paper filing remember to build the costs into your fee structures and inform them that in future digital filing will be required.



27

27

JSPenny
+ Consulting

Timeline of actions

```
graph LR; Now[Now] --> MostlyLater[Mostly later]; MostlyLater --> Later[Later];
```

- Now**
 - Registered office/name requirements
 - Co-sec eg new forms
 - Companies House powers to query
 - Inform clients
- Mostly later**
 - Digital filing – but consider software now
 - Filing of P/L for small/micros
- Later**
 - ID verification requirements for Companies House
 - ACSP status
 - Corporate director restrictions

28

28

JSPenny
+ Consulting

AML points

29

29

JSPenny
+ Consulting

AML compliance

This might be a good opportunity to think about whether your existing AML procedures are still compliant and efficient

You could undertake a compliance review (internally or externally) selecting a sample of clients and ensuring you have:

- ID verification for the client and beneficial owners on a risk sensitive basis
- Know your client (KYC) information about the client, so you will be able to identify anything that looks suspicious and you know who controls the client
- Client risk assessment, so that you can undertake the appropriate amount of CDD (client due diligence) based on the risk
- Ongoing monitoring of the client that is adjusted according to client risk

30

30

JS Penny
Accountancy

Technology and AML

If you don't use technology for your ID verification you could investigate the options available

- Electronic ID checks
- PEP and sanction checks initially and automated monitoring
- Adverse media searches

31

31

JS Penny
Accountancy

Examples of electronic AML services

If using electronic ID verification note that you must consider if the services comply with the requirements of the CCAB AML guidance for the accountancy service

Also note whether checks include ensuring that the person being checked is the right person, or whether additional checks are needed

It is common to still ask for a passport or driving licence as the basis for an electronic ID check so that you have evidence that the name you have been given is the correct name on which to search

32

32

JS Penny
Accountancy

ECCTA changes to communication

Changes are made (s. 188) to prevent any civil liability or confidentiality breach arising where businesses in the regulated sector report that they have taken safeguarding action (eg resigning from acting for a client because of concerns over money laundering) where they have been asked for such information.

This might arise with a professional enquiry letter for example.

However, the CCAB guidance for the accountancy sector has not yet been updated, so it is best to wait for further guidance on this issue.

33

33

JSPenny Consulting

Domestic (UK) PEPs

The [Money Laundering Regulations](#) were changed from 10/1/24 so that domestic PEPs, their family members and known close associates can be regarded, as a starting point, as presenting a lower level of risk than a non-domestic PEP

Enhanced due diligence is still needed for PEPs, but this change will mean that the level of EDD applied to UK PEPs is likely to be lower than that for foreign PEPs, unless there are some factors apart from their PEP status that make them higher risk

34

34

JSPenny Consulting

Communicating with clients and staff/partners



35

35

JSPenny Consulting

Communications



Staff / partners – ensure aware of:	Clients
Changes regarding Companies House requirements that took effect 4/3/24	Develop communication plan considering which types of client need to know what (clients won't want unnecessary communication)
Planned changes to accounts filing requirements	Consider an article or blog on your website
Planned changes to ID verification for Companies House	Ensure that you mention the changes when talking with clients, so they are not surprised
Planned changes to ability to have corporate directors	

36

36

Client awareness

Communications could include:

- New fees at Companies House – from 1/5/24
- Changes to registered office requirements - from 4/3/24
- Requirement to state company is for lawful purpose – from 4/3/24
- Identity verification changes – timing TBC
- New restrictions on corporate directors (not yet commenced) which will mean all directors of a corporate director must be natural persons with their ID verified
- New corporate fraud offence if you have any large clients

37

Questions



38

Resources

New Forms and factsheets	Further reading
Companies House new powers to tackle fraud, persecution	https://changetoukcompanylaw.campaign.gov.uk/
UK names - new names	https://www.gov.uk/government/publications/economic-crime-and-corporate-transparency-bill-2022-factsheet/fact-sheet-economic-crime-and-corporate-transparency-bill-overarching
Company incorporation's new requirements	https://www.gov.uk/government/publications/economic-crime-and-corporate-transparency-bill-2022-factsheet/fact-sheet-economic-crime-and-corporate-transparency-bill-overarching
Report a company using your personal details	
UK office of rules updated	
Companies House removal of information new power	
Information needed on paper documents to Companies House	
UK confirmation statement new form	https://www.gov.uk/government/publications/economic-crime-and-corporate-transparency-bill-2022-factsheet/fact-sheet-improving-transparency-of-company-ownership
Change registered office of company in liquidation, partnership	
Changes to form for ordering certified documents, form 161	
Change registered office of LLP in liquidation or partnership	
Change a registered office address	
Register of Companies rules and orders	
Feuditor's rules	
How to file your confirmation statement	
Foreign companies in the UK registration and filing periods	
Confirmation statement from 5th March 2024	

39

JS Penny Consulting 

Copyright

These slides and any accompanying notes are the property of JS Penny Ltd unless specific written agreement to the contrary has been made. They may be downloaded and printed for personal use but should not be provided to anybody else without express permission from JS Penny Ltd.

Disclaimer

Every care has been taken to ensure that these slides and any accompanying notes are accurate. However, no liability is accepted in respect of errors and readers should understand that the material is provided as an aid to learning and does not constitute specific advice. Should you need specific advice on the application of standards or guidance then please contact julia@jspenny.co.uk

40

40

 + JS Penny Consulting



Thank you for your time

JS Penny Consulting is the trading name of JS Penny Ltd.
Registered Office, The Granary, Hones Yard, 1 Waverley Lane, Farnham, GU9 8BB
Telephone +44 (0)7815 439046 Email julia@jspenny.co.uk Web www.jspenny.co.uk

 

41 

41