

Enterprise Registry and State Revenue Service sharing more information (2/49/20)

From 1 November 2020, Chapter 2 of the amended [Enterprise Registry Act](#) contains rules on reporting information to the State Revenue Service ("SRS").

The Enterprise Registry ("ER") has so far practised passing information to the SRS where an address submitted by a company was already serving as the registered office for at least ten other companies. In those cases the information was passed to the SRS for giving an opinion on that registered office.

The Act now lists cases where the ER will send information to the SRS for verification. Those extra cases involve making entries or registering documents on the ER journal, the Commercial Register, the Register of European Economic Interest Groupings, the Register of Representative Offices, and the Register of Associations and Foundations.

The new rules apply to appointing a board member, an authorised partner, other officer, or a procurator. If a person being appointed to one of those roles is already a board member, an authorised partner, other officer or a procurator in a registered entity, the ER will send this information to the SRS.

Also, where the founder of a company is already a shareholder in two or more private limited companies, the ER will send this information to the SRS, unless the founder is a public person within the meaning of the Structure of Government Act.

Information must also be passed to the SRS on a founder that has been the sole founder or one of the founders in two or more entities entered on those registers within one year before the application is filed.

Enacting a list of cases where the ER will send information to the SRS is based on the need to restrict the operation of trust and company service providers that have failed to provide the SRS with a report on their line of business. This is because providing these sorts of services can help beneficial owners hide behind nominal (fictitious) directors and fictitious owners. Section 45(3) of the Anti Money Laundering and Counter Terrorism and Proliferation Financing ("AML/CTPF") Act requires trust and company service providers to report their line of business to the SRS.

It follows that high AML/CTPF risks in the trust and company services sector are due to difficulties in identifying and monitoring any service providers that have failed to report their line of business in breach of the AML/CTPF Act. It is a fact that trust and company service providers tend to avoid reporting their line of business by stating that they provide legal advice, without specifying trust and company services.

The amendments imply that where the ER sends information to the SRS, ten working days will be added to the time limit for handling the application. In the meantime, the SRS will assess whether more checks are necessary to verify that those persons are not acting as trust and company service providers that have failed to report their line of business to the SRS. On identifying a need to run more checks, the ER has the power to extend the time limit for making a decision for a period of up to three months from receiving the application. Also, if a check results in the SRS finding that trust and company service providers have failed to report their line of business, the ER will refuse to register their documents or to make an entry on any

registers maintained by the ER.

Although the amendments place an additional burden on the ER and the SRS, the goal is to improve the supervision of trust and company service providers and to help verify whether the business they actually carry on has the hallmarks of an entity subject to the AML/CTPF Act.