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# The Beneficial Ownership Register

A new measure to enhance transparency of  
legal entities and arrangements



As of 1 January 2018, entities in Malta, including companies, partnerships, foundations, trusts and associations, have an obligation to disclose the ultimate beneficial owner/s (physical person) of the entities. The disclosure needs to be made to the respective registries (collectively the “Register”):

- the Registrar of Companies in case of companies
- the Malta Financial Services Authority (MFSA) in case of trusts
- the Registrar for Legal Persons in case of associations and foundations.

The information contained in the Register will be accessible from 1 April 2018 to

- national competent authorities with designated responsibilities for combating money laundering and terrorist financing
- national competent authorities that have the function of investigating or prosecuting money laundering, associated criminal offences and terrorist financing, or of tracing, seizing, freezing and confiscating criminal assets
- the Financial Intelligence Analysis Unit (FIAU)
- national tax authorities

- any other national competent authority within the meaning assigned to it under the Prevention of Money Laundering and funding of Terrorism Regulations, not already covered above
- subject persons who are providing services in or from Malta for the purpose of carrying out customer due diligence
- any person or organisation that upon written request can satisfactorily demonstrate and justify legitimate interest of the beneficial owners of the company, foundation or association. In such cases, the following information will be accessible:

- name
- month and year of birth
- nationality
- country of residence
- the extent and nature of the beneficial interest.

In case of trusts, registers will be accessible only to competent authorities and subject persons when carrying out customer due diligence.

A **beneficial owner** is defined as the individual (s) who ultimately owns or controls a legal entity or arrangement through direct or indirect ownership of a sufficient percentage of the shares or voting rights or ownership interest in that entity.

In case of **companies**, a shareholding of 25% plus one share or an ownership interest of more than 25% in the entity held by an individual is an indication of direct ownership. Moreover, a shareholding of 25% plus one share or an ownership interest of more than 25% in the entity held by a corporate entity, which is under the control of individual(s), or by multiple corporate entities which are under the control of the same individual(s), is an indication of indirect ownership.

In case of **trusts**, the beneficial owner consists of

- the settlor
- the trustee(s)
- the protector, where applicable
- the beneficiaries or the class of beneficiaries as may be applicable, and
- any other natural person exercising ultimate control over the trust by means of direct or indirect ownership or by other means.

In case of other **legal entities** such as foundations and legal arrangements similar to trusts, the beneficial owner consists of the natural person(s) holding equivalent or similar positions to those referred in the trusts definition.



The implementation of this measure necessitates in-depth analysis of the ownership structure of the entities in order to determine adequate disclosure of information.

Furthermore, entities are required to set-up and maintain an internal Beneficial Ownership Register. The following information must be included in the register:

- official full name
- date of birth
- nationality
- country of residence
- official identification number (e.g. passport number or identification card number)
- type of the identification document
- country of issue of the identification document
- the nature and extent of the beneficial interest held by each beneficial owner
- any changes to the nature and extent of the beneficial interest held by each beneficial owner
- the effective date on which a natural person became, or ceased to be a beneficial owner
- the effective date on which the beneficial owner increased or reduced the beneficial interest in the company.

Companies, partnerships, foundations and associations formed in Malta prior to 1 January 2018, have a period of 6 months to comply with the new regulations. On the other hand, trusts do not have such compliance term as first it needs to generate tax consequences.

The above measures are immediately applicable for companies, partnerships, trusts which generate tax consequences, foundations and associations which are formed as of 1 January 2018.

Non-compliance and non-disclosure with such obligation may lead to a fine or, in certain circumstances, imprisonment.



## How can we help?

For further information about the available services kindly contact Grant Thornton



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All services will be provided in accordance with the General Data Protection Regulations (GDPR).

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