

# United Kingdom Corporate and Individual Tax and Financial Transparency Bill

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**B I L L**

TO

Require disclosure of various financial information by large companies; to provide for disclosure of beneficial ownership; to require banks to disclose to Her Majesty's Revenue and Customs the identity of certain companies holding bank accounts; to require the publication of the tax returns of individuals with an income of more than a certain level and the largest two hundred and fifty UK companies; and for connected purposes.

**B**E IT ENACTED by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

**1 Disclosure of financial information by large companies**

After section 409 of the Companies Act 2006, add—

**“409A Disclosure of financial information by large companies**

- (1) Section 409(3) shall not apply to a large company.
- (2) A large company shall in addition to the information required by section 409 provide the following additional information with regard to each of its related undertakings—
  - (a) the registered name;
  - (b) jurisdiction of incorporation;
  - (c) company number; 10
  - (d) jurisdictions in which it trades;
  - (e) the trading name it uses in each jurisdiction if different from its registered name;
  - (f) the precise nature of its trade, sufficiently described to ensure its activities can be accurately identified; 15
  - (g) the percentage of the related undertaking controlled by the company
  - (h) a statement of the turnover, net profit before tax, current taxation liability owing, number of employees and their total employment cost and the net assets of the related entity for the 20

- period for which the company is reporting whether such data be audited or otherwise; and
- (i) the web address where the most recent financial statements of the related undertaking prepared in accordance with accounting principles consistent with those used by the company are available for public inspection without charge in a readily accessible format. 5
- (3) If the information required by subsection (2)(i) is not available for any related undertaking then the large company shall publish the relevant financial statements for all its related undertakings on its own web site and make that information available to any person seeking it without charge in a readily accessible format. 10
- (4) In this section, “large company” means a company that is neither a medium sized company as defined by section 465 of the Companies Act 2006 or a small company as defined by section 381 of the Companies Act 2006.” 15

## 2 Disclosure of taxation information by selected large companies

- (1) This section shall apply to the following companies which shall be referred to as disclosable companies –
- (a) all constituent members of the FTSE 100 within any year ending 31 March and those UK tax resident companies that are their related undertakings; 20
- (b) those 50 large companies, not being members of the FTSE 100, that have, when arithmetically combined with their UK resident related undertakings, the largest by value UK taxable profits before the offset of all tax allowances and reliefs of any sort whatsoever in a year ended 31 March; 25
- (c) those 50 large companies, not being members of the FTSE 100 or having been included in the category defined by paragraph (b) above, that have when arithmetically combined with their related undertakings, whether UK resident or not, the largest value of supplies in the United Kingdom, whether chargeable or exempt, for the purposes of value added tax in a year ended 31 March; 30
- (d) those 50 large companies, not being members of the FTSE 100 or having been included in the categories defined by paragraphs (b) and (c) above that have, when arithmetically combined with their UK resident related undertakings, the largest liability to make payment of income tax and national insurance contributions in respect of deductions made from employee income under Pay As You Earn regulations in a year ended 31 March. 40
- (2) HM Revenue & Customs shall publish on its web site in XBRL format on 31 December each year the corporation tax return of any disclosable company received in the twelve month period to 31 March ending in that same calendar year or shall state that no such return has been received and what action is being taken to remedy that defect. 45
- (3) The Secretary of State must lay regulations to give effect to these requirements within 6 months of the passing of this Act, including those penalties that shall apply for failure to notify. The regulations must be in the form of a statutory

instrument and may not be made unless a draft of the statutory instrument has been laid before, and approved by a resolution of, each House of Parliament.

### 3 Disclosure of tax returns of selected individuals

- (1) HM Revenue & Customs shall, no later than 1 March each year arithmetically combine for each tax payer who has submitted a tax return by 31 January in that year in respect of the tax year to the previous 5 April the taxable income of all sorts after the offset of any trading expenses if appropriate and the capital gains after the offset of the cost of acquisition of assets disposed but in each case before the offset of any further allowances and reliefs and then rank the resulting total figure for income and gains shown on those tax returns in descending order of magnitude. 5  
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- (2) HM Revenue & Customs shall publish no later than 15 March in each year the 250 tax returns for the previous tax year ended 5 April that ranked highest on the listing produced in accordance with the provisions of subsection (1).
- (3) The tax returns to be published in accordance with the provisions of subsection (2) shall not be anonymised. 15
- (4) If a person submits a tax return after 31 January in a year that relates to the tax year to the previous 5 April and that tax return would have been included in the ranking referred to in subsection (1) then HM Revenue & Customs will publish that tax return in accordance with the provisions of this Act not later than 4 weeks after its date of receipt but shall not withdraw from publication any tax return already published as a result. 20
- (5) The Secretary of State must lay regulations to give effect to these requirements within 6 months of the passing of this Act, including those penalties that shall apply for failure to notify. The regulations must be in the form of a statutory instrument and may not be made unless a draft of the statutory instrument has been laid before, and approved by a resolution of, each House of Parliament. 25

### 4 Disclosure of beneficial ownership of companies

- (1) In section 113 of the Companies Act 2006, after subsection (2) insert—
  - “(2A) The company shall undertake those actions required by Regulation 5 of the Money Laundering Regulations 2007 (S.I. 2007, No. 2157) to positively identify those persons who are beneficial owners of the shares that it issues and if it does become aware as a result that the person who is recorded as the owner of a share is not the same as the person who has beneficial ownership of that share as defined by those Regulations then it shall in addition to recording the name of the recorded owner of the share also record the name, date of birth and nationality of the beneficial owner that it has identified and the means by which that beneficial owner exercises their control of the share including the identity of any intermediate companies, trusts or other arrangements that act as agents, nominees or alternates on the beneficial owners behalf and under their instruction, whether direct or implicit.” 30  
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- (2) Regulation 6 of the Money Laundering Regulations 2007 shall be amended so that on each occasion when 25% is referred to 10% shall be substituted in its place. 45

- (3) In section 856A of the Companies Act 2006—
- (a) after subsection (2) insert—
- “(2A) The return must state where the person named as the owner of share recorded in subsection (2) differs from that of the person named as the beneficial owner of that share as identified pursuant to the requirements of section 113(2A) of the Companies Act 2006 and must where such statement is made also name that person who is the beneficial owner of the share in question and state their date of birth and nationality and how that beneficial owner exercises their control of the share in question as recorded by the company pursuant to its obligations under section 113(2A) of the Companies Act 2006.”
- (b) after paragraph (b) of subsection (4) add—
- “(c) The information to be supplied under the provisions of this section shall be delivered in machine readable electronic format.”
- (4) In section 856B of the Companies Act 2006—
- (a) after subsection (3) insert—
- “(3A) The return must state where the person named as the owner of share recorded in section (3) differs from that of the person named as the beneficial owner of that share as identified pursuant to the requirements of section 113(2A) of the Companies Act 2006 and must where such statement is made also name that person who is the beneficial owner of the share in question and state their date of birth and nationality and how that beneficial owner exercises their control of the share in question as recorded by the company pursuant to its obligations under section 113 (2A) of the Companies Act 2006.”
- (b) after paragraph (b) of subsection (4) add—
- “(c) The information to be supplied under the provisions of this section shall be delivered in machine readable electronic format.”
- (5) The Secretary of State must lay regulations to give effect to these requirements within 6 months of the passing of this Act, including those penalties that shall apply for failure to notify. The regulations must be in the form of a statutory instrument and may not be made unless a draft of the statutory instrument has been laid before, and approved by a resolution of, each House of Parliament.

## 5 Duty of United Kingdom financial institutions to report

- (1) United Kingdom financial institutions must notify Her Majesty’s Revenue and Customs and Companies House that they have opened or closed an account in the United Kingdom for a company within thirty days of that account being opened or closed stating—
- (a) the name and registered number of the company;
- (b) the address at which they correspond with that company;
- (c) the names and full addresses, dates of birth and nationalities of those persons who they have accepted as having authority to take action with regard to the account;
- (d) the names and addresses, dates of birth and nationalities of those persons who they have identified as the beneficial owners of the

- company in question as required by Regulation 5 of the Money Laundering Regulations 2007;
- (e) the number of the account that they have opened; and
  - (f) the numbers of any other accounts that they maintain for the company.
- (2) If a United Kingdom financial institution shall become aware that any of the matters referred to in subsection (1) shall have changed then they shall notify HM Revenue & Customs and Companies House within 30 days of their having become aware of such change. 5
- (3) The Secretary of State must lay regulations to give effect to this requirement within 6 months of the passing of this Act, including those penalties that shall apply for failure to notify. The regulations must be in the form of a statutory instrument and may not be made unless a draft of the statutory instrument has been laid before, and approved by a resolution of, each House of Parliament. 10
- 6 Duty of Companies House relating to beneficial ownership information**
- (1) Companies House must publish for each company that information required to be supplied under section 5(1)(a), (b), (c) and (d) of this Act by a United Kingdom financial institution. 15
- (2) If Companies House cannot secure information that they are entitled to receive for any reason from any company within ninety days of that information being due for submission then they may request the information in question from any person named under section (5)(1)(c) and (d) of this Act. 20
- (3) If information requested using the provisions of section 6(2) of this Act has not been supplied to Companies House within 30 days of any request having been made then Companies House shall advise the directors and beneficial owners of the company that they have become personally liable for the debts of the company until such information is supplied in the form requested and shall place notice to this effect on public record. 25
- 7 Duty of Companies House not to dissolve companies**
- Companies House must not dissolve any company on the Register of Companies under either section 1000 or section 1003 of the Companies Act 2006 if that company has – 30
- (a) an account with a United Kingdom financial institution that the financial institution in question has not notified has been closed;
  - (b) closed all its accounts with United Kingdom financial institutions but failed to deliver accounts to Companies House covering any period when such accounts were open; 35
  - (c) not supplied information required by Companies House in respect of which a notice under section 6(2) of this Act has been issued.
- 8 Duties of HM Revenue & Customs to request tax returns**
- (1) Her Majesty’s Revenue and Customs must issue a request for a tax return to any company that it has been advised has maintained an account with a United Kingdom financial institution during the course of any period of account notified by that company or, in the absence of such notification, for any year ending on 5 April. 40

- (2) If Her Majesty's Revenue and Customs cannot secure information that they are entitled to receive for any reason from any company within ninety days of that information being due for submission then they may request the information in question from any person named under section 5(1)(c) and (d) of this Act.
- (3) If information requested by HM Revenue & Customs under subsection (2) has not been received within 30 days of any such request having been made then — 5
- (a) HM Revenue & Customs may request copies of the all the banking records of the company for any periods they consider appropriate from the United Kingdom financial institution that has advised that it has maintained an account on its behalf; 10
- (b) HM Revenue & Customs shall be entitled to use the information obtained under paragraph (a) to raise such assessments to taxation of any type they consider might be due with such sums owing being the joint and several personal liability of the persons identified under section 5(1)(c) and (d) of this Act. 15
- (4) The Secretary of State must lay regulations to give effect to this requirement within 6 months of the passing of this Act, including those penalties that shall apply for failure to notify. The regulations must be in the form of a statutory instrument and may not be made unless a draft of the statutory instrument has been laid before, and approved by a resolution of, each House of Parliament. 20

## 9 Obligations of the Crown Dependencies and British Overseas Territories

- (1) The provisions of section 4(1) of this Act shall be extended by way of an Order In Council to any entity incorporated under statute law in the Crown Dependencies and British Overseas Territories in such form as shall be appropriate for the relevant jurisdiction. 25
- (2) It shall be required by way of an Order in Council that any entity incorporated under statute law in the Crown Dependencies and British Overseas Territories that shall identify that it has a beneficial owner resident outside the jurisdiction where it is incorporated shall advise the money laundering authority in that jurisdiction of that fact and shall advise that authority of — 30
- (a) the name and registered number of the entity that is reporting;
- (b) the address at which that entity trades;
- (c) the names and full addresses, dates of birth and nationalities of those persons who act as officers of the entity;
- (d) the names and addresses, dates of birth and nationalities of those persons who they have identified as the beneficial owners of the entity in accordance with regulation that matches the requirements of Regulation 5 of the Money Laundering Regulations 2007; 35
- (e) the name and address of any bank at which the entity maintains an account and the account number. 40
- (3) The money laundering authority of the Crown Dependency or British Overseas Territory to which information has been supplied as a result of the requirements of subsection (2) of this Act shall be required by way of Order in Council to —
- (a) publish the information supplied under subsection (2)(a), (b), (c) and (d) on a freely accessible web based database for which no charge for access is made to any person making enquiry; 45
- (b) require that the entity for which information has been published as a result of the provisions of paragraph (a) publish its annual accounts,

- whether audited or unaudited, on the same public accessible database that is used for the purposes of publishing information under paragraph (a);
- (c) advise HM Revenue & Customs that an entry has been made on the database referred to in paragraph (a) if that entry relates to a person resident in the United Kingdom. 5
- (4) The Secretary of State must lay regulations to give effect to these requirements within 6 months of the passing of this Act to be enacted in each case by an Order in Council.
- 10 Disclosure of trust information to HM Revenue & Customs 10**
- (1) This section applies to any trust that is considered to be resident in the United Kingdom irrespective of the legal system under which that trust was established and shall apply irrespective of the law that the trust deed (if any) states shall apply to the trust.
- (2) No UK trust shall be considered to have legal effect unless registered with HM Revenue & Customs in a form that they shall determine requiring, at a minimum, that the following information with regard to the trust be made available – 15
- (a) the name of the trust;
- (b) the date of its settlement; 20
- (c) its trust deed, if any;
- (d) any letter of wishes issued to the trustees or other document giving indication to the trustees as to the manner in which they are to use their discretion;
- (e) the names, dates of birth, nationalities and addresses of the settlers unless such settlement shall have taken place before 1 January 1950; 25
- (f) the names, dates of birth, nationalities and addresses of the trustees;
- (g) the names, dates of birth, nationalities and addresses of any identifiable beneficiaries of the trust in the previous five years;
- (h) the annual accounts and report of the trust. 30
- (3) The trustees of any UK trust shall be responsible for ensuring that they have identified the persons whose identity they shall notify pursuant to subsection (2) above in accordance with the requirements of Regulation 5 of the Money Laundering Regulations 2007.
- (4) The property of an unregistered UK trust, which shall be for these purposes a trust that shall be more than 90 days late in supplying any of the information due to HM Revenue & Customs pursuant to subsection (2) above shall be considered to be *bona vacantia* and all income arising to it shall be the property of the Crown until such time as registration in the form required by subsection (2) is made and any penalty for late registration has been paid. 35 40
- (5) HM Revenue & Customs shall maintain the information supplied to it in a register that shall be kept up to date by it at all times.
- (6) HM Revenue & Customs shall publish information supplied to it pursuant to subsection (2) above if that information suggests that the UK trust controls any company, in which case the company or companies so controlled shall be identified, or if – 45

- (a) the total assets of the trust before deducting liabilities exceeded £5 million at any time in the five years previous to publication; or
- (b) the income of the trust before the deduction of expenses or distributions made exceeded £2.5 million in the five years previous to publication. 5
- (7) The Secretary of State must lay regulations to give effect to this requirement within 6 months of the passing of this Act, including those penalties that shall apply for failure to notify. The regulations must be in the form of a statutory instrument and may not be made unless a draft of the statutory instrument has been laid before, and approved by a resolution of, each House of Parliament. 10

## 11 Interpretation

In this Act –

- “British Overseas Territories” means for these purposes Anguilla, Bermuda, the British Virgin Islands (BVI), the Cayman Islands, Gibraltar, Montserrat and the Turks and Caicos Islands and not as defined by the British Overseas Territories Act 2002; 15
- “company” is defined as any entity referred to in section 1 of the Companies Act 2006 and any entity incorporated under the Limited Liability Partnerships Act 2000;
- “Companies House” means the Executive Agency of the Department for Business, Innovation and Skills managed by the Registrar of Companies as defined by section 1060 of the Companies Act 2006; 20
- “Crown Dependencies” means Guernsey, Jersey and the Isle of Man;
- “financial institution” has the meaning set out in section 182 of the Banking Act 2009; 25
- “HMRC” means Her Majesty’s Revenue and Customs;
- “related undertaking” is as defined for the purposes of section 409, Companies Act 2006;
- “UK trust” means a trust considered to be resident in the United Kingdom irrespective of the legal system under which that trust was established and irrespective of the law that the trust deed (if any) states shall apply to the trust; 30
- “XBRL” means eXtensible Business Reporting Language, which is a standard to facilitate the creation, distribution and re-use of business reports. 35

## 12 Financial provisions

*There shall be paid out of money provided by Parliament –*

- (a) *any expenditure incurred under or by virtue of this Act by a Minister of the Crown or a government department, and*
- (b) *any increase attributable to this Act in the sums payable under any other Act out of money so provided.* 40

## 13 Short title, commencement and extent

- (1) This Act may be cited as the UK Corporate and Individual Financial Transparency Act 2013.
- (2) This Act comes into force on the day on which this Act is passed. 45

- (3) This Act extends to England and Wales, Scotland, Northern Ireland, the Crown Dependencies and British Overseas Territories as defined in this Act.

# United Kingdom Corporate and Individual Tax and Financial Transparency Bill

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## B I L L

To require disclosure of various financial information by large companies; to provide for disclosure of beneficial ownership; to require banks to disclose to Her Majesty's Revenue and Customs the identity of certain companies holding bank accounts; to require the publication of the tax returns of individuals with an income of more than a certain level and the largest two hundred and fifty UK companies; and for connected purposes.

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*Ordered, by The House of Commons,  
to be Printed, 19 June 2013.*

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Printed in the United Kingdom by  
The Stationery Office Limited  
£x.xx