



## A MOVE TO GREATER CORPORATE TRANSPARENCY

**Following the recent publication of the White Paper on Corporate Transparency and Register Reform, it has become ever more apparent that the overall objective of the Government is to increase transparency in the corporate world.**

We have already seen the acceleration of the Economic Crime Act requiring overseas entities owning UK land to register with Companies House ([see our recent publication](#)). The current political and economic environment we live in means the inevitability of increased scrutiny and requirement for publicly available information.

The proposals indicate a number of Companies House reforms which will likely result in increased administrative burden and cost for small businesses, at a time when many are already struggling with financial pressures.

The benefit currently available that exempts small companies from filing their results will no longer be available, with small and micro companies soon expected to be required to file their profit and loss account, increasing the amount of publicly available (and potentially sensitive) information to competitors. In addition small companies will be required to file a director's report. These changes will not only greatly increase the disclosures of a company's financial performance accessible for free at Companies House, but they will also potentially have credit scoring implications for those same companies. There are presently many lobbying efforts by industry bodies to seek to soften these changes though time will tell as to whether these efforts will lead to any further amendments.

With a number of other proposed changes to Companies House filing requirements, including digital filing and tagging of statutory accounts, the challenge will more likely be the shortening of the accounts filing deadline. The filing deadline for a private company or LLP, dependent on the accounting reference date and incorporation date, is usually 9 months after the financial year end. More recently, many businesses have taken advantage of the additional 3 month temporary Covid filing extension which has recently allowed businesses up to 12 months to produce and file their accounts after the year end. Whilst the legislation has not yet been introduced, the proposal to shorten this deadline to 6 months will be a struggle for businesses.

Companies House will also be given greater power to challenge information that is filed with the Registrar, including where there is a suspected fraudulent or suspicious entry. In addition there are expected to be identity verification requirements for persons associated with the registered entity, although details about how this will operate in practice does not yet exist.

We will continue to monitor the situation, including anticipated timeframes of implementation. However, Please contact your usual Rawlinson & Hunter contact should you require further information or assistance.

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